

# EIR

Executive Intelligence Review

September 3, 1999 Vol. 26 No. 35

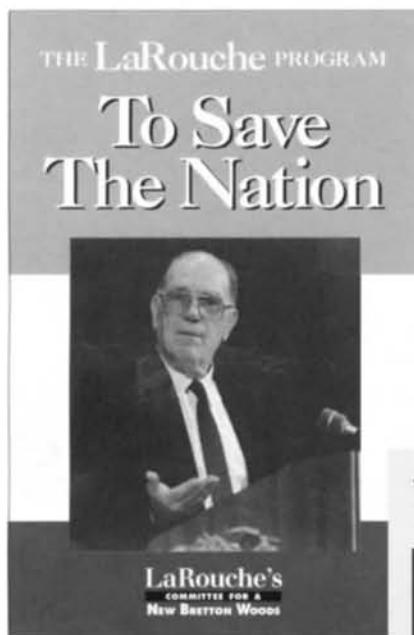
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*EIR* (ISSN 0273-6314) is published weekly (50 issues) except for the second week of July, and the last week of December by EIR News Service Inc., 317 Pennsylvania Ave., S.E., 2nd Floor, Washington, DC 20003. (202) 544-7010. For subscriptions: (703) 777-9451, or toll-free, 888-EIR-3258.

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26-43.

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

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prohibited. Periodicals postage paid at Washington D.C.,  
and at an additional mailing offices.

Domestic subscriptions: 3 months—\$125, 6 months—\$225,  
1 year—\$396, Single issue—\$10

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

## From the Associate Editor

Regular readers of *EIR* will have noticed, that the rest of the world has decided to catch up with us, in exposing the ties of Al Gore to the corrupt “kleptocracy” in Russia, and the organized-crime networks that stand behind former Prime Minister Viktor Chernomyrdin. Why, one wonders, have the *New York Times* and the *Washington Post* decided to go with this story, seven months after *EIR* published the essential facts of the case?

One thing that can be said for sure, in answer to that question, is that *the knives are out*. This is a reflection of the global strategic and financial crisis, and the dawning realization of many that *the world financial system is coming apart*, just as Lyndon LaRouche and *EIR* have said it was.

In this issue, we present a wealth of intelligence on how this economic-strategic collapse is occurring. Start with Lothar Komp’s report (in *Economics*) on how the central bankers are preparing for a global emergency (but don’t expect Fed Chairman Alan Greenspan to come up with any clever solutions; he’s squeezed dry!).

The tragic earthquake in Turkey revealed the utter bankruptcy of NATO’s strategy of using the Turkish military as a marcher-lord against nuclear powers Russia and China. In *International*, you will find Lyndon LaRouche’s comment on the situation, with documentation supplied by Dean Andromidas.

We also report on other dimensions of this strategic crisis: the foolish pronouncements of U.S. officials about introducing Theater Missile Defenses in the East Asia/Pacific region; the conflict in the Transcaucasus—a possible cockpit for World War III; and interviews with distinguished experts on various aspects of the crisis—and the positive potential—in Eurasia. We are planning a *Strategic Studies* package on Central Asia for next week’s issue.

So, Al Gore is in “deep kimchee.” George “Dubya” Bush is spending all his time trying not to admit that he was born with a silver spoon in his nose. With the so-called “frontrunners” of the U.S. Presidential race in total disarray, who does that leave?

It leaves LaRouche. He and his powerful ideas can now become a decisive force in world history, for the Good—if you, the reader, mobilize others to make it happen.

*Susan Welsh*

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Devendra Kaushik is Professor of Central Asian Studies at the School for International Studies, Jawaharlal Nehru University, in New Delhi, and Chairman of the Maulana Azad Institute for Asian Studies in Calcutta.

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**Corrections:** In EIR, Aug. 6, "The Reform Party: America's Bread and Circus for the Coming Collapse," p. 63, we erred in stating that the Reform Party's Presidential candidate will automatically qualify for the ballot in all 50 states. In fact, the Reform Party is now on the ballot in only 20 states and must complete the various petition and registration requirements before it will be placed on other state ballots. Thanks to Richard Winger, editor of *Ballot Access News*, for this information.

In our Aug. 13 issue, p. 30, Sen. Daniel Inouye (D-Hi.) was mistakenly identified as a protector of the HMOs. It should have identified James Inhofe (R-Okla.) as the culprit. The full list of "accomplices to murder," is on p. 76 of this issue.

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## Hysterical money printing, as global emergency looms

by Lothar Komp

Leading central banks are making preparations for the big crash ahead, while dumb, average citizens are fed the “Y2K” and other plausible explanations for why they will lose their money. The financial oligarchy is trying to rescue its power with an immense swindle.

Begin with the almost-daily announcements or rumors of losses and insolvencies, now spreading fear throughout world markets. Earlier this summer, there were the losses at the giant Swiss banks UBS and *Crédit Suisse*, and the Tiger Fund hedge fund, plus the considerable losses in financial derivatives attributed to the U.S. investment bank Goldman Sachs. The largest hedge fund in the world, the Magellan Fund of Julian Robertson, lost some \$10 billion of its \$100 billion capital between mid-June and mid-August.

In late August, the value of South American “emerging market” debt was falling like a stone, in Brazil and elsewhere. On Aug. 25, Ecuador President Jamil Mahuad announced that his government would not make the \$96 million payment due Aug. 31 on its Brady bonds.

Then, there is the U.S. stock bubble. As the London *Financial Times* mused in its Aug. 13 editorial, a “complete stock market collapse” is not unthinkable. On the same day, William McDonough, chief of the New York Federal Reserve, announced officially that he was unable to detect any “systemic risk” in the current situation. Of course, McDonough—the very man who organized the rescue of the Long Term Capital Management hedge fund in September 1998, when the world financial system was on the brink of imminent collapse—is a bad liar. Wall Street wasn’t soothed.

### Y2K is a pretext

What the leading central banks really fear for the coming weeks and months, is clear from the worldwide and coordinated preparations under way to counter expected financial

emergency situations. They use false flags, so as not to panic already-skittish investors. Instead of talking about reality, the talk is about the “Year 2000 problem.”

This is a double swindle. Older computer programs may in fact have problems with their two-digit year entries at the turn of the century. But the menace of the “millennium bug” has been blown up for entirely different reasons.

For one thing, the systematically cultivated hysteria about the “Y2K” problem has provided producers of computer software and hardware a handsome boost in orders, to the tune of several \$100 billions. This, in turn, is the basis for the speculative bubble in so-called technology stocks in the U.S.A. The stocks of Internet firms—many less than two years old, and half never showing a profit—experienced a flow of more than \$600 billions from bedazzled investors up to April 1999. Since then, their value fell by one-third.

But the second function of the “Y2K” problem is just as important. It provides central banks the ideal pretext to make their preparations for the expected financial collapse, without having to concede the bankruptcy of the world financial system, with its hundreds of trillions of dollars in purely speculative, short-term liabilities.

The February 1999 report of the Bank for International Settlements (BIS) in Basel, Switzerland, “Plans of Financial Market Authorities for Year 2000 Emergencies,” calls on central banks and supervisory authorities to prepared for “local and system-wide problems” in the financial system, “independent of the reason” for the financial emergency situation. Authorities are advised to study the experiences of previous emergencies, e.g., “large natural catastrophes (floods, earthquakes, storms, or fire), collapse of public utilities (interruption of electricity supplies or telecommunications), or considerable financial market disruptions (for example, the insolvency of large institutions or great market volatility).”

According to the BIS report, authorities must realize that these earlier experiences are likely only “insufficient approximations” of the coming problems.

There are three prominent, interconnected risks for banks and financial markets: first, “temporary or longer-lasting interruption of business activity” of market participants, e.g., due to a generalized disruption of systems for settling of accounts or infection of other market participants; second, “the erosion or loss of confidence on the part of investors or other sources of liquidity,” which could unleash runs on the deposits of banks; and third, “the increased risk of capital losses,” e.g., due to “the insolvency or bankruptcy of debtors or capital-market counterparts of the bank.”

In view of the obvious danger of a worldwide financial collapse, large blinders are required if one wants to claim that the Basel financial strategists and their associated central bankers were only looking at the modification of computers when they sketched the above scenarios. But, for obvious reasons, the BIS could hardly have titled its report “Plans of Financial Market Authorities for the Collapse of the Worldwide Derivatives Bubble.”

It is quite clear from the BIS proposals, as well as from the various emergency plans presented by numerous central banks since then, that these “crisis managers” have still not learned the lessons of the 1997-98 financial catastrophes. They still cling to the unsalvageable world financial system. Instead of a global reform, including initiating a bankruptcy procedure for all speculative liabilities, as U.S. Presidential candidate Lyndon LaRouche has demanded, the leading finance ministries and central banks are scheming a new orgy of money-printing and misuse of tax-monies, in order to smother the conflagration in the world financial system with a flood of liquidity, no matter what it costs.

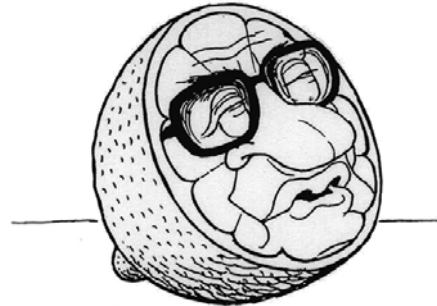
In recent years, the IMF orchestrated international rescue packages (financed by taxpayers, of course) to the tune of some \$240 billions to plug the holes in speculative bubbles, in addition to rescue packages for defunct banks of nearly \$600 billions. Nearly all leading central banks dropped their short-term interest rates to record-low levels, in order to secure the flow of liquidity into the bubbles on Wall Street and elsewhere. Now, the central banks have come up with no better idea than to open the money-spigots even more.

### Open the money spigots

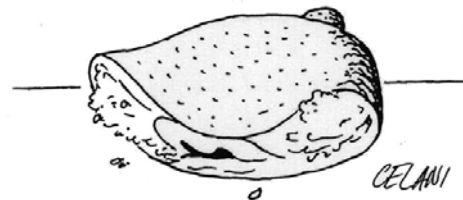
On the one hand, this means providing for additional bank notes in preparation for a panic. The central banks are also tinkering with plans to soften up the restrictions currently in effect, on the refinancing credit lines of commercial banks, both with respect to the volume of available refinancing, as well as the conditions, in order to make an immense flood of liquidity possible. A small selection of the already published plans in this direction are illustrative:

- The U.S. Federal Reserve has asked the U.S. Treasury to print an additional \$50 billion in preparation for the end of

## "Systemic crisis"



Mr. Greenspan's original condition



Mr. Greenspan's present condition

the year. In addition, the Fed will establish a special, emergency line of credit, with the name “Century Date Change Special Liquidity Facility,” and this will occur on Oct. 1, and not, as planned, a month later.

- The Bank of Japan is holding 400 trillion yen, roughly \$380 billion, in reserve, in order to counter possible liquidity problems in the banking sector.
- The Swiss National Bank, according to its own reports, has 60 billion Swiss francs on hand, in case of a run of panicked customers on their banks.
- The German Bundesbank has announced that sufficient reserves of cash are on hand to be able to deal with unforeseen situations, and refinancing lines of credit via Lombard credits would be provided to banks if necessary.
- In Hong Kong, monetary authorities have announced that they have increased the volume of the cash reserves, from the usual 90 billion Hong Kong dollars to 150 billion.
- The Italian central bank wants to increase its cash reserves to threefold the normal volume by the end of the year.

Finance ministers and central bank chiefs have committed themselves to a hyperinflationary course of action, in a futile attempt to buy some more time. Lyndon LaRouche commented that we are seeing the preparatory moves for a repetition of the hyperinflation of Weimar Germany in the summer and fall of 1923, but now on a worldwide scale.

# Labor protest wave building in Germany

by Rainer Apel

German Chancellor Gerhard Schröder resembles the notorious captain of the *Titanic*: He wants to stay the course, at full speed, no matter what obstacles may lie ahead. This is the impression that Schröder created upon his return from summer vacation in Italy on Aug. 21, when he told the nation that the government is firmly committed to its budget-balancing project, irrespective of mounting criticism.

The plan involves budget cuts in the range of 161 billion deutschemarks (roughly \$100 billion) over the next four years, beginning with cuts in the range of DM 30 billion in fiscal year 2000. The cuts are predominantly envisaged for the welfare, public health, labor market, and pension items in the budget, and protest ferment against the proposed cuts has been building among labor unions, welfare organizations, and hospital personnel, as well as among retired citizens.

## SPD has lost 8 million votes

In the June 13 elections for European Parliament, before the summer break, Chancellor Schröder's governing Social Democrats (SPD) reported a net loss of 8 million votes, since the national elections of September 1998. Large numbers of retired citizens, in particular, alarmed at the government's pension plans, deserted the Social Democrats, and either boycotted the election or voted for the opposition Christian Democrats (CDU).

The Social Democrats and their increasingly unpopular Chancellor might have been expected to listen more to the citizens' views. Instead, Schröder has exhibited a very special arrogance in dealing with the problem, declaring in interviews that, while the government's popularity is rapidly decreasing, "at least the policy is backed by the population." This is probably what his advisers and public relations experts told him, and maybe even many Social Democrats believe that, too. But, the population does not support the policy at all. The population, after all, is organized in institutions, including labor unions and various welfare and other social organizations, and given that nearly 50% of the working population are card-carrying members of some labor union, the fact that the labor movement is attacking the government's policy ought to get the government's attention.

The government, however, has decided not to pay attention, or at least is pretending to not pay attention, to what is going on in the labor movement. The pension issue has become the first focus of labor's opposition, not least because of leaks that the Finance Ministry's plans to index pension increases to the average rate of inflation (a bit less than the official 1%), will also be applied to the incomes of civil servants and public-sector workers. As the average German needs an annual growth in income of 4% to cover all the additional household expenses because of the ecology taxes, price increases for consumer goods, and higher health care costs resulting from cuts in state support, an indexation to the inflation rate means a net decrease in income.

## Opposition among state governments

The labor unions, organized in the German Labor Federation (DGB), have decided to launch a campaign exposing, on the one hand, the government's "anti-social" policy, and, on the other hand, mobilizing the 16 German state governments against the federal plan to introduce a property tax. Such a tax of 1% on registered private property—corporate property would be exempted—would yield up to DM 40 billion in additional tax revenue, and the DGB is proposing that it be used for public-sector investments, infrastructure projects, and labor market incentives. The tax revenue would, however, not flow into the federal budget, but, under German law, would flow into the budgets of the state governments. If the additional tax revenue were invested to create new jobs, that would decrease the need for jobless support payments, relieving the pressure on the federal government to come up with—allegedly necessary—make-or-break strategies to balance the budget.

The DGB, it must be said, does not oppose budget balancing as such, but does think that, at a time of economic depression, balancing the budget should be a long-term project. Now, some sections of the DGB want to go even further, and are calling for the public sector's debt service to the private banks to be lowered, to take additional pressure away from the budget balancers in the federal government.

The federal government is rejecting such proposals, because it subscribes to monetarism, and does not want to get into a donnybrook with the banks. But, the states, at least some of them, may be open to the DGB proposals: for example, the SPD-led governments in Saarland and Brandenburg. Both will hold elections for state Parliament on Sept. 5, and the SPD is expected to suffer losses. Saarland Gov. Reinhard Klimmt has so far been the most outspoken critic of the Schröder government's pension plans, and he has already threatened to vote against the plans, should the government present them, as it is obligated by law, in the Bundesrat, the upper house of Parliament representing the states. A Saarland "no" would block the required majority of 35 votes in the Bundesrat, so that, even if all the other



SPD-led governments should vote for the federal policy, it could not be made law, but would have to go into a time-consuming procedure in the review commission.

Brandenburg Gov. Manfred Stolpe has also signalled that his government might join a Saarland veto. Now, should both states fall to the opposition Christian Democrats on Sept. 5, they would vote against the federal government in any case, and if these states were run by a Grand Coalition of Social Democrats and the Christian Democratic Union, the situation would be almost the same, because the SPD in such a coalition would not be able to vote for the federal policy if the CDU objected. The two existing Grand Coalitions, in the city-states of Bremen and Berlin, are illustrations of that, in their relations with the federal government.

### **SPD offers harsher austerity**

Moreover, Berlin's city-state Parliament is up for election on Oct. 10, and the SPD has been losing popular support massively in recent weeks. According to the latest opinion polls, only 21% of Berlin voters would pull the lever for the SPD, and Walter Momper, a former Mayor of Berlin who now heads the SPD slate for the Oct. 10 election, will receive no more than 25% of the vote from among the Social Democratic constituency. Some 38% of the SPD constituency prefers that incumbent Mayor Eberhard Diepgen, a Christian Democrat, remain in office.

This trend is no mystery, if one takes into account that the SPD Finance Minister in Berlin, Annette Fugmann-Heesing, is committed to even harsher austerity than her federal cabinet colleague, Finance Minister Hans Eichel. For example, she has pushed budget-balancing targets that indicate there are plans to privatize, among other entities, the public sector-owned Berlin Transportation Authority (BVG). The privatization experts propose to reduce the BVG workforce by 50%, and chop the incomes of the remaining 50% of the workforce, by 30%. There is no way that the labor unions could accept such an assault on workers' incomes; there is no precedent for that in recent German history—not since the Great Depression years of the 1930s.

A Berlin DGB official told this author that against the background of local controversies between labor and the city-state government, a much bigger conflict looms between labor and the federal government: "Labor voted for this government last year, and if the government keeps this policy, it will lose the support of labor. . . . This will proceed in a way similar to what happened to the last government," he said, referring to the strikes and protests which characterized the last two years of the Christian Democratic Union-led government of Chancellor Helmut Kohl that contributed to his downfall in the national elections of September 1998. The captain may not have noticed it, but the iceberg into which the vessel will crash, is already visible over the horizon.

## **Moving 25 million tons of food to Africa**

by Col. Molloy Vaughn (ret.)

*On Jan. 14, 1985, Molloy Vaughn, a logistics expert, delivered the following policy paper to the Fourth International Schiller Institute conference in Richmond, Virginia. Colonel Vaughn, a devoted friend of the LaRouche movement and a great-hearted man, passed away on Aug. 17, 1999. This paper is a fitting memorial to this beautiful soul. It is also a most timely contribution to the present-day political and economic situation, since it addresses the question of how to effectively carry out an enormous international relief effort for nations devastated by war, hunger, or natural catastrophe. With the current requirements for reconstruction of the Balkans and Turkey, as well as the war-ravaged nations of Africa, the nonsense approach taken by Colonel Vaughn is highly interesting.*

You should know why I am standing here today and why this task was given to me. An individual from the Schiller Institute flew out to California, and, on his busy schedule on the evening of New Year's Day, we had to take time to eat, so we had a working conference at dinner. Just before the main course was served, he gave me a figure: "How would you face the problem of 25 million tons of relief going into Africa? How would it be arranged for, and the planning get it there?"

When he said that, I lost my appetite for the meal. I am not a negative person, but everything that flashed through my mind in one minute's time were disaster scenes I'd seen from Indochina in 1953-54, when I was one of the Americans selected to go to Dien Bien Phu to assist the French there. I saw the waste that happened there during the rainy season, when we had literally tens of thousands of tons being unloaded every day, and the parachutes rotted and the food was wasted and the blood plasma never got to Dien Bien Phu.

Then I thought about conditions that I have witnessed in the last 30 years: flood relief, when I helped collect things as a Boy Scout in Delaware to send to Pennsylvania because of the floods there, the famous ones in the 1930s.

These same problems continued wherever I went, as I got into the Middle East, and saw relief going into certain areas. We are a great nation for shipping vast quantities of relief, but when it gets there, we absolutely stagger the people. They cannot handle it, they are not organized to do so, and we feel that we have done our job, and we walk away.



*The late Col. Molloy Vaughn (ret.) spoke from the floor at the June 1985 Krafft A. Ehrlicke Memorial Conference, which was co-sponsored, in memory of the German-American space scientist, by the Schiller Institute and Fusion Energy Foundation.*

My paper is a proposed guideline for successfully transporting the 25 million tons of food supplies into Africa.

#### **I. Personnel to carry out task:**

- A. Use of a Berlin Air Lift type operation (Navy, Army, Air Force, Merchant Marine active units — in uniform).
- B. Use of Peace Corps organization (no uniforms).
- C. Joint taskforce of nations (under direction of the United States).
- D. Use of retired military to staff taskforce.

#### **II. Formation of site survey teams for each country to provide required data for in-depth planning. This must come at the very beginning.**

- A. Gather all available data on each country that will receive aid:
  1. Latest maps of all affected areas. Sources are the U.S. Army Map Depot (obtain permission of host country for their release); NASA map files; and England and France, the nations that have the maps of this entire area of Africa.
  2. Existing communications data.
  3. Existing power sources available.
  4. Existing ports and their capacities.
  5. Existing airports, their type and capacities: Capability for fast aircraft turnaround; ground handling equipment; fuel; aviation oil; minor maintenance; and, very important, navigation aids.
  6. Existing medical facilities and their capacities.
  7. Available storage facilities.

8. Available natural resources in host countries for constructing roads, bridges, storage facilities, housing for support personnel.

9. Available drinking water and fuel supplies (aircraft and auto). We are not going to be a burden on the host country.

10. Available personnel to perform required labor support tasks: building roads, bridges, buildings, seaports, airports, communications, power plants, and medical support.

11. Available trained host country administrators.

12. Available security personnel.

13. Estimates as to number of persons to be provided for in each country, to feed, clothe, house, and provide medical support.

14. Obtain all available climatic studies (rainfall, temperature, dry and wet seasons, sandstorms, and *locust cycles*. I have seen what happens when the U.S. or the UN does not get the airplanes or supplies there to destroy locusts. You have a number of hours in which you must hit the sides of the mountains where the locusts are buried before they hatch. When that erupts — you see the sand or dirt “boil” — you either kill them or you have a disaster. I saw them come from the Sudan, across the Red Sea, and hit Jedda, and in a matter of three hours there was not a blade of grass anywhere for about 50 miles around Jedda. There was nothing left in the wake of a locust attack.

#### **III. Upon receipt of all data in Paragraph 2 above, determine the following items:**

- A. Priorities of support to be provided: Supplies to be sent

by air lift; by water lift, by road, by rail. This includes both here, and between here and the forward positions in the host country.

B. Amount of supplies to be provided: Schedule of arrival in host country, transit time to storage areas or to forward distribution points.

C. Based on Paragraph B above, determine support personnel requirement by type of function to be performed. Schedule for hiring, training, and arrival in host country.

D. Medical requirement for support personnel and for personnel in host country based on agreed level of medical support to be provided by relief program. Get the agreement signed at the beginning.

E. Housing and feeding requirements for support personnel—a real key to the morale of our own team in getting the job accomplished.

F. Determine requirements for local hire of host country personnel.

G. Determine amount of money required to support and implement this entire relief program in each country.

H. Determine source of U.S. personnel and hire and proceed for movement to host country (see Paragraph C above).

#### **IV. Review all of above data and prepare Master Plan for each host country that has been selected to receive the proposed relief program. Secure host country acceptance of the Master Plan before you start to carry it out.**

A. Publish approved Master Plan for each host country and its implementation schedule.

B. Move funds (in dollars) forward into host country's banks.

C. Host country to have its support administration team organized and on site.

D. Have all custom regulations (costs and fees) agreed to by all parties before you ever move. This will also cover movement of relief supplies and support personnel across borders of all host nations. We might have a problem going around Libya and Chad, but these can be worked out, and must be understood before you move one ton of supplies.

E. Start all local construction projects (i.e., roads, bridges, storage buildings, seaports and airports, communication and power requirements).

F. Establish completion dates for all required support projects in host countries. If we are going to use inflatable buildings in the beginning to store things, when can we have those there, for the first priority items to land in the country?

G. Based on Paragraph F above, determine shipping dates (based on means available—air, water, road transportation) for food and medical relief.

H. Schedule arrival of relief supplies into host countries so that the established system is not overloaded, but can move the supplies to the forward distribution points, and so that the required storage facilities are available, and so that the personnel are in place to receive the relief supplies.

I. A joint U.S./host country team will handle all funds required to implement the relief program. There must be no mystery about who is going to handle the funds. It is kept under our control, utilizing their personnel to look over our shoulders.

J. Daily communications—very important—will be maintained between all forward distribution points and the central planning office in the capital to ensure there are *no surprises*.

#### **V. To be able to “crash” this program, the following steps are proposed:**

A. Select key planning personnel with great amount of overseas experience working with personnel of other countries in large projects. Many of the desired personnel are known to me.

B. Propose that serious consideration be given to the hiring of retired military personnel to fill the requirements for support personnel for this relief project. This source of personnel will provide a vast pool of experience in every aspect of this project. Those that can remember the SeaBees in the Navy know what they did. They were civilians working for Navy officers throughout the Pacific. They did the impossible—exactly what we would be doing in Africa. Many SeaBees, fortunately, even up to the rank of captain, are still available; they would come out of our construction industry today. Another group that is known throughout the world, and is held in high regard is our Army Corps of Engineers. These represent only one or two in uniform, and thousands of civilians working with them, who are trained and specialized in their tasks.

C. Select a civilian contractor to provide complete logistical support for all U.S. support personnel. This contractor is available now for this project. In the Middle East and Africa for the past 20 to 30 years, the London-based Abella Construction and Catering Service, Ltd. has and is continuing to provide complete logistical support for all projects in the U.A.E. and Saudi Arabia and in many other areas of the world. They fed over 90,000 persons during the civil war in Nigeria. There was not one who had to worry about their meals, their clothing, their laundry, their health.

With the implementation of the above guidelines, which would result in the successful receipt of 25 million tons of relief supplies in Africa, many of the vital projects could be started that are critical for the development and future industrialization of Africa.

These include a continental railroad—you would have a rail net installed that would tie these countries together. Also developed would be a power grid, which does not even exist in many countries over there now. They cannot even switch their own power within a very small country. Other vital projects installed would be a communication network, based with our satellites today; fuel pipelines—so important; and new airports. All these projects could start with this relief program.

# London's grain cartels gain stranglehold on Mexican agriculture

by Carlos Cota Meza

The face of agriculture in Mexico is being transformed by the merciless import of agricultural products, under the guidelines of the North American Free Trade Agreement (NAFTA), the disastrous legacy in North America of former President George Bush of the United States and President Carlos Salinas de Gortari of Mexico. This flood of imports into Mexico is not only a multimillion-dollar deal for the multinational grain cartels — not for the U.S. family farmer — but it has convinced most Mexicans that these multinationals could starve them all to death, at any time they choose.

In fact, this stranglehold over Mexico's food supply is a good example of the way in which the London-centered oligarchy is currently deployed globally to use their free trade mumbo jumbo to seize control over hard assets and vital resources, to position themselves for the post-crash world that is on the horizon. The grain cartels are merely one of their instruments in this drive.

Within Mexico, this situation has caused a rebellion within the ranks of national agricultural producers, against NAFTA, and against the government's economic policy, although it is a rebellion that is not yet conscious of the strategic situation driving these policies, and one that has also not yet broken with British free trade ideology as such.

During the second week in August, in Culiacán, Sinaloa, an Inter-State Coalition of Grain Producers was founded at an assembly of about 2,000 representatives from the states of Chihuahua, Sonora, Sinaloa, Guanajuato, Jalisco, and Tamaulipas. The participants demanded a change in agricultural policy, and decided to take legal action against the Mexican government's own unfair trade practices. They demanded compliance with tariff protection for grain production, as was established five years ago by NAFTA itself, but never carried out.

Alfredo Jaick, president of the National Union of Grain Merchants, declared that bean producers have been tricked by the government. NAFTA had established a yearly ceiling on tariff-free bean imports of 50,000 tons, with an annual increase of up to 5%.

But this year, that quota was already reached by February, and the Trade Secretary has authorized an increase in imports of 60,000 extra tons of Argentine beans, absolutely tariff-

free, which will saturate the national market and collapse prices still further. National producers state that there are 100,000 tons of beans in the warehouses which they have been unable to sell, because the market price is currently 50% below the official reference, or breakeven, price.

Filiberto Cadena Payán, president of the Farmers Association of Río Fuerte Sur, declared that "NAFTA continues to be the producer's worst enemy. It is structured to permit that which is supposedly not permitted, due to the fact that the quotas negotiated [as part of NAFTA] are violated by the authorities themselves." The illegal importation and sale of U.S. potatoes, according to Cadena Payán, is affecting national producers, who are accumulating 4,000 tons of potatoes without being able to sell any, because under NAFTA "protection," up to 30,000 tons of U.S. potatoes considered to be "damaged" or "spoiled" are allowed in, which has depressed the market.

Abel Castellanos, president of the National Union of Corn Producers, pointed out that "we need to seek an alternate policy to defend the rural sector," but he failed to present what such a policy might be, as do the majority of NAFTA's victims. Castellanos added: "The federal budget this year, instead of increasing, shows a reduction in the category of marketing, going from 4 billion pesos to 1.5 billion." Corn producers estimate that there are 780,000 tons of accumulated stocks which cannot be sold, due to the imports of U.S. corn.

## **Wanted: a revolution against British free trade**

To bring about the changes in economic policy so many are now demanding, the producers will have to take on the real enemy: the international financial oligarchy and its obsession to keep its moribund world financial system afloat, no matter how many nations have to be assassinated to accomplish this. Within this scenario, the grain multinationals, for whom Mexico's officials serve as lackeys, are playing their assigned role. The producers will have to reject free-trade ideology and fight for the imposition of protectionism for the national economy.

Since 1989-90, the NAFTA of Presidents George Bush and Carlos Salinas de Gortari was negotiated as a weapon to

destroy the national economy. The agricultural sector was specifically targeted for application of neo-Malthusian ideas translated into economic policy, which would generate a process of depopulation, through chaotic migration and mass deaths. Five years after the treaty went into effect, we can already see the dramatic consequences.

Mexico was forced to import from the United States basic foods already being produced in substantial amounts by Mexican peasants and farmers (corn, beans, wheat, sorghum, soy, vegetable oils, beef). In exchange, the United States and Canada accepted Mexican exports of coffee, tomatoes, vegetables, fresh fruit, orange juice, beer, and frozen shrimp, considered to be principally luxury items not consumed by the masses, and whose production occurs in delimited areas based on migrant labor.

A University of Chapingo study found the following results for what they call "basic crops":

**Corn:** This was "protected" under NAFTA with an import tariff on a 15-year, phased-reduction term. However, the Mexican government has arbitrarily increased tariff-free import quotas. In 1996, tax-free imports hit 5,820 million tons, while the official quota was supposed to be only 2,650 million tons, and the tariff was 189.2%. By 1998, imports were 5.2 million tons, against a quota of 2.8 million tons, and a tariff of 172%.

Currently, some 22% of national consumption of corn, so crucial to the Mexican diet, is covered by imports, while prices and subsidies to national producers have plummeted. From 1990 to 1996, subsidies went from 40% to 16%, and in some years, the government's reference price has been much lower than the international market price. Some 3.3 million peasants farm nearly 8 million hectares of corn, to produce approximately 18 million tons. The entire sector is going through a severe process of impoverishment.

The major corn "importers" include Cargill, Continental, Dreyfus, Archer Daniels Midland, Pilgrims Pride, Anderson Clayton, Purina, Minsa, Maseca, and Arancia.

**Beans:** On beans, another basic crop, tariff-free imports in 1996 were 123,600 tons, as against import quotas of 53,000 tons, and the applicable tariff was 122.3%. In 1998, imports reached 171,400 tons, against a quota of 56,300 tons, and a tariff of 111.2%.

Zacatecas, once the country's main producer of beans, today holds first place in expulsion of labor to the United States, where more Zacatecans now live than in their own state.

**Wheat:** Under NAFTA, a 15% tariff was set, with a phased reduction over 10 years. Imports went from 428,000 tons in 1989, to 2.4 million tons in 1998, representing 43% of domestic consumption. Subsidies of domestic producers fell from 28% in 1990 to 22% in 1996, while domestic production fell from 4.4 million tons in 1989, to 3.2 million tons in 1998.

**Sorghum:** Imports of sorghum were freed from the very

beginning, such that not even the 15% tariff approved by the General Agreement on Tariffs and Trade was applied. Imports went from 1.1 million tons in 1988, to 3.1 million tons in 1998, representing 33% of national consumption. Real prices have fallen by half, and subsidies have gone from 24% to 19%, between 1988 and 1995.

**Soy:** Under NAFTA, this product was given a 10% tariff on imports, reducible to zero in 10 years. Imports went from 1.1 million tons in 1989, to 3.5 million tons in 1998, representing 96% of domestic consumption. Domestic soy production in turn fell from 992,000 tons in 1989, to 153,000 tons in 1998, turning it into what is now considered an extinct crop.

**Beef:** Imports of cattle on the hoof, and fresh, refrigerated, and frozen beef, were liberalized before NAFTA went into effect. Between 1993 and 1998, imports went from 95,600 tons to 221,500 tons. Mexican exports of cattle on the hoof, sent to the United States for fattening, fell from 1.38 million tons in 1993, to 665,000 tons in 1998. Domestic beef sold by butchers fell 25% between 1995 and 1998, while 35-40% of domestic beef consumption was supplied by imported meat.

Mexican cattle associations have presented anti-dumping lawsuits against Excel, IBP, Monfort, Cargill, as well as against Mexican supermarkets, which are the main direct importers.

**Pork:** Under NAFTA, hogs on the hoof, fresh and frozen pork, and hams and their derivatives were given a 20% tariff, reducible over 10 years. As the producers have charged, the import ceilings have been systematically exceeded, and the tariff has not been applied because "Mexican Customs does not have operational capacity to apply tariffs," according to the government. With this same argument, the Trade Secretary has rejected the anti-dumping suits of Mexico's pork producers.

## Agriculture is starving

A popular argument at the time that Salinas's government signed NAFTA, which is still repeated by the current Ernesto Zedillo government, is that Mexico's agricultural sector would attract direct foreign investment, once liberalized.

From 1994 to 1996, foreign investment went from \$8 million to \$28.4 million. But, in 1997, investment fell to \$9.8 million, and in 1998, it totalled a mere \$4.4 million, a figure that represents 0.09% of the amount spent on agricultural imports. As is obvious, the agricultural and agro-food trade balance, in the five years of NAFTA, has been in deficit, except for 1995, when the disastrous peso devaluation occurred.

During five years of NAFTA, the multinational grain cartels have flooded the Mexican economy with imported products, and thus destroyed what little existed of the Mexican countryside's own productive capacity, turning the country not merely into a colony, but into a momentary, and disposable, market.

# Business Briefs

## Transportation

### Officials advance Trans-Asia rail line

The second meeting of the "southern corridor" of the Trans-Asian Railway, involving India, Bangladesh, and Iran, took place in New Delhi on Aug. 9, the Press Trust of India reported. Pakistan did not attend the meeting.

The "southern corridor" is intended to link Singapore to Turkey via Myanmar, Bangladesh, Pakistan, and Iran. The northern and central corridors are planned to pass through China. The Aug. 9 meeting was of rail managers, to discuss operations and maintenance policy for rail tracks, rolling stock, signalling, and train and crew scheduling.

Officials of the Paris-based International Railway Union also attended the meeting. The first meeting of the southern corridor task force was held in Tehran on Feb. 20-22.

Indian railway board chairman V.K. Agarwal told the meeting that globalization of the economy had provided participating countries "an historic opportunity" to develop a partnership in providing long-distance international surface transport links.

## Africa

### Malaysia seeks to boost investment

Former Malaysian Industrial Development Authority Deputy Director General Datuk J. Jegathesan told a workshop on Aug. 13 that Bank Negara (Malaysia's central bank) is expected to ease the ringgit's (the Malaysian currency) fixed exchange rate in order to facilitate Malaysian investment abroad, especially in Africa, *New Straits Times* reported on Aug. 14.

The workshop was held to prepare for the Africa-Asia Business Forum on Oct. 25-29, where Malaysian Prime Minister Dr. Mahathir bin Mohamad will deliver the keynote address. The Forum is organized by the UN Development Program, the Malaysian government, the World Bank's Multilateral In-

vestment Guarantee Agency, and the Malaysian South-South Corp.

Jegathesan said that Japan sees Malaysia as a "conduit" for its investment into Africa. He added that an Afro-Asia Investment Promotion Center will open soon in Kuala Lumpur, Malaysia's capital. Malaysia currently has significant business in Namibia, South Africa, Ghana, Mauritius, Tanzania, and Zimbabwe. Officials of the Malaysia Export Credit Insurance Bhd and Export-Import Bank of Malaysia Bhd reassured investors of assistance and support in financing projects.

## Technology

### Electron acceleration used in industry, defense

The Indian Bhabha Atomic Research Center is in the final stages of assembling a powerful electron accelerating machine, which can potentially be used as a beam weapon, as well as for industry. The machine, developed by Mumbai-based BARC, will be ready for testing by the end of the year, the Press Trust of India reported on Aug. 18. The machine, Kali-5000, "is an illustration of how far Indian scientists have gone with the scientific and engineering knowledge they have built up for making devices which could meet the hi-tech needs of industry and also be crafted for defense applications," wrote *The Hindu* in an Aug. 21 editorial.

The Kali-5000 has industrial applications for ultra high-speed photography and welding, which "holds out the promise of a quantum leap for industry," *The Hindu* wrote.

"The defense applications of Kali-5000 are of greater interest because of its ability to incapacitate enemy missiles and aircraft. Incidentally, what we were now told about the 'soft killing' which the beam could achieve, with its burst of microwaves packed with gigawatts of power and its potential for crippling electronic systems and chips, give some startling glimpses of what the existing weaponry could do with its laser weapons. . . . The advanced 'softness' claimed for the beam obviously does away with disfiguring perforation of hostile aircraft by puncturing. If Kali-5000 can achieve this much, the next

logical step would be to go ahead with the electronic shielding of our own combat aircraft to protect them from such microwave mauling.

"BARC seems to have made a beginning here with the 'hardening' of the electronic systems built into India's missiles against deadly accurate electromagnetic impulses of nuclear weapons." The machine's weight of 26 tons, however, is a serious limiting factor, *The Hindu* wrote.

## Finance

### IMF attacked for its policy toward Russia

Jacques Sapir, Director of Studies at France's School of Graduate Studies of Social Sciences and an expert on the Russian economy, attacked the International Monetary Fund (IMF), in the Aug. 19 issue of the French weekly *L'Express*. It is "the policies of the IMF in Russia which should be questioned, to the point of making one wonder whether that institution has not sought to make that country insolvent deliberately."

After 1992, Russia became more and more indebted, despite a large commercial balance surplus, due to massive capital flight. "That massive capital flight however was in great part due to the rapid liberalization of foreign exchange markets and of foreign trade, . . . two measures which, one should recall, were part of the demands of the IMF. Thus, the loans had to be made to Russia because the conditions imposed made those loans inevitable. The money of the Western taxpayer thus financed the embezzlement by the oligarchs and the theft of public property," Sapir writes.

By trying to achieve total convertibility in a few months, "the IMF gave a premium to speculators," Sapir says. "The good advice of the IMF and of a few Western experts, and the irresponsibility of the Russian liberals, thus led to the financial crash of August 1998."

Against all odds, former Prime Minister Yevgeni Primakov managed to stabilize the situation: first-quarter results are much better than those of last year, inflation has fallen, tax revenue was "more than satisfactory in

**OFFICIALS** and scholars from China, India, Bangladesh, and Myanmar met in Kunming, China on Aug. 15, to discuss expanding regional economic cooperation. All have rich mineral, agricultural, energy, and tourism resources, and their mutual borders are located where China, Southeast Asia, and South Asia meet, forming a venue for economic exchanges.

**JAPAN** has offered a 7.5 billion yen (roughly \$75 million), low-interest loan to Iran for construction of the "Karoun-4" dam in Khuzestan province. Masahiko Komura of the Foreign Affairs Ministry also said that the Japanese government has invited Iranian President Seyyed Mohammad Khatami to visit in 2000.

**THE PALESTINIAN** Authority has received only \$65 million of the \$800 million in donations promised for 1999, the Israeli daily *Ha'aretz* reported on Aug. 18. The Palestinian budget of \$1.3 billion depends on \$700 million in outside financing.

**BALKAN** governments and state-sector industry managers are set to meet in September in Thessaloniki, Greece, in events organized by the Thessaloniki International Trade Fair. One panel, of economic and financial ministers, is set for Sept. 1, with the inaugural address by Greek Prime Minister Costas Simitis. A panel on Sept. 7-9 will involve rail, utilities, and gas and oil firms.

**A ROMANIAN** meningitis epidemic continues to spread. Some 200 new cases are registered every day, according to Health Ministry data. The number of registered cases now totals 2,160, of which 77% are under the age of 19.

**THREE BANKS** in Japan, the Industrial Bank of Japan, Dai-Ichi Kangyo Bank, and Fuji Bank, will merge to form the largest bank in the world. Together, the combined group will have assets of \$1.3 trillion, surpassing the current world banking leader, Deutsche Bank AG.

March, and also, in April, flight capital was brought under control," says Sapir. "Contrary to numerous experts, adapted forms of capital control are thus possible and efficient in Russia." These results are "better than positive," Sapir says, "yet, the IMF is demanding once again the elimination of the efficient measures adopted in the last months. The Russian government had to accept them in order to avoid default, and the result has been the restarting of capital flight since the beginning of July 1999." The IMF's incompetence is its own business, says Sapir, but "when it blocks Russian reorganization and demands that Western taxpayers pick up the tab, it is unacceptable."

## Agriculture

### Polish farm protests rise as income falls

The Polish Main Office of Statistics (GUS) projects that farm income will fall further in 1999, because prices for agricultural produce are dropping, while the cost of production is rising. Preliminary GUS estimates indicate that real farm income fell 6.8% last year. Since 1996, it has decreased 25%. Meanwhile, in the first six months of 1999, farm expenses rose 11% compared with the same period in 1998. Comparison of prices in the first half of 1998 to the same period of 1999 shows that wheat fell 17.3%, potatoes 13%, poultry 16%, milk 5.6%, and pork 24.7%.

Wladyslaw Serafin, head of the Farmers Circles cooperative, warned that protests will escalate in September, and may paralyze the country, creating the basis for ousting the present government. At a press conference in Lublin on Aug. 11, Serafin said that this government should be ousted, because Deputy Prime Minister and pro-International Monetary Fund Finance Minister Leszek Balcerowicz and his circles pose a threat to the nation. He also criticized the Catholic Church for keeping silent about the problems of the Polish countryside.

On Aug. 15, Zdzislaw Podkanski, a leader of the Polish Peasants National Assembly, accused authorities of "destroying the nation's soul." He called on the Parlia-

ment to dissolve itself, and on the government to resign. "Among the peasants, there are those who have erred, thus contributing to the return to government of Leszek Balcerowicz," he said. "This mistake is costing us today the loss of the economic and military sovereignty of the Polish state, the rapid expropriation of the national assets, and the deterioration of culture, education, and health in the countryside. The anti-peasant policy of Prime Minister Jerzy Buzek's government is being exploited by swindlers and wheeler-dealers."

## Gold

### Demand reaches an all-time record high

In the second quarter of 1999, demand for gold reached a record high, the World Gold Council reported in *Gold Demand Trends*. The total demand in the 27 countries covered by the WGC reached 809.5 tons in the second quarter of 1999, or 16% more than a year ago. The second highest quarterly demand ever recorded was fourth-quarter 1998: namely, 807 tons.

Contributing to the record high, was a 13% increase in jewelry demand, and a 32% rise in investment demand, compared to 1998. In India, the United States, the Gulf states, and Mexico, demand was at the highest levels ever observed in a second quarter. The import of gold skyrocketed in Singapore to 89.3 tons, some 147% higher than one year ago, while Singapore's consumption of gold amounted to only 2.6 tons.

Another peculiarity in the gold market reported by the WGC is the very large amount of net short positions of large speculators, which, according to official figures from the Commodity Futures Trading Commission, surged to an all-time high in April, equivalent to 275 tons of gold. The WGC suggests that short positions on unregulated over-the-counter gold markets were even "considerably higher." In June and July, official short positions again were close to record-high levels. In July, the average daily net clearing turnover in London gold markets jumped up sharply, to 1,082 tons, considerably higher than the entire world gold demand in second-quarter 1999.

## The Classics against the Enlightenment in the 18th century

by Helga Zepp-LaRouche

*Mrs. Zepp-LaRouche gave the following speech on July 25 at the summer academy of the Schiller Institute in Oberwesel, Germany. It has been translated from the German by George Gregory.*

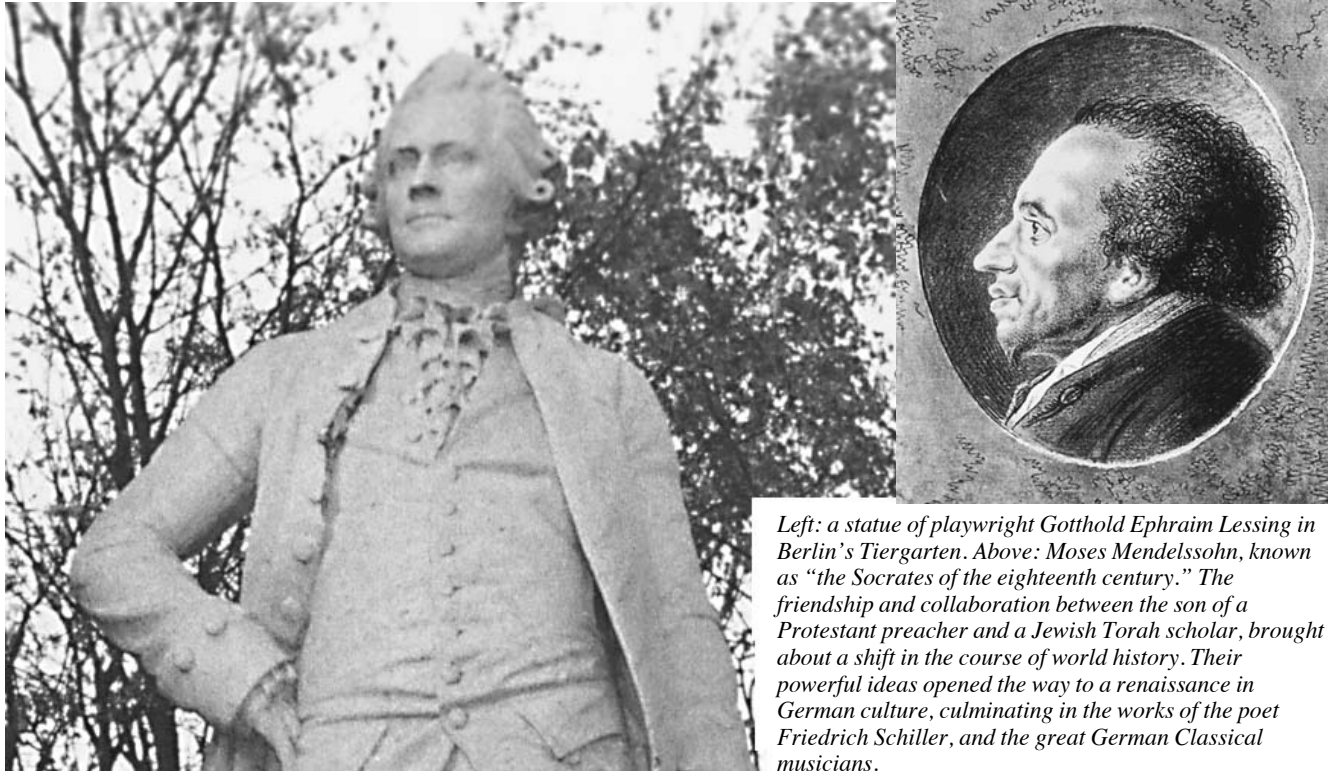
The two people who played a decisive role in the emergence of the German Classics, because they first laid the foundation for the development of the Classics, are, without a doubt, Gotthold Ephraim Lessing and Moses Mendelssohn.

With my presentation, I want to encourage you to read and engage yourself with these two authors when you go home. I promise you, it will be an enjoyable experience. For when you read them, you will feel immediately at home in a humanist world. You will be painfully reminded of the fact that we move at a far lower cultural level, in comparison to these two people, who did, after all, live 250 years ago. In comparison to these two people, we are already in a new Dark Age, and the culture around us is replete with barbarism.

It may surprise you to hear that, for who today still knows Lessing? Who speaks about Moses Mendelssohn? Mendelssohn has been almost completely forgotten. If we consider the research on Mendelssohn today, we can observe that it is presented in a distorted way. Orthodox Judaism rejects Mendelssohn, because he supposedly watered down Judaism by favoring Jewish assimilation. The philosophers look down on him as a “popular” philosopher. Yet, it is most questionable, whether there could have been a German Classic period without Lessing and Moses Mendelssohn, in that form in which it did indeed take shape.

The work of these two extraordinary men needs emphasizing all the more, because they began their struggle as young and impecunious people, only inspired by ideas, at a time when the oligarchy had already by and large suppressed the influence of Leibniz. Call to mind once more, that Leibniz’s ideas and political activity were the ultimate threat to the oligarchy in the seventeenth and eighteenth centuries. They knew precisely what it would mean for them if Leibniz’s ideas and





*Left: a statue of playwright Gotthold Ephraim Lessing in Berlin's Tiergarten. Above: Moses Mendelssohn, known as "the Socrates of the eighteenth century." The friendship and collaboration between the son of a Protestant preacher and a Jewish Torah scholar, brought about a shift in the course of world history. Their powerful ideas opened the way to a renaissance in German culture, culminating in the works of the poet Friedrich Schiller, and the great German Classical musicians.*

his metaphysical conception of the universe, and the theory of the state which he developed out of it, were implemented—with his absolutely optimistic image of the human being, the idea of physical economy as the source of wealth in society. He is the creator of this tradition, and all of his diplomatic initiatives—including the Eurasian land-bridge, the integration of Eurasia by means of infrastructure—which induced the oligarchy to combat his ideas and (similar to today) to undermine his influence with the mercenary scientists they bought.

One important example is the salon of Antonio Conti, who attempted to use Newton on the continent against Leibniz. That, naturally, went hand in hand with Newton's own theory of the state, with Jeremy Bentham and his hedonistic calculus, i.e., an absolutely degraded image of man, as a creature who is evil by nature, where each person is the "wolf" of the other, and is only driven by the desire to maximize the pleasure of the moment, and to minimize pain.

A large part of the population today lives according to these ideas of Hobbes, Locke, or Mandeville: maximum pleasure in the here and now, and avoidance of everything which is unpleasant. This attitude, which determines how people think today, traces back to the evil oligarchical philosophers (or, better, ideologues) in the eighteenth century.

Antonio Conti was a Venetian nobleman, who first of all organized a network around Nicole Malebranche, and then systematically organized the exchange of scientists between the Académie Française in France and the British Royal Soci-

ety, in order to build up a network of scientists who taught these philosophical views. He went at his work in a way which is quite similar to how George Soros works today, in Russia and East Europe. What is at stake is not science, but the control of how people think.

A second phase in this struggle was Voltaire, one of the most degenerate people imaginable. He loved lies and deception, luxury, and he was a gambler. He organized the Anglophiles on the continent, and was ultimately called to Berlin, to the court of Frederick the Great, where he made it his vocation to extinguish all of Leibniz's influence at the Prussian Academy of Sciences in Berlin, which Leibniz himself had founded in 1701 under Frederick I. Together with people such as Euler and Maupertuis, systematic attacks on the most important ideas of Leibniz were organized. For example, in 1747, in a competition at the Academy, the question was posted in which the sole issue was to refute Leibniz's *Monadology*: Prizes were awarded to those people who assembled the worst slanders. Berlin teemed with the degenerate followers of this sort of "Enlightenment."

That was the climate in which the friendship and collaboration between the son of a Protestant preacher and a Jewish Torah scholar, brought about a shift. They opened the way to the high point of the history of German culture, and their ideas soon prevailed in Germany.

Moses Mendelssohn was celebrated as the "Socrates of the eighteenth century," and Lessing revived the world of ancient Greece, inventing modern comedy and tragedy. To-

gether with Moses Mendelssohn, he developed a new aesthetics, which became the basis for Friedrich Schiller's aesthetic writings. At the same time, Mendelssohn wrote important essays on the state, religion, and natural law.

Who were these two extraordinary young men?

### **The Socrates of the eighteenth century**

Moses Mendelssohn was born in 1728 in the ghetto of Dessau, 80 kilometers from Berlin. He was the son of Mendel Dessau, who ran a small Hebrew school. Already as a young man, Moses did not want to simply interpret the liturgical texts in the Hebrew language, which was how children usually learned Hebrew, but he made it a point to learn Hebrew through learning the grammar, and so he also learned grammar. He had the good fortune of reading *The Guide for the Perplexed*, by Rabbi Moses Maimonides. In this book, he read about the tradition of Judaism, in which there is no contradiction between faith and reason. He then followed his teacher, Rabbi Frenkel, to Berlin, 80 kilometers on foot.

I emphasize this, because the contrast to the "why not?" generation of today is so great: The Baby Boomers were followed by "Generation X," and then came "Generation Y," and finally "Generation Why Not?" I mean the nest-sitters who live at home up to their 35th birthday, because Mommy does their laundry.

So, Moses was 15 years old, and you have to imagine that the situation for Jews in the eighteenth century in Germany and other European countries was absolutely degrading. Indeed, in 1648, the Peace of Westphalia had formulated the principle of tolerance for Catholics, Lutherans, and Reform Christians, but not for Jews. Jews were tolerated as money-dealers, but only a small layer was accepted in this function; the others had no other rights to the protection of the state, no right of residence. Under Frederick II, the policy was unfortunately rottenly anti-Jewish. Jews had to identify themselves with a yellow arm-band. It was only under the progressive Austrian Emperor, Joseph II, that this identification was revoked in 1781, with the so-called Tolerance Edict, and Jews were given the freedom to run businesses. Nevertheless, those Jews who converted to Christianity were given preferential treatment. Under the rule of Frederick II, only 152 Jewish families were permitted to live in Berlin. Jews were divided into six groups, and only a small group had any freedom of movement and the freedom to run businesses. A third group, the so-called "extraordinary-protection Jews," were permitted to extend the protection to only one member of the family, either the wife or one child. Mendelssohn belonged to this third group, and he was still a member of that group after having lived in Berlin for 20 years, and after having become a renowned and respected writer and a sage.

This repression led to the self-isolation of the Jews, and that was an obstacle for their development for a long time. Self-administration was carried out by Orthodox rabbis, who insisted on the strict observance of the written and unwritten

laws. It was only permitted to speak Yiddish, a mixture of Hebrew and Middle High German, and the education of children consisted almost exclusively of interpretation of the Talmud. It was considered to be in bad taste to read books in the German language, and since many rabbis came from the East Prussian territories, they had had little access to West European culture. Whoever dared at that time to speak better German than Polish Jews, was thought to be a heretic. The children were punished and the parents persecuted. This self-isolation naturally prevented any access to cultural life.

This must be kept in mind, in order to appreciate the extraordinary achievement of Moses Mendelssohn in freeing himself from this ghettoization, backwardness, and social repression. How did he do that? He went to Berlin, and there he studied the history of Protestantism, German, Latin, English, French, mathematics with the mathematician Israel Samoscz, Locke, and Leibniz. From 1750 on, when he obtained a small job from a Jewish silk-trader, Isaac Bernhard, he had some money and spent it to study music, and for tickets to concerts and theater performances. Then he changed his name from Moses Dessau to Moses Mendelssohn, son of Mendel.

Then, he met another 25-year-old, namely Gotthold Ephraim Lessing. Who was this Lessing?

### **Lessing's youth**

The father, Johann Gottfried Lessing, was a Protestant pastor, who married the daughter of his predecessor. Together they had ten sons and one daughter. Gotthold was the second son. They lived in meager circumstances, were often hungry, and never had enough money. Money, by the way, was never a standard for Lessing. He would never have done anything against his inner inclinations only to obtain money. He learned very early how to develop creative stress. The experience which shaped him decisively in that respect was at a princes' school, the Afraneum, which he attended for five years. His interest in Classical antiquity was awakened already there. He studied Greek (Isocrates, Sophocles), and also Hebrew three hours each week.

Lessing was by no means a dry person; he was jovial and had a sense of humor. He noticed early on that his sister was very dependent on money. He wrote to her on Dec. 30, 1743:

"I wish that all your Mammon were stolen. That would probably do you more good than if someone were to feed your money-bag with some 100 pieces of ducats.—Your loving brother."

At that time—he was 14 years old—he began to translate Euclid, three books of which are preserved in his collected writings. He read Homer, Anacreon, songs about wine and love, and Theophrastus' character-description, comedies by Plautus and Terence. He described ancient comedies as "my world." He tried his hand at the art in a first comedy, *The Young Scholar*.

The school, which resembled a monastery, bored him, and so, under-challenged, he asked his father for a change.

That happened after a while, and the rector wrote to his father: “He is a horse that has to be given double feed. The lessons which are difficult for others, are as easy as child’s play for him. We can hardly hold him back.”

So, he succeeded to get a change in his situation. He gave a speech when he left, on the mathematics of the non-Classical peoples, the *mathematica barbarorum*. He had collected fragments for a history of ancient mathematics.

When he was 17, he went to the university in Leipzig, attended lectures on literature, the Greek poets, Roman antiquities, and general history. He heard lectures by Gottsched, the pope of literature of that time, on poetics, and was completely disgusted: Gottsched was too pedantic for him. Instead of continuing to attend boring lectures, he turned—as all good humanists did—to study the original sources. Then he suddenly noticed that his body was completely stiff and peasant-like; so, he learned to dance, to fence, and to vault. After that, his fellow students admired his noble posture.

He became acquainted with Fredericke Caroline Neuber, who led a good theater group in Leipzig. He came into contact with a student, Mylius, who had written two plays for Neuber. Lessing was gripped by a love of the theater and spent all his money on theater. He did translations in exchange for a free seat in the theater. Finally, when he was 18, he had the crucial idea to finish writing his first comedy. Neuber was enthusiastic about the piece and said, rightly: This is the harbinger of a new epoch of German national drama.

What was the subject of this comedy? Some of you may know it from your school days, and maybe you played in it yourselves. The main character is a young scholar, Damis, who is a vain word-juggler and a fool. He writes an essay on the monads in answer to one of the contest questions put forward at the Academy in Berlin, which was the campaign of the Academy against Leibniz. (There are parallels to the situation today, showing how such an institution is controlled.) He sends his essay via a friend to the judge, and impatiently waits in expectation that his essay will be crowned with the prize. Suddenly, his friend gives him the news, that he did not send the essay in at all, because he misunderstood the topic; i.e., instead of discussing a philosophical issue, he had only picked it apart philologically. Lessing sets up a counter-character to Damis, Valer, who studies people and the world in order to be useful to the state. Lessing’s comedy was an immediate success.

But then, the following happened. A merchant passed gossip on to Lessing’s father, that his son was leading a completely free life and was running around in the company of play actors. The crowning climax was Christmas 1747, when Lessing’s mother sent him a loaf of Christmas bread and received the news, that Lessing had not only become a comedy writer, but that he had even shared the Christmas bread with the comedy players! That made his mother cry bitterly. . . . So there was a big crisis. His father sent a telegram: You have to come home immediately, your mother is on her death-bed.

The winter was severe in Leipzig at the time, and Lessing reached home in a post-carriage, half-frozen. His parents were happy that he had arrived alive and healthy, and that an even more severe scolding was averted.

It was a problem for Lessing throughout his life, that his family did not understand him. His sister found poems about wine and love on his desk and threw them into the fire immediately. Lessing responded by throwing snow down the front of her blouse. Ultimately, he decided to study medicine, but instead of attending classes, he went to theater rehearsals in the morning and the performances in the evening. His friend Mylius, who had a bad reputation, had nevertheless received a favorable judgment from the Academy for a scientific paper he had written for a competition, and was called to Berlin, where on July 25, 1748 he observed the annular solar eclipse.

Unfortunately, Lessing had signed loan guarantees for some of the debts of actors, who left him hanging, and he had to flee to Wittenberg because he could not pay the debts. In Wittenberg, he studied ancient philosophy and then returned to Berlin, where new slanders against him were passed on to his father.

On Jan. 20, 1749, he wrote a moving letter to his mother, where he says, among other things: “I have come to understand that books would make me learned, but they would never make me into a human being. . . . I will not return home. I will also not go to universities any more.”

I say this because, to become a genius, it is sometimes necessary to do unconventional things. The problem was that Lessing’s father had become suspicious of him because of the thoughtless slanders. Lessing was saddened, for his whole life, that his father believed the slanders more than he did his son. He even wrote to him, “that you are accustomed to think the lowest, most shameful, most Godless of me, persuade yourself and let yourself be persuaded. . . . Time will tell who is right.”

## Problems in Berlin

Lessing wrote “Der Freigeist” [“The Free Spirit”] and “Die Juden” [“The Jews”] and became acquainted with the 38-year-old professor Samuel König, a Swiss mathematician. Some of you know him from the famous conflict that he had with Maupertuis and Voltaire. König had written an essay on Leibniz’s principle of least action, where he proved that this law was discovered by Leibniz. Maupertuis, who had become president of the Academy of Sciences in the meantime, had written also about this principle, in a banalized form—to the effect that God works with austerity mechanisms and austerity policy, and uses only the least possible energy in the universe. Naturally, that was *not* Leibniz’s conception. Out of fairness, König forwarded his own paper to Maupertuis before it was published, but the latter was too arrogant to read it. When the paper was then published in the *Leipzig Acta*, and König proved in it that Leibniz’s principle of least action is sometimes characterized by a minimum, but also sometimes

by a maximum, Maupertuis went wild, because he had been unmasked as a plagiarist. He had taken so much trouble to prove that Leibniz had plagiarized from Newton, and now he himself stood unmasked, plagiarizing from Leibniz. The honor of the Academy was at stake.

König, to prove his case, was supposed to obtain the original of Leibniz's own discussion, but that original had been in the possession of his friend Henzi, a friend who had been condemned to death by the Swiss authorities in the meantime, and the Leibniz letter was now in the hands of the Swiss authorities. Leonhard Euler intervened; Voltaire accused Maupertuis of abusing his office; and so forth.

Lessing knew of all these intrigues and he knew the character of these people. Lessing and Moses Mendelssohn knew that the proponents of the Enlightenment were charlatans. Maupertuis, for example, announced a grotesque "scientific project," to show that people should be treated with opium in order to enable them to see the future. Or, to prevent sickness, the body was to be smeared with a thick paste to prevent the disease from penetrating the body. Or, vivisection should be carried out on living criminals, to see how the brain functions.

A short while later, Lessing was involved in a bitter conflict with Voltaire. He became acquainted with Voltaire's private secretary, Richier de Louvain. A typical scandal: Lessing had borrowed from the private secretary a copy of the first volume of Voltaire's *Siècle de Louis XIV* [*The Age of Louis XIV*]. Twenty-four of the best printed copies were supposed to be sent to the royal family, and Lessing had put together a copy from an inferior printing, with the promise that he would show it to no one. An unfortunate chain of events led to the book's turning up at the home of Count Schulenburg, where it was seen, and a girlfriend of Voltaire's reported it to him immediately. Voltaire flew into a rage, fired his secretary, and was now suspicious that Lessing would publish this book.

Lessing and Mendelssohn had very direct knowledge of the character of these people, also at the personal level. Voltaire wrote a letter to Lessing, which Lessing said was silly. The rumor-kitchen worked overtime against Lessing, and slanders spread. To Lessing, it had been clear already one year earlier, what Voltaire's problem was. Voltaire had commissioned a Jewish banker, Hirsch, to buy up a large sum of Saxonian tax-bills, which had dropped in value in Saxony, but for which Prussian subjects had to pay the full value, according to an order issued by Frederick II. Voltaire went to this financier, Hirsch, and said, Frederick allows me to have you speculate for me. Then came another Jewish money-dealer, Ephraim, and he offered to do the job more cheaply. Hirsch sued Voltaire for damages and Voltaire had an arrest warrant issued against Hirsch, whose father had a heart-attack as a result, and Voltaire finally forged signatures and also committed perjury in writing. The private secretary Richier, who was still working for Voltaire at the time, hired Lessing as a translator for this legal business, and so Lessing had dinner with Voltaire almost daily, so he had the most direct

view of Voltaire's character.

In April 1752, Lessing received a degree as Master of Free Arts, and returned to Berlin, where, at the age of 25, he became acquainted with Moses Mendelssohn. A circle of friends developed around Lessing, Mendelssohn, Ewald Christian von Kleist, Gleim, Ramler, and Christoph Friedrich Nikolai. The relationship between Lessing and Mendelssohn, especially, soon became a lively friendship. Moses visited Lessing every morning from 7 to 9 for discussions, before turning to business matters.

Lessing wrote to Michaelis about his friend in October 1754:

"I foresee him as an honor to his nation if he can mature, in contrast to his own brethren in faith, who have been driven by the unfortunate spirit of persecution against people of his like. His honesty and his philosophical spirit allow me to see in him, in advance, a second Spinoza, who would lack nothing to be fully like the first — except his mistakes."

That point becomes important in the later debate with Jacobi, since it shows that Lessing did not think very highly of Spinoza. Lessing and Mendelssohn wrote a joint work, "Pope: A Metaphysician." Once again, this was in a competition, this time at the English Academy, on Alexander Pope, the English poet, who claimed that everything is right that exists. That should be contrasted to the Leibnizian idea of the best of all possible worlds. Naturally, in 1755 the Academy awarded prizes to work that denigrated Leibniz. Lessing and Mendelssohn published their work anonymously, and only Lessing was recognized as the author. That, in turn, drew the venom of the French academicians.

### Studies in the effect of art

In Potsdam in 1755, Lessing wrote *Miss Sarah Sampson*, and with this piece, he thought he had founded a new form of tragedy, on the Greek model. Lessing wanted to reshape the old into something new, and to find new forms for the present times. Indeed, with this piece he laid the foundation for realistic popular tragedy.

It was in this period that the famous dialogue developed among Lessing, Mendelssohn, and Nikolai, a theory of *Trauerspiel*, or tragedy. Mendelssohn wrote letters about "Die Empfindungen" ["The Emotions"], his second work. Lessing wrote "Über den jetzigen Zustand der schönen Wissenschaften in Deutschland" ["On the Current State of the Beautiful Sciences in Germany"]. Winkelmann wrote "Die Gedanken über die Nachahmung der griechischen Werke in Malerei und Bildhauerei" ["Thoughts About the Imitation of Greek Works in Painting and Sculpture"]. It was clear for Lessing and Mendelssohn that they were orienting toward Leibniz. In his work on emotions, Mendelssohn wrote:

"The immortal Leibniz! I erect an eternal monument in my heart. Without your help, I would be lost forever. I never knew you yourself; but your imperishable writings, which remain unread by the great men of the world, and to which I

appeal for help in solitary hours, have guided me on a sure route to high, true, world wisdom, to knowledge of myself, and of my origin. They have buried the sacred truths in my soul, upon which my happiness is founded; they have educated me.”

“On the Emotions” was a letter-dialogue between Theocles, a thoughtful and judicious youth, and Euphranor, who is enthusiastic and dreamy. Theocles sees a purposeful world perfection as the source of the pleasant emotions, i.e., he argues his theory from the standpoint of Leibniz’s “pre-established harmony,” that the heavenly pleasures come from the fact that the human being takes joy in the perfection of the world, according to a plan of God. Euphranor, however, proceeds from the subjective side, and says that the experience of the beautiful occurs through the emotions. And he argues from the standpoint of the monad which, according to Leibniz, has the characteristic of joyous imaginative activity. Mendelssohn distinguishes now between two powers of the soul—a higher, Reason, Understanding; and a lower one, confused, or based upon emotion. He asks, how do these two powers of the soul relate to each other, if Reason and the heart are not in agreement?

(Recall Jeremy Bentham and the “hedonistic calculus.” Since Thomas Hobbes, the human being has been called “the wolf of humans.” This person only has emotions based on “*Lust*.” He wants pleasure or does not want pain, and seeks to avoid what is unpleasant.)

I have come to the conclusion that the entire development of aesthetics in the German Classics—beginning with Mendelssohn, Nikolai, and Lessing, and continued by Schiller—is basically a direct attack on the hedonistic calculus of Bentham, and they were thinking about how it were possible, not only at the level of Reason and Understanding, but also in emotions, to develop a different concept, i.e., to develop a differentiated conceptualization about the emotions.

Moses Mendelssohn wrote: “Beauty is based on unity in multiplicity.” It consists in the unclear representation of perfection and this corresponds, in turn, to the pleasant emotions. But, in comparison with the higher capacities of the soul, they have to be seen as lacking something. So, he draws a dividing line between the sensuous pleasures and the pleasures of the soul. Sensuous pleasure is, he says, an unclear but lively representation of the soul, brought about by the perfection of the body. The pleasures of the soul, on the other hand, come from the perfection of the viewed object. Mendelssohn calls the first, the sensuous pleasures, pleasant emotions, and the second, the pleasures of the soul, “*Lust*,” or desire.

Schiller, in the 24th letter of his aesthetical writings, used the term “*Lust*” as “*freie Lust*,” or free desire, “the disinterested” pleasure of the aesthetic perception of the beautiful. Mendelssohn uses yet another notion of beauty in the letters, which, despite the differentiation, is subordinate as intelligible perfection.

After having worked on the theories of Louis Jean Leves-

que de Pouilly, he came to a revision of his standpoint, and wrote later, in “Rhapsodie”:

“The pleasant emotion in the soul is nothing else than the clear, but indistinct vision of perfection, and insofar as it is accompanied by a sensuous desire, by a comfort of the body or a harmonic tension of the nerve fibers, the soul also enjoys a sensuous, but indistinct vision of the perfection of its body.”

And, finally, in the 11th letter, Mendelssohn says:

“We have come so far, that we have discovered a threefold source of pleasure and we have distinguished its confused boundaries: the unity in multiplicity or beauty, the agreement of the multiplicity or the intelligible perfection, and finally, the improved condition of our bodily constitution or sensuous desire. All fine arts take delight from this sacred source, with which we refresh the soul thirsting for pleasure.”

Mendelssohn is attempting here to develop an objective concept of beauty, and he defines beauty as “sensuous perfection.” That is extremely important, because Immanuel Kant wrote immediately, in the *Critique of Judgment*, that there is no generally valid concept of beauty, but rather that beauty, as distinct from Reason, is individual, something completely arbitrary. What pleases one person, will not be pleasing to someone else. There is no way to objectively reach a lawfulness of beauty. And with that, Kant naturally threw the basic conceptions of the Classics out the window, i.e., that beauty is subject to an intelligible and emotionally recognizable lawfulness.

What is at issue for Mendelssohn, is primarily to improve the emotions. The issue is not the human being who, as a “wolf,” only feels pleasure or pain; the issue is to ennoble the emotions. One way to do that is to excite “painfully pleasant mixed emotions.” For example, compassion, and that is of immense importance today. We have all experienced it a hundred times; we have said, Africa is dying, look at what is happening in Indonesia; and yet there are people who say, that doesn’t interest me at all! This lack of compassion is what constitutes the character of a dying society. The great minds of the Classics, such as Mendelssohn and Lessing, tried to improve people in their own time. Schiller said later, that every improvement is only possible through an improvement of the capacity for emotion. I am absolutely convinced of that.

Mendelssohn says: In compassion lies the essential effect of tragedy. What is known under the name of horror in tragedy, is nothing but a compassion which surprises us. For the danger never threatens ourselves, but our fellow man, for whom we are sad. This same thought is articulated by Lessing in a letter to Nikolai in November 1756, where he writes:

“Horror in tragedy is nothing but the sudden surprise of compassion.

“So, if it is true that the entire art of the tragic poet is based on the sure excitement and duration of a single feeling of compassion, then I say that the characteristic of tragedy is this: It should expand our capacity to feel compassion.

“It should not only teach us to feel compassion against

this or that misfortune; rather, it should make us capable of that feeling to such an extent that the unfortunate should move us and grip us at all times, and under all circumstances. And now I refer to the idea which Herr Moses may preliminarily demonstrate, if you, despite your own feeling, should wish to doubt this.

“The most compassionate person is the best person, he who most inclines to all social virtues, to all kinds of magnanimity. He who makes us compassionate, makes us better and more virtuous, and the tragedy that does that, also does this, or—it does the one to do the other.

“I proceed the same way with comedy. It should enable us to be capable of recognizing all forms of the ridiculous. He who has this capacity will seek to avoid all kinds of what is ridiculous in his behavior, and thus become the best educated and most moral person.”

Schiller takes up the same issue of the relationship between pain and pleasure in his writings on “Der Grund des Vergnügens an tragischen Gegenständen” [“On the Reasons Why We Take Pleasure in Tragic Subjects”], “Über Naive und Sentimentalische Dichtung” [“On Naive and Sentimental Poetry”], and “Über das Erhabene” [“On the Sublime”], in a direct continuation of Mendelssohn. In his work on the foundations of the fine arts and science, Mendelssohn writes:

“In the rules of beauty, which the genius of the artist senses, and which the art critic resolves into conclusions of Reason, lie buried the deepest secrets of our soul, every rule of beauty is at once a discovery in the theory of the soul, because it contains a prescription for the conditions under which a beautiful object can have the best effect upon our heart, so that it must be possible to find it in the nature of the human spirit and to be explained from its characteristics.”

That is the reason why Lyn [Lyndon LaRouche] always says that preoccupation with great art trains the faculty of our own soul, which is the source of creativity. That is why the study of beauty in art is a way to study the laws of the soul. That naturally requires an agreement of the macro- and the microcosm with the conception of the human being as a monad. And that is also what Schiller later says, that theater addresses the finest movements of the soul and ennobles them.

Rules, says Mendelssohn, are preparations. In performance, of course, one must beware of demanding that these rules be too strict. In his work “Von der Herrschaft über Neigungen und die Meinungen” [“On Mastery over Inclinations and Opinions”], he speaks of the astonishing effect of habit on our soul. And since what is at stake is the humanization of our emotions, Moses says that this capacity of the soul will, through practice, which has the same effect as habit, become objective. I think that is a brilliant thought.

The question is now, how can you, a creature of habit, with bad habits, develop your real self? For example, when you go home at night, rather than turning on the TV and drinking a beer, you will start studying Leibniz or Mendelssohn, and that becomes a habit which does not loosen its grip. Moses says, since practice has the same effect as habit, we only need to

replace the habit with the practice. Then, you have discovered the key to genius! I.e., you only need to practice and practice. Schiller says it also: Genius is work. Lyn emphasizes the same point.

Moses, in his work on the sublime and the naive in the fine sciences, generated a new definition, which had a direct effect on Schiller. He separates the idea of the sublime from that of perfection, and says:

“What is great, grips our attention, and since it is the magnitude of a perfection, the soul holds fast with pleasure to such an object, and all incidental notions in it [the object] become shadowy, the immeasurability excites a sweet shudder which flows through us entirely, and the multiplicity thwarts all satiation and inspires the power of imagination to thrust further and further. All of these emotions blend in the soul, flowing into each other, and become a single phenomenon, which we call wonder.”

Looking at the sublime is also a way to exercise the emotions, because it tears people out of the everyday world and brings them to admiration, in this way. In his work on grace and beauty in movement, Moses writes that grace is connected to the naive, because “the movements of excitation naturally and easily flow toward each other softly, and without deliberation and consciousness announce that the well-springs of the soul, the movements of the heart, from which these voluntary movements flow, also play without compulsion, softly accord with each other, and also develop artlessly. That is why the idea of innocence and moral simplicity is always connected with high grace.”

## The Laocoön sculpture

Mendelssohn first shaped the notions of the sublime, the naive, and grace, which Classical aesthetics, especially Schiller, then developed. The writings of Mendelssohn also had a direct impact on Lessing. We must imagine the friendship between the two as a give-and-take, connected to work on these issues. Nikolai, for example, reports that the first seed for the work on the Laocoön sculpture, was in a letter by Mendelssohn and Lessing’s reply to this letter. In December 1756, Mendelssohn wrote to Lessing:

“I will go with you into the school of the ancient poets, but when we leave it, you come with me into the school of the ancient sculptors. I have not seen their works of art, but Winkelmann (in the essay on the imitation of the works of the Greeks), whom I trust to have a fine sense of taste, says: Their sculptors never let their gods and heroes be seduced by an unbridled passion. Among them one always finds nature at best (as he calls it), and the passions accompanied by a certain calmness of the heart, so that the painful emotion of compassion is at once veiled over with a gossamer of wonder and esteem.”

At that time, it was common knowledge, but today no one knows about it: Laocoön was the Trojan priest of Apollo in Greek mythology, who warned the Trojans not to let in the wooden horse which the Greeks had left behind when they

feigned their retreat, because he suspected a trick. Shortly thereafter, Laocoön and his two sons were strangled by two snakes during a sacrificial ritual. This was understood to be a sign of the imminent demise of Troy. The marble group of the sculptors Agesandros, Polydorros, and Athenodoros from Rhodes, represents this myth. In 1506, this marble group was rediscovered in Nero's golden house, and it is now in the Vatican. It is the sculptural work of art which had the most impact on the German Classics.

Lessing objected to Winkelmann's description of the work in one respect. The creators of this group show Laocoön in a dire situation, but the scene is given a measured expression nevertheless. Winkelmann attributed this to the Greek ideal of measure, which saw the unbridled expression of the pain of a man to be unworthy of the man. Lessing thought, on the other hand, that aesthetic reasons were decisive, so that it was not considerations of decency that prevailed, but rather the visual and emotional impact. An important difference. The aim of optical vision is distinctness; the aim of aesthetic vision is the movement of an excitation of the heart. That would only be possible if the viewer were left an inner freedom.

Recall Schiller's "Über Bürgers Gedichte" ["On Bürger's Poems"]. Bürger says, "I must cry out my agony," and Schiller says that that has nothing to do with good poetry. That is how Lessing argues also, and he describes how the poet Virgil described Laocoön poetically, expressing the agony with powerful exuberance. The sculptors, by contrast, allow him to vanquish the agony, and so they surpass the poet. This happens all the more, the more the feeling of compassion is blended with awe.

Mendelssohn coined the notion of the "*moment fertile*," the fruitful moment, which came to be so important for Lessing's writing on the Laocoön. Lessing wrote:

"Since the painter and sculptor express beauties successively, alongside each other, they must choose the moment which is most favorable to their intention. They must gather the entire action into one single point of view, and to distribute it with great understanding. Everything in this moment must be full of movement, and every secondary notion must contribute to the required significance.

"If we view such a painting, our senses are enthused at once, all capacities of our soul become suddenly awake, and the imagination can divine the past out of the present, and confidently await the future."

That is what Lyn mentioned as the paradox, that the Greek sculptors succeeded to show movement in one moment<sup>1</sup>; that is what distinguishes Greek Classical art from archaic works of art in a qualitative way. The artwork must have an element of *the simultaneity of eternity*. To discover the past, anticipate the future with confidence. That is the same as what Schiller will later describe about drama, as "the pregnant moment." It

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1. Lyndon LaRouche's speech to the Oberwesel academy was published in *EIR*, Aug. 6, 1999.

is the one point which contains the whole. That is fascinating. What is at stake is to promote the inner freedom of the human being.

The friendship between Mendelssohn and Lessing did not consist only in mutual support for their respective work, but also, in part, the way it should be among real friends: in polemical interventions. When Lessing wrote the draft on Laocoön in Breslau, where he was working as secretary to General Tauentzien, he went to the pubs with the soldiers, and gambled a great deal; Mendelssohn played a joke on him and printed one of his philosophical works with a dedication "to a strange person." The letter ended, saying: "If he doesn't hear, nor speak, nor feel, nor see, what does he do?—He plays." Lessing got quite a shock, because he thought that this dedication would have been printed on all copies, which it naturally was not.

This companionship of Lessing's, and that with the soldiers, also had positive effects, and it ultimately led to an elaboration in his play *Minna von Barnhelm*. Goethe wrote about this, that *Minna von Barnhelm* was the truest progeny of the Seven Years' War, completely northern German national in content. In 1772, Lessing wrote *Emilia Galotti*, in which his notion of tragedy is most clearly expressed.

In his later life, he was called to Hamburg to work as a dramaturge at the national theater there. Those were three years of hard struggle and disappointments over the dull wits of the audience, the vanity of the actors, and the interference of the merchants, who had no sense of what Lessing was doing. The theater was closed in 1768. The Duke of Braunschweig then asked him to become his librarian in Wolfenbüttel.

The last ten years of his life were years of suffering, with the exception of his unfortunately very brief marriage to Eva König, who died in childbirth. After that, Lessing lived alone, and his family, who lived in poverty, kept asking him for money. In 1781, he died of a stroke.

## Thoughts on religion

In 1767, when Lessing went to Hamburg, Moses Mendelssohn wrote the *Phaedon*, the Platonic dialogue on the immortality of the soul, connecting up with the *Phaedo* of Plato, which Mendelssohn completed in his own words, addressing the problems of the eighteenth century. A polemic against the cynicism of the Enlightenment, the atheism of his time. This book became the most popular book of his time, and it was in the truest sense Socratic. In the introduction, he writes about Socratic discussion: It allows one to follow from question to question without any particular effort, so that one believes that one has not *learned* the truth, but has *found* it, oneself.

As Lyn said yesterday, the mind itself is brought to grasp knowledge by means of Socratic dialogue—not multiple choice and learning by heart, and then forgetting again; instead, the person is playfully elevated to a Socratic height.

Johann Gottfried von Herder wrote at that time about Mendelssohn's *Phaedon*:

“Socrates introduced the wisdom of the world among human beings, here is the philosophical writer of our nations, who joins this [wisdom] with beauty of style. . . . Yes, he is the one who knows how to place his wisdom of the world into a light of clarity, as if his Muse herself had said it.”

This book made Mendelssohn famous as the Socrates of the eighteenth century. Frederick II nevertheless rejected the proposal to make Mendelssohn a member of the Academy.

Mendelssohn also worked on educating his fellow Jews, especially in Hebrew and in translating the Bible. He wrote:

“This is the first step to culture, from which my nation, unfortunately!, is held at such distance, that one might almost despair of any improvement.”

In his *Jerusalem*, his interpretation of the Jewish notion of God, he wrote that there is no conflict between Faith and Reason:

“It is true, I know of no other eternal truths than those that are not only intelligible to human Reason, but which are representable by human capacities and achievable by them.”

In that work, he appeals for an unlimited freedom of conscience in the state and society, and defines the state on the basis of natural law. The state and religion both have the task of promoting human happiness in this life and the next. They do not have the right to subject the principles and the conscience of people to any compulsion whatsoever. While the state may compel its citizens to act for the common good, religion cannot do that. It is understandable that Orthodox Jews and Christians alike were offended by many of these ideas.

Lessing also intervened in the religious debate. He received an unpublished work of the philologist Klotz from the daughter of the reputed Hamburg scholar, Reimarus: “Apology or Defense for the Reasonable, to the Honor of God,” a polemic of the Enlightenment against the truth of Christianity. Lessing published this paper as a fragment by a so-called anonymous author, and pretended that it was a work from the collection of the Wolfenbüttel library. He complemented the document with his own additions and showed that the criticism was prejudiced and untenable. That drew the criticism of the orthodox theologians, and Lessing was wrongly suspected of being a proponent of the Enlightenment. The main criticism came from a Hamburg pastor, Goeze. Lessing was forced to make his own position clear, and unfortunately gave the impression that his opponents were among the theologians, and not in the camp of the Enlightenment.

Then Lessing wrote the play *Nathan der Weise* [*Nathan the Wise*] where he expresses his own most fundamental views on religion. Everyone knows the famous parable of the rings, where the dying king has a ring which bestows upon the bearer the love of God and man. Since the father does not want to favor any one of the sons over the others, he has two perfect copies made of the ring, so that each of the sons should think that he has the original. Naturally, the solution is only that the three sons, who represent Christianity, Islam, and

Judaism, must each have the love of God and man in order to be the one on whom the ring is bestowed.

That is the most beautiful demonstration of the ecumenical idea in poetry, and Lessing’s monument to Moses Mendelssohn.

### Jacobi’s campaign against Mendelssohn

How could it happen that the Socrates of the eighteenth century, the most famous philosopher of his time, could be so quickly forgotten? Here I have to discuss the evil role played by Friedrich Heinrich Jacobi, and also Kant. The whole problem began (in addition to the previous problems with Voltaire, etc.), with something that happened in Germany in 1785, which did not stop with Mendelssohn’s death, and which made its influence felt into the nineteenth century.

Jacobi was a philosopher who led into romanticism and propounded a certain belief- and emotion-philosophy. He was the first to introduce the notion of nihilism into technical philosophical language. From him, the development can be followed to existentialist philosophy.

In July 1780, there was a discussion between Lessing and Jacobi. That was the beginning of the so-called pantheism debate between Mendelssohn and Jacobi. Supposedly, Jacobi asked Lessing during the discussion, “Have you actually ever explained your system to your friend M., does he know what you are talking about?” And Lessing supposedly replied, “Yes, once, when we once talked about paragraph 73 in the ‘Education of Man,’ and M. had reservations against it, so we discussed this point, but we did not reach agreement, so we let it be.”

Jacobi now claimed that Lessing had preferred to be silent toward Mendelssohn about his ultimate beliefs, in order not to offend his friend. That is how it was represented by Jacobi in letters to Mendelssohn in 1783, after Lessing had died. He even claimed that Lessing had become a Spinozist in the last years of his life—i.e., an atheist. At that time, that was a horrible thing.

Mendelssohn was very angry at that. His friend Lessing had just died, and so he wrote a counter to this, the “Morgenstunden, or Lectures on the Existence of God,” a kind of precaution in order to preempt Jacobi, because if there is anything one can say about Lessing’s relationship to Spinoza, then it would be that he was an “enlightened Spinozist.”

Jacobi then anonymously wrote, “The Doctrine of Spinoza in the Letters of Herr Moses Mendelssohn,” which was published in Breslau in 1785. Mendelssohn was now really upset, since Jacobi had published a number of quotes from confidential letters of Mendelssohn to Jacobi. Mendelssohn countered with the work “To Lessing’s Friends.” On one cold winter morning, he brought this work to the printer, caught a cold, and died.

After his death, Jacobi wrote “Contra Mendelssohn’s Accusations,” in which he claimed that Lessing had admitted that Mendelssohn had had a clear mind, but no metaphysical mind. Mendelssohn, according to Jacobi’s representation,



had become too stiff in the Leibniz-Wolf philosophical school, and did not have the strength to grasp something new, nor even the will to understand anything new; he was content to have found a system which satisfied him. The only source for all this is Jacobi himself, after both Lessing and Mendelssohn were dead.

Jacobi—in my opinion—is a liar, and he contradicts himself. Three years previously, he had written to his friend Heinz in Göttingen: “My friend Lessing tells me, Mendelssohn is the greatest philosopher of his age. I wish you would go to Berlin and become acquainted with this man, whom I esteem most highly as my friend.” So, three years later, a complete change of view. Herder knew about this correspondence before Jacobi published it. He urgently requested Jacobi not to publish it.

Jacobi wrote to Herder: “I have thought about this, but I have come to the conclusion that I must let history take its course.” So, Jacobi was absolutely aware of what he had done. He followed a strategy whose purpose was to discredit Mendelssohn and the ideas he stood for, and also, indirectly, Lessing. He wanted to kill off the very idea of the friendship between Lessing and Mendelssohn.

To fully appreciate this campaign, one has to know that Jacobi’s notion of faith was not faith in God or faith as Christianity understands it, but rather, faith in the sense of David Hume, faith as the immediate intuitive acceptance of reality, where reason derives conceptions from previous experience. It was Mendelssohn’s misunderstanding that this was a dispute between Judaism and Christianity. Jacobi cleverly changed the notion of faith to reason in the second edition.

Kant, who—as is known—denied the metaphysical proof of God and also the lawfulness of beauty in art, defended Mendelssohn, in his “What Does It Mean to Orient Oneself in Thought?” He based this defense on his theory of postulates, which again offended a number of people. With his defense, Kant did Mendelssohn no good service.

Jacobi was supported by Hölderlin, Hegel, Schelling, and Fichte. They simply accepted Jacobi’s claims, but not in the sense that Spinoza was the same as atheism, but rather they accepted the picture of Mendelssohn that Jacobi painted. One has to consider that Mendelssohn was regarded to be the most important philosopher of his time. For example, Lichtenberg wrote from Göttingen to Nikolai, that he should write a biography of Mendelssohn, “because a Moses Mendelssohn does not die each century.”

Hegel and also Schelling were initially influenced by Mendelssohn, but gradually the image became diffused into the shadow image provided by Jacobi. Fichte wrote in a letter to Reinhold, that he thought Jacobi was the most profound thinker of that time, greater than Kant—but that praise earned no thanks from Jacobi, because Jacobi later wrote a letter to Fichte in which he called Fichte’s system atheism and nihilism. Fichte wrote, “Jacobi thinks I am a Moses Mendelssohn or like those who believe they have to rationalize a religion.” Although he was the victim, Fichte

stayed with the Mendelssohn image that Jacobi had painted. Hegel finally also moved to the view of Jacobi, whom he put on the same level as Kant. Jacobi and Kant had, according to Hegel, made sure that the old form of metaphysics was now finally extinguished. Suddenly, Mendelssohn was declared to be superficial, a populizer of Wolf’s philology. People who knew Mendelssohn while he was still alive, now lied about him. The result of all of this is that Moses Mendelssohn has almost been completely forgotten, or is at best understood to be a “popular” philosopher.

We are dealing here with a classical case of slander. Comparable to what the democrats did with Socrates in Athens in ancient Greece. Or with the slanders against LaRouche in the twentieth century.

## Pioneers of the Classics

But it was not Jacobi and Kant (Mendelssohn called the latter “the one who grinds everything down”) who were right, but rather Thomas Abt, professor of mathematics in Rinteln and also a friend of Count Wilhelm von Schaumburg-Lippe, who wrote on July 20, 1765, concerning Mendelssohn’s philosophical writings:

“Once again, our author begins a new epoch for us, and when he goes to the afterlife with Leibniz’s *Theodicy*, Wolf’s writings, Sulzer’s and Spalding’s works, then his German compatriots may flatter themselves, that he will excite a favorable idea of the entire century.”

Indeed, if we today gain a positive idea of the eighteenth century, then that idea traces back to Mendelssohn and Lessing to a great extent. One must see the friendship between Mendelssohn and Lessing at the same level as that between Schiller, Körner, and the Humboldt brothers.

I want to read some short quotes from the correspondence of these two: Lessing to Mendelssohn, who had sent him his translation of Jean-Jacques Rousseau’s writing on inequality:

“I have only read it [the letter] twice. The first time the friend occupied me so much, that I forgot the philosopher for him. I felt too much to be able to think about it. More I will not tell you, because I have learned not to babble about this point. I do not wish to dare to praise friendship, nor you; I want nothing else than to let myself be transported by it. I would wish to be worthy of your choice, as you are of mine! On the second reading, I was only concerned to understand your thoughts. They please me very much, although I will hold back some objections for our personal discussion.”

On Nov. 18, 1756 he wrote:

“I ask you to think over, examine, improve what I have written to Herr N. Please fulfill my request, because it is the same as if I myself were to think it over, examine it and improve it. Your better thoughts are nothing but my own second thoughts.”

On Nov. 28, 1756:

“You are my friend, I want my thoughts to be examined by you, not praised. I look forward to your further objections with pleasure, with which one can educate oneself.”

On Dec. 18, 1756: "Live well, dearest friend, and do not tire of improving me, so shall you also not tire of loving me."

On Aug. 4, 1757: "Do not think that I would have a single fable printed that did not enjoy your complete approval."

On May 2, 1757: "Your ideas about 'Rule Over Inclinations,' 'On Habit,' 'On Viewing Knowledge,' are excellent, they have so persuaded me, that in my book I have not left a single word against them."

The correspondence shows such a degree of familiarity, such an intensity of cooperation and warmth, that Jacobi's

arguments are shown to be absurd.

What the operations of Conti and Voltaire were earlier against Leibniz, now there was the attempt by Jacobi and Kant against Lessing and Mendelssohn.

Did they succeed? Not really. This circle of friends had its continuation in Schiller and his aesthetics, his idea of the aesthetical education of man. After all, Wilhelm and Alexander von Humboldt, who were educated by Moses Mendelssohn together with his own children, who therefore grew up in large part in the home of Mendelssohn, saw to it that the

## The Yiddish Renaissance comes to America

*The following are edited excerpts from remarks by Paul Kreingold and Kenneth Kronberg of the International Caucus of Labor Committees, in response to the Feb. 14, 1999 keynote address by Helga Zepp-LaRouche, on Moses Mendelssohn, at the ICLC's Presidents' Day Conference.*

### **Kreingold: change, not assimilation**

. . . [We've been] talking about the question of assimilation, of how Jews in eighteenth-century Germany were fighting Mendelssohn because they didn't want to assimilate into society, etc., and this raised a very interesting question for me, about how America developed, and how any nation develops. Why would you want to assimilate into eighteenth-century German society? Why would Martin Luther King want to assimilate into 1950 American society? You don't want to *assimilate*. What you want to do is, you want to *change* it, you want to lead it. And that's what's so interesting about the Mendelssohn project: these people weren't a minority group who were assimilating; they were leaders who were leading the society somewhere else, in a good direction. And, the same thing with Martin Luther King. God forbid, he should assimilate into 1950s America! No, he made a revolution in America, which changed it. . . .

### **Kronberg: Ideas make history**

I want to follow up what Helga was saying about Moses Mendelssohn, because I think that it's a very good illustration of how ideas make history. . . .

The majority of the Jews in the nineteenth century, actually earlier, of course, lived in Poland, or what had been the Kingdom of Poland, which was this large area going all the way down to the Black Sea. They had gone

there in around 1350, when they were invited in by Casimir the Great, and what happened in the nineteenth century was, that the followers of Mendelssohn and the Mendelssohn tradition in the Jewish community in German, took on the task of going into Poland and Russia, eastern Europe, and bringing the message of the German Classical renaissance to these people, who were much more backward than were the Jews of Germany. In fact, if you really want to understand it, you have to know that the majority of the Jews in Eastern Europe, the rabbis, were Hasidim, like these crazy nut-cases from New York who wield this disproportionate influence in Israel, and so on. These feudal medievalists—cabbalists, actually—controlled the Jewish community of Poland and eastern Europe.

So, the efforts of these rabbis in the nineteenth century, and students of Mendelssohn, were joined in a movement which was known as the *Haskalah* movement, which is translated as "Enlightenment"—an unfortunate term for us, of course, because it tends to imply Voltaire and all these bad guys. But, this Jewish Enlightenment went into eastern Europe and started essentially secular education. The works of Mendelssohn were burned, and there were huge fights going on, but eventually, from the mid-nineteenth century toward the end of the nineteenth century, you had the process by which there was created something which we know today as the Yiddish Renaissance. . . .

There was an effort on the part of young writers, to convey these advanced concepts to what was essentially a backward peasant population, through the medium of the Yiddish language. Of whom the greatest exponents are people like Mendele Mocher Sefhorim, and I.L. Peretz, and of course, the person most people know, who is Sholem Aleichem. Now, it's unfortunate that people's familiarity with this Yiddish Renaissance, and someone like Sholem Aleichem, comes by way of the musical theater of Broadway, and *Fiddler on the Roof*, which bears the same relationship to the works of Sholem Aleichem, as *The Man of La Mancha* does to the works of Cervantes. This is a precise analogy, a conceptually drawn point, because what Sholem Aleichem was doing and what these writers were

Classics could emerge in Germany, poetry and music, the humanist system of education which Wilhelm von Humboldt was able to create, the highest summit of Western culture reached up to now.

Moses Mendelssohn is a universal example of how representatives of a repressed minority can shake off their chains and become the Socrates of their time. If we consider the current culture that surrounds us, embodied in Hollywood, then it is clear that we are already in a New Dark Age. But the situation looked rather dark at the time of Lessing and

Mendelssohn, when Voltaire, Euler, and Maupertuis, and other Enlighteners, dominated intellectual life in Germany.

I believe we have a better chance today than these thinkers did then. We have more wells from which we can drink. Not only are the Greek Classics, the Italian Renaissance, and Leibniz open to us, but we can also reach back to Lessing and Mendelssohn, and also to Schiller, Humboldt, Beethoven, and many others in this tradition.

In this sense I close with the appeal to you, to become among the Socrates of the twenty-first century.

doing, was precisely what Cervantes was doing, to a population living in a backward, inquisitorial circumstance, using humor to try to liberate the population and bring a more advanced viewpoint to it. One of these people, Mendele Mocher Sephorim, actually wrote a book which was a Jewish version of *Don Quixote*. So, these people were well versed, if you know their works, in the works of the European Classical renaissance.

Sholem Aleichem was the greatest example of this Yiddish Renaissance. At the end of the nineteenth and early twentieth century, in the situation of the pogroms, you had a mass emigration of Jews out of Poland, out of the Tsarist empire, out of the Pale of Settlement, to the United States. And Sholem Aleichem came with them and immigrated to the United States.

So that you understand something about this writer, about the Yiddish Renaissance, I'll tell you a story out of one of the books. He wrote a book called *Mottel, Peisi the Cantor's Son*, and also one called *Mottel in America*, which was the story of a family that comes to the United States. . . . The family is travelling with a student, who's probably in his mid-twenties, who's one of the *maskilim*, one of these exponents of the Mendelssohn tradition, one of these reformers, and he's their translator, because they don't speak any of the languages of the countries that they have to pass through to get to America from Europe. But, of course, treated in a very loving way, because Sholem Aleichem is the representative of the viewpoint of Mendelssohn's own personality, with this sort of gentle but polemical attitude toward people, he portrays these *maskilim* as people who really didn't know very much, but were supposedly well educated.

So, this guy gets to a border, and they meet a border-crossing guard, and he has to explain to the guard that this family is going across the border because we are on our way to America. But he can't speak the language really, he can only blurt out a couple of words. So he figures out what word to blurt out to the border guard to get the idea across. The first thing he blurts out is, "Columbus!," and the border guard doesn't know what he's talking about.

So, he scratches his head, and finally he blurts out, "Mathematics!" And, again, the border guard doesn't understand, so he comes up with the right thing to say. He says, "Alexander von Humboldt!" And that's how he expresses, these eastern European Jews coming out of the shtetl, what it means to come to America: "Columbus! Mathematics! Alexander von Humboldt!". . .

Now, when Sholem Aleichem came to the United States, he lived in New York, and there were 26 Yiddish newspapers in New York City at the turn of the century. You talk about a culture and a cultural tradition: When Sholem Aleichem died, 600,000 people—which was the largest demonstration ever held in New York City up to that point, and it may be historically to this point—marched down Fifth Avenue in the funeral cortège. . . .

Now, the children of those immigrants, of course, are Lyn's [Lyndon LaRouche's] generation. They are the people who fought in the Second World War, they're the people who came back, that's the generation which was the generation of adults in the 1950s, and those are the people who participated so heavily—that Jewish population, the children of those immigrants—were the people who participated so heavily in making the Civil Rights Movement of the late 1950s and 1960s. Because anyone who lived through that knows, that the Civil Rights Movement had this enormous, disproportionate presence of Jewish Americans. It was a movement of blacks and Jews. And, that's because of the tradition which they were carrying, which was a tradition which strangely enough came through this Yiddish Renaissance, conduiting what? The German Classical culture of Mendelssohn and Lessing and Schiller! . . .

Had it not been for the Holocaust, this Jewish population, as it existed in Europe, would still exist, and the insanity of what is going on in Israel could never have happened. It just wouldn't have happened, it wouldn't have been plausible. . . .

It's also the reason why there's such an enormously disproportionate number of Jews amongst the membership and leadership of this organization. It's the same process.

## Earthquake derails plan for Turkish move into Caucasus

by Dean Andromidas

A massive earthquake on Aug. 17, registering 7.4 on the Richter scale, struck a blow to the fortunes of Turkey. The earthquake was Turkey's worst national catastrophe in half a century, affecting the most productive part of the nation, killing up to 40,000 people, and causing an estimated \$20-40 billion in damage. But, at the same time, the quake also wrecked plans by the British-American-Commonwealth faction of the oligarchy to use Turkey as the spearhead of a geopolitical attack on Russia, by destabilizing the Transcaucasus and Central Asia.

The extent of the catastrophe, and the economic and political aftershocks that can be expected, throw an incalculable element into the future of the region.

The quake struck northwest Turkey in the early-morning hours, and devastated its industrial heartland, including the cities of Izmet (the quake's epicenter), Bursa, and Adapazari. Istanbul, a metropolitan region of 12 million, was seriously affected. Parts of the coastal city of Gölcük literally sank into the Sea of Marmara, crippling Turkey's most important naval base and killing several of its most senior officers. The economy of this region accounts for 35% of Turkey's gross domestic product (GDP), all of which has been brought to a standstill. The infrastructure, which was in poor condition to begin with, was hit hard, and the Izmet oil refinery, which accounts for 40% of the country's refinery capacity, was knocked out of operation.

The human devastation is immense. Estimates of the death toll range from 18,000 to 40,000 people. More than 200,000 people have been left homeless, and literally millions, including the vast majority of people living in Istanbul, have been sleeping in the streets and parks for fear of being buried by aftershocks. The complete lack of any civil emer-

gency contingency plans only made the situation worse, and hindered the effectiveness of the international teams that responded from all over the world. One of the most dramatic problems shown up by the earthquake, was the shoddy quality of the housing construction, in which collapsed apartment buildings accounted for the inordinately high number of deaths. This is having a serious political impact, even prompting the daily *Hurriyet* to run the headline "Murderers," charging building contractors and government inspectors with responsibility for the fatally substandard housing.

The country is now bracing for outbreaks of typhoid, cholera, and other diseases that result from decaying corpses and contaminated water. The entire city of Gölcük has been quarantined.

### The BAC's cat's-paw in the Caucasus

This "act of God" hit Turkey just at the point when it was being set up to serve as the cat's-paw of the British-American-Commonwealth (BAC) elites' geopolitical gameplan to break up the Russian Federation, through destabilization of the Caucasus region, including the outbreak of a British-supported insurgency in Dagestan. Russia views such moves by the BAC as NATO's eastward march, and a logical consequence of NATO's war against Yugoslavia. Turkey, as a NATO member with historic links to, and aspirations in, the region, has been groomed as key player in these designs. Last spring, Azerbaijan, a former Soviet republic, made a request to join NATO, and asked for the stationing of Turkish troops on its territory, a move that would put NATO troops right on the border of the Russian Federation.

Turkey's location bridging Europe and Asia, and as NATO's eastern-most member, are seen by the BAC crowd

as an opportunity to have Turkey project its military power into the Middle East, the Transcaucasus, and Central Asia. The United States and Britain launched their continuing air attacks against Iraq from several NATO military bases in Turkey.

Turkey has played a central role in the “pipeline politics”

of the region, where Anglo-American oil firms have been scheming to build new oil and gas pipelines, primarily to bypass existing pipelines that traverse Russia. They want to prevent pipelines from being built through Iran as well. Pipelines through Turkey have been proposed, but none of these projects have come to fruition because of Russia’s opposition.

## LaRouche: Turkey quake shakes NATO strategy

*The following statement was released by Presidential candidate Lyndon LaRouche on Aug. 25.*

The awful spectacle of the recent earthquake in Turkey suddenly shattered the previously ongoing NATO strategy for transforming the entire Transcaucasus and Central Asia region into a field of military operations against Russia, China, and Iran. Consider the wretched quality of the construction of the housing in the region of the earthquake, the lack of even a minimum of suitable emergency arrangements for such a well-known earthquake zone, and the pathetic performance of Turkey’s military in response to the disaster. These shocking facts reveal the incompetence of NATO to conduct the kind of geopolitical warfare which the New York Council on Foreign Relations’ Zbigniew Brzezinski has been loudly demanding be conducted in Central Asia.

These facts about the condition of Turkey’s military have put a question-mark on NATO’s current operations against nuclear powers Russia and China, and also Iran, in the combined region of the Transcaucasus and Central Asia. Although the British monarchy, which is the principal motivator of this potential thermonuclear confrontation in Central Asia, is using Arab and other elements of the type it deployed in the same region during the late 19th century, the backbone of NATO’s military adventures in the region was to have been supplied, on the ground, by Turkey’s military.

As was also demonstrated in the case of the mobilization for British Prime Minister Tony Blair’s recent war against Yugoslavia, except for Germany’s military forces, already reduced to a fraction of what they had been a few years earlier, NATO had no in-depth war-fighting capability in the Balkans theater. For the next phase of NATO operations, in Transcaucasia and Central Asia, NATO was relying largely upon NATO member Turkey for placement of ground forces within Transcaucasia and the Turkic-

speaking region of Central Asia. The inability of Turkey, and especially Turkey’s military, to deploy the kind of engineering and related civil-defense emergency action needed in response to the recent earthquake, exposes the fatal weakness in both Turkey’s economy, and the lack of in-depth war-fighting capability in its army.

Meanwhile, back in the Balkans itself, NATO’s post-war policies are, as I forewarned, a monstrous strategic disaster. The Kosovo Liberation Army (KLA) element which the Tony Blair government and its asset, U.S. Secretary of State Madeleine Albright, adopted, to get the new Balkans war they wanted, is now the main threat to the security of Europe within the Balkans region as a whole. Neither the NATO military command, nor the forces which it has deployed into the Kosovo region, have shown the competence to deal with the skyrocketing disaster now spreading out of Albania and Kosovo into the region as a whole.

The general conclusion to be reached, is that neither the NATO command, nor the present leadership seems to understand what every U.S. military traditionalist used to teach at West Point and Annapolis military academies: There is much more to warfare than simply being able to kill human beings in large numbers. The purpose of war-fighting is to assist political institutions in winning the outcome of the armed conflict. That is what the awful earthquake has shown us about both NATO member Turkey, and, in fact, NATO as whole.

Thus, the combined lesson of the recent Balkans war and the aftermath of the Turkey earthquake, is, that the U.S.A. must scrap its present, incompetent strategic doctrine, with the intent, not only to return to earlier standards of competence associated with commanders such as General of the Armies Douglas MacArthur, but also with a global strategic political doctrine attuned to the new realities of today’s global situation.

Much more need be said, and will be said by me, on this and other elements of present U.S. and NATO military and related strategic follies. However, since these are complex subject-matters, I shall address the issues posed in bite-sized quantities. Expect much more clarification of the breaking strategic situation, from me, during the coming days and weeks.

The Dagestan destabilization was expected to weaken that opposition, allowing the projects to go forward.

Just days prior to the earthquake, several International Monetary Fund (IMF) “structural reforms” were forced through the Turkish Parliament. Surprisingly, the government even struck a deal with the Islamic Virtue Party, allowing its former leader, Necmettin Erbakan, who had been banned from politics, to run for Parliament, in exchange for having his party support changing the Constitution. Although these reforms are the same brutal structural reforms the IMF has forced down the throats of nations all over the world, the Turks were no doubt told that their implementation would pave the way for foreign investment by the oil companies which want to build the pipelines. The IMF reforms included changing the Turkish Constitution to facilitate privatizations, to allow foreign companies to invest in the state-controlled energy sector, and to provide for international arbitration in disputes between the government and foreign investors. This was seen as key to opening the way for Anglo-American oil and gas companies to invest in Turkey—obviously with an eye toward building the pipelines.

The reform package also committed the government to reduce the current 70% inflation to 10%, by maintaining high interest rates, now at 40%, and to reduce the budget deficit through austerity and privatizations. Also under debate is the

IMF’s demand to reform the social security and pension system, which has already led to labor protests. The IMF has made the implementation of its reforms a condition for releasing \$250 million in new loans.

### Government, military fail to act

The earthquake has overturned all these plans. But, just as devastating as the destructive power of nature, has been the miserable failure of the Turkish government and the political and military elite to act in the crisis. Despite years of warnings from earthquake experts, every Turkish government in the past two decades has failed to draft civil emergency plans.

The military’s failure was most dramatic. Despite being the largest standing army in NATO, the Army appeared incapable of taking command of the situation. In fact, during the first days it seemed more concerned with the destruction of the naval base than with aiding the population. Much of the rescue work was done by international emergency rescue teams, some of whom, like the team from Ukraine, made it to the rescue site before the Turkish Army. The Army, lacking in-depth engineering and transport capabilities, which are essential to war-fighting, found itself paralyzed by the crisis.

One intelligence specialist said that the military failure not only pointed to its incompetence, but demonstrated its weakness as well. Given the politically central role that the Army plays in Turkish society, it could be very destabilizing, even creating a situation where the Army would see it as necessary to make a show of force, in order to regain credibility.

The government and political parties have come under heavy attack, especially because the shoddy housing crumbled at the first tremors. Some building contractors, who ignored building codes that enforce building in stability in a quake, have fled the country because of the fury among the population. But, it is also clear that the builders could never had gotten away with it, had the government enforced its building codes.

The government’s performance is seen as an inability of the political class to get beyond its practices of the last decades and to deal with the catastrophe. For example, the heavy attacks on Health Minister Osman Durmus, of the ultra-nationalist National Movement Party (MHP): Durmus is accused of turning down an offer by the U.S. Navy to send hospital ships into the area, and he rejected donated blood because it came from Greeks. Outlandish as it sounds, this is typical, given that the MHP was founded by Aparslon Turkesh, creator of the fascist Grey Wolves. As the number-two party in the government coalition, MHP has strongly supported Turkey’s march to the east.

The government’s announcement that it will move ahead with the IMF “structural reforms” signals that political unrest is to be expected. While reconstruction costs have been esti-

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mated at up to \$40 billion, the IMF is promising to send a team in September to discuss a new loan—for a miserly \$330 million.

The government now seems to be intentionally downplaying the extent of damage. It is circulating a figure of no more than \$2 billion in reconstruction costs for infrastructure, housing, and industrial enterprises. It has announced a commitment to implement a tight-money policy, as demanded by the IMF. It expects to finance the entire reconstruction cost through a special tax on mobile phones, property, real estate, and private vehicles. It also claims that production losses of no more than \$1.3-2 billion and a fall in tax revenue of \$700 million can be expected.

Under the circumstances, Ankara is whistling past the graveyard. The stock market has been closed since the earthquake, not because of physical damage, but because a massive sell-off can be expected within the first minutes of its opening. Foreign investors have been pulling hard currency out of the country. Rather than slapping on currency controls, the Central Bank has been injecting cash into the financial system, through the interbank money market, repurchase agreements, and currency intervention. Government yields on the benchmark one-year government bonds have increased by 13 percentage points to 112.7%. Crédit Suisse has released its new estimates, predicting a 2.5% negative growth rate for this year.

One ominous indication of the government response to the anticipated political backlash, is the shutdown of Channel 6, one of the national TV networks, under the excuse that its coverage of the earthquake was “provocative.” In addition, troops under orders to shoot looters are now being deployed to maintain peace—despite the fact that there has not been an atmosphere of widespread lawlessness.

### Throw out the IMF and BAC schemes

The only hope Turkey has, is to throw out the IMF and to reject the geopolitical scheming of the BAC. The earthquake has only revealed the tremendous shortcomings in the Turkish economy and economic policy. The disaster is not just the result of shoddy housing construction by dishonest contractors and corrupt officials; rather, it is, in greater part, the result of three decades of apparent rapid economic expansion, at the expense of developing infrastructure. The earthquake zone, one of Turkey’s most densely populated regions, had serious deficits in such essential infrastructure as transport, sanitation, and carefully planned housing and industrial development zones. Even before the earthquake, experts had predicted a major economic crisis because of this deficit.

If a social explosion is to be averted, the IMF conditionalities and free-market policies which have come to dominate the Turkish economy have to be thrown out. Turkey would have to join the “Survivors’ Club,” and begin implementing the dirigist policies required to rescue the country.

# Theater, national missile defense: revolution, or bluff?

by Jonathan Tennenbaum

Recent pronouncements by U.S. officials and others, in favor of a near-term introduction of Theater Missile Defenses (TMD) in the East Asia/Pacific and other regions, together with plans to build a National Missile Defense (NMD) system for the United States, have injected a dangerous destabilizing element into the world strategic situation. While repeated references to a ballistic missile threat from North Korea and other so-called “rogue states” have until recently been the main rationalization for the TMD-NMD “hype,” the real target of the campaign is, obviously, *China*.

If any doubt remained on that point, one need only juxtapose the ongoing, orchestrated anti-China hysteria in the United States to the recent chorus of demands by U.S. Congressmen and politicians for the United States to provide TMD systems to “defend Taiwan”—coming hard on the heels of Taiwan President Lee Teng-hui’s deliberately provocative statements on Taiwan independence, and in the middle of major U.S. and joint naval maneuvers around Korea and in the South China Sea.

Referring to the widely publicized calls by Rep. Benjamin Gilman (R-N.Y.) and others for the United States to deploy TMD systems “in defense of Taiwan,” Lyndon LaRouche recently remarked: “Those Congressmen have to be exposed for what they are: political *whores*, who have no concern whatsoever for defense or for protecting anybody. The purpose is only one thing: to try to provoke China into actions which would destroy any positive relation to the Clinton Presidency.”

The “logic” of the TMD provocation, if we may call it that, includes the following obvious consideration: Although Beijing is strongly committed to a peaceful process leading to reunification with Taiwan in the long term, China adamantly reserves the right to use military force, if necessary, to prevent a splitting-off of Taiwan. That military option rests in significant part, at present, on the use of short- and medium-range ballistic missiles. Threatening to “close the window” on such a military option, through the deployment of TMD systems a few years hence, while at the same time threatening (by the NMD) to eliminate the deterrent value of China’s tiny intercontinental ballistic missile (ICBM) force, greatly increases the pressures in China in favor of utilizing a military option against Taiwan “before it is too late.” By simultaneously turn-

ing up the heat in other ways — egging on Lee Teng-hui, stepping up the armament of Taiwan, accelerating military cooperation with Japan, increasing the U.S. presence and the threat of direct U.S. intervention in a Taiwan or Korea conflict, and so on—the strategy is to try to push the more hot-headed factions in China over the edge into a flight-forward. In the words of China-expert Prof. Ernst Winter (see interview, p. 37): “This is really being engineered. There are interests who would like to have a condition in the Far East which would make Kosovo look like a picnic.”

But, how effective are the anti-missile defense systems really, which the U.S. Defense Department (DOD) proposes to deploy in the form of TMD and NMD, and which, years before their deployment, are being exploited in a psychological-warfare “chicken game” that could lead to World War III?

Ironically, many of the systems which are to be at the core of the near-term TMD-NMD deployment have never been tested under anything approaching realistic combat conditions. More important, however, the present near-term TMD-NMD schemes are based on kinetic interceptors technologies which are *intrinsically* incapable of shifting the advantage to the defense in any serious combat involving ballistic missiles.

Referring to the relative ease with which China could overwhelm such proposed, technologically incompetent TMD defenses by launching large numbers of dummy warheads and other countermeasures, Lyndon LaRouche recently joked, that Chinese industry can produce even more dummies than you can find in the U.S. Congress!

The cruel irony of present policy to go for near-term creation and deployment of operational TMD-NMD anti-ballistic missile systems, is that these systems may be sufficiently credible to destabilize the situation in East Asia or elsewhere, but would hardly be adequate to protect anyone from the consequences of a real, serious war fought out with ballistic missiles. They fit into the process of progressive degeneration of U.S. and Western military doctrine and capabilities, which runs from the Gulf War to the disaster in Kosovo, and which is characterized by the growing tendency to launch wars without being able to actually win them.

In this article, we shall take a closer look at the current situation of ballistic missile defense, focussing on some of the basic points which must be taken into account in any serious evaluation of the proposed TMD and NMD.

### **U.S. anti-missile defense — a big effort in the wrong direction**

At first glance the United States would appear to have a very solid base for building anti-missile systems. The U.S. Defense Department has spent roughly \$50 billion in ballistic missile defense (BMD) development over the last 15 years. The present push to build and deploy operational BMD weapons draws upon a base of knowledge and technology which was acquired, above all, during the 1980s in the period of the

famous Strategic Defense Initiative (SDI).

The original task of the SDI was to create a multi-layered “shield” to defend the United States against massive attack by thermonuclear-tipped strategic ballistic missiles. However, contrary to Lyndon LaRouche’s original design for the SDI, *very little* of the subsequent effort actually went toward the realization of what Edward Teller and LaRouche referred to as “new physical principles” which could revolutionize the entire technological basis of defense. With the help of sabotage and diversion from such quarters as High Frontier’s Gen. Danny Graham, the effort to achieve fundamental scientific breakthroughs was aborted, and the emphasis shifted toward mere engineering R&D. The result was essentially a painstaking elaboration, testing, and refinement of selected lines of ABM technology which *already* existed, in essence, already prior to the birth of the SDI in 1983.

In 1991, the entire focus of the BMD was changed from the original SDI defense against massive ICBM attack, to “Global Protection Against Limited Strikes” (GPALS). In 1993, the Pentagon’s SDI Organization (SDIO) was reorganized and renamed Ballistic Missile Defense Organization (BMDO), with further, drastic cuts in basic technological development in favor of operational systems for theater defense. The BMDO budget for advanced technology was shrunk to a mere 7% of its total funding.

Up to 1990, investment into TMD made up less than 4% of the total BMD budget. In the years 1996-98, direct investment into TMD reached well over \$2 billion per year, making up more than 60% of the total budget. Parallel with the shift toward TMD, the role allotted to directed-energy or “beam weapons” (lasers, particle beams, etc.) was greatly scaled down. The overwhelming emphasis was shifted instead to near-term realization of conventional (“kinetic”) interceptor technology, enhanced by gradual advances in such fields as missile design, new materials, tracking (sensors, advanced radars, etc.), guidance, control, and what military professionals call “BM/C3.” On this basis it is now proposed to push, with great urgency, toward near-term deployment of operational systems based on this interceptor technology. The DOD now plans to actually *deploy* several different operational anti-ballistic missile weapons systems over the coming decade. According to official pronouncements, these are to include:

**Year 2001:** planned first deployment of upgraded Patriot PAC-3.

**Year 2003:** planned first deployment of Navy Area BMD system.

**Year 2003 or somewhat later:** projected first deployment of Navy Theater-Wide BMD system.

**Year 2003 or 2005:** projected deployment of first elements of a National Missile Defense system.

**Year 2007:** projected first deployment of Theater High-Altitude Area Defense system (THAAD).

All of these systems are based on the conventional princi-



ple of anti-missile interceptors: missiles which are launched from ground or sea, and whose homing vehicles directly intercept the target inside or outside the atmosphere in the mid- or terminal phase of its trajectory. In addition, however, operational prototypes are being built for high-power anti-missile laser weapons.

Development work is also continuing on the Space-Based Chemical Laser, a prototype of which is supposed to be put in orbit in the year 2010 or later.

*None* of these laser weapons systems are included in the present plans for near-term deployment of TMD and NMD. Although the Airborne Laser in particular could serve as a prototype and forerunner of quite effective anti-missile systems, there is no visible effort to make it or the other remaining directed-energy (“beam weapon”) technologies into the spearhead of anti-missile defense, as was envisaged by the original SDI. On the contrary, it appears that the new push toward early deployment of “kinetic” TMD-NMD systems is pushing the laser and other potentially revolutionary technology programs even more into the background.

Parallel with the push toward operational TDM systems, there has been hectic activity around the design of “architectures” for their projected deployment, especially into the East Asian region.

Notable, for example, is a “Report to Congress on Theater Missile Defense Architecture Options for the Asia-Pacific Region,” issued by the DOD “in response to the fiscal year 1999 National Defense Authorization Act which directs the Secretary of Defense to carry out a study of architecture requirements for the establishment and operation of theater ballistic missile defense (TBMD) systems for Japan, the Republic of Korea, and Taiwan that would provide for their defense against limited theater ballistic missile attacks. The report contains rather ambitious statements such as, for example: “One land-based upper-tier fire unit, with an additional THAAD-like radar would be able to cover the entire island of Taiwan. This system could intercept incoming missiles both inside the atmosphere and outside the atmosphere.” Evidently, impressionable Congressmen and public are supposed to conclude: “If defending Taiwan is so easy, why don’t we just go ahead?” But the more critically-minded would not overlook the following caveat by the authors of the report: “There was insufficient time to examine the effects of suppression of TBMD systems by a potential aggressor, robustness against maximum aggressor raid sizes, or countermeasures which could be employed on theater ballistic missiles.” Evidently, the real effectiveness of the proposed defense systems is not the matter of great interest to the DOD at this time!

### **Technological incompetence**

At first glance, the array of planned and projected dates for fielding of anti-missile systems is impressive indeed. One

must bear in mind, however, that although enormous R&D efforts have gone into ABM technology over the last two decades, virtually *none* of the extremely complex systems now projected to be deployed in the coming 10 years, have actually demonstrated their ability to reliably destroy missiles and warheads under anything close to realistic conditions.

The only ABM system ever to be used on a significant scale in actual combat, the Patriot PAC-2 interceptor system, proved to be a miserable failure against the primitive Iraqi Scud missiles in the Gulf War. Although the U.S. Army originally claimed a “success rate” of 96% against 44 Scuds that were engaged by the Patriot system, the claim was subsequently lowered to 59%, and then in a later Army study to only four “mission kills,” two deflections, and two partial hits which downgraded the destructive force of the Scud warhead. But leading Israeli experts have stated, based on Israeli studies of the 16 Patriot engagements over Israel, that only *one, or at most two* Scuds were successfully destroyed. It is generally acknowledged that much more damage occurred in Israel as a direct or indirect result of the attempted “defense” by the Patriots, than would have been inflicted if the Scuds had been allowed to pass unhindered!

The troubles with the PAC-2 do not necessarily all apply to the improved version PAC-3, which is to be the chief “terminal defense” component of the proposed layered TMD-BMD systems. One cannot overlook, however, the *huge discrepancy between actual performance of PAC-2 in combat, and what had been predicted on the basis of previous development and testing*. What about the vastly more complex and demanding interceptor systems which are supposed to form the core of the projected TMD and NMD?

Reading between the lines of official literature and publications such as *Aviation Week*, we get a picture of what is going on inside the hyped-up rush to deploy TMD/BMD, which hardly inspires confidence in the outcome. Here are a few samples from *Aviation Week’s* Aug. 16 special report on NMD technology:

“One of the biggest drawbacks of the limited advanced technology funding is that BMDO has to make investment decisions prematurely. Existing budgets force BMDO to make spending decisions based largely on paper concepts. . . .

“Having state-of-the-art components in a single-string design in a harsh environment is asking for failure. . . .

“THAAD’s six misses in a row are not that surprising, particularly if corners were being cut in ground testing and fabrication to reduce costs and meet a tight schedule.”

The crux of the matter, however, does not lie in the complexity of the systems, nor merely in the incompetent “cost-cutting” management and overall decay of U.S. in-depth science and engineering capability, which glares out between the lines of such reports. Decisive is the *elementary technological incompetence* of any interceptor-based defense—a point which has been emphasized by Lyndon LaRouche (and oth-

ers) from the very beginning of the BMD debates.

*Compared with the offensive capabilities of short-, medium-, or long-range ballistic missile technology, the technology of so-called "kinetic" interceptors—i.e., using a missile to intercept and destroy a missile or warhead—is intrinsically incapable of shifting the overall advantage from offense to defense.* The basic reasons are simple:

1. *The velocities reached by missile-launched interceptors are of the same order of magnitude as that of the objects they are intended to destroy.* This greatly reduces the time available to the defense, limits the possibility for intercept essentially to the mid- and terminal phase of the target's trajectory, and as a result generally cannot prevent the release and deployment of multiple warheads, decoys, and other countermeasures and penetration aids from the offensive launch vehicles.

2. *At least one interceptor (including a launch vehicle) is required for each target object.* Such an interceptor must be highly sophisticated and expensive, making the cost of a "kill" at the very least comparable to, and in general *very much higher* than the cost of the targeted missile. Taking into account the substantial probability of "misses" and the attrition caused by decoys and related countermeasures, the ratio of interceptors required per "kill" of a real target, and consequently the ratio of cost for interceptors as compared with the corresponding offensive systems, is shifted even much more drastically to the *disadvantage* of the defense.

The case of the National Missile Defense proposal is illustrative. According to *Aviation Week*: "An initial system is to protect against a 'C1' first level of capability threat with a limited number of warheads and the simple countermeasures expected of rogue nations. . . . NMD plans against a C1 threat of five warheads call for a 95% confidence that a 95% kill probability will be achieved. A '4-on-1 shoot-look-shoot' scheme is used to get this confidence—two interceptors are fired at a warhead, the damage is observed, and another two interceptors are fired. Twenty interceptors are needed to protect against five warheads." At the same time, however, *Aviation Week* notes: "Some members of the Rumsfeld Commission which sounded the alarm last year about the rapid pace of rogue nation missile development, said any country capable of building an ICBM could also make countermeasures that would defeat an NMD system."

The last 15 years of intensive development of interceptor technology has changed absolutely *nothing* in regard to these, and related, fundamental weaknesses of "kinetic" systems. In fact, the setbacks and embarrassments of interceptor development, including the Patriot farce, as well as the more recent debacles with Theater High-Altitude Area Defense system, only serve to underline the basic incompetence of the whole approach.

By contrast, a directed-energy weapon such as a high-power laser, for example, propagates its destructive action to the target at or near the speed of light, over 30,000 times

the speed of any missile. Even at ranges of thousands of kilometers, the beam energy arrives at its target within a small fraction of a second. The weapon must only be aimed appropriately; there is no complicated in-course guidance required as in the case of a kinetic weapon. Furthermore, the destructive action is delivered by a mere pulse of energy, rather than an expensive and complicated projectile. In contrast to the "one-on-one" requirement of interceptors, a single directed-energy weapon can in principle deliver "killing" pulses to a whole series of targets in rapid succession. Thereby, the real cost ratios are shifted decisively in favor of the defense.

These elementary considerations determined that any serious ABM defense effort must emphasize directed-energy weapons—as exemplified by high-power lasers (chemical, beam-pumped, FEL, nuclear-pumped, etc.), particle and plasma beams, high-power microwave, enhanced- and directed-radiation from nuclear devices, etc. Only these sorts of systems (or more revolutionary ones, which might be developed on the basis of new physical principles) provide the potential order-of-magnitude increase in overall "firepower" needed to give a decisive advantage to the defense in combat against ballistic missiles.

The same sorts of technologies permit methods for "active" discrimination of targets, that far more precise and reliable than the passive sensors upon which presently planned TMD-NMD systems are based.

True, to realize the intrinsic advantages of such directed-energy systems in the form of *operational* ABM weapons is technologically extremely demanding; the task goes beyond mere engineering work, and requires a process of continuous scientific and technological breakthroughs in the domain of "new physical principles." But exactly that sort of process guarantees that a large-scale effort to develop directed-energy weapons will generate enormous technological "spin-offs" whose impact on the productivity of a well-managed civilian economy will more than repay the original military investment. Exactly this "science-driver" effect was key to LaRouche's original design for the SDI, and a decisive factor in the Reagan administration's original adoption of the SDI policy. In the meantime, however, the preconditions for such a "science-driver" effect of an anti-missile program have all but vanished. Thus, in his recent article, "Congress Revisits the ABM Treaty" (*EIR*, Aug. 20, 1999), LaRouche wrote:

"Then, as now, the technological crux of this issue was, and is, that, contrary to the simplistic views of [Gen. Danny] Graham et al., the use of interceptor rockets, or other so-called 'kinetic energy' systems, does not represent an effective means of defense against a strategic thermonuclear ballistic missile attack. Today, sixteen years later, the self-bankrupted economy of the U.S.A. no longer has the scientific or economic capability, which it either had, or could have developed then, of launching the kind of strategic defense option, based on 'new physical principles,' which

could have been developed under the 1982-1983 version of my original proposal.”

### What is TMD-NMD good for?

Turning back to the question of possible military impact of the planned Theater Missile Defense systems in particular, the author submits the following theses:

1. Despite the enormous technical problems and the intrinsic “technological incompetence” of kinetic interceptor technology, the considerable resources now being devoted to near-term realization of TMD technologies, if continued, will eventually produce operational systems with a certain limited efficacy against ballistic missiles.

2. However, except for a conflict with a vastly weaker adversary (such as a NATO operation against a small developing country), these systems cannot shift the balance in favor of defense. On the contrary, a moderately capable and resourceful adversary will find ways to exploit the intrinsic weaknesses of these systems.

3. Hence, the TMD and NMD, as presently conceived, are of little or no positive value as instruments of legitimate military strategy of a nation-state. They do fit into the pattern of “utopian” globalist strategy, typified by the conduct of the Gulf War, its sequels, and the recent war in Yugoslavia, as “punitive” actions against vastly weaker adversaries—to pro-

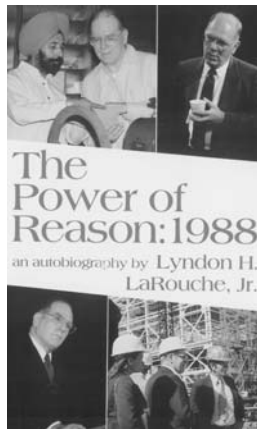
tect forces engaged in the kind of cowardly pseudo-warfare we have seen in those conflicts.

These remarks have their direct analogue in economic policy. Some observers have been pointed to the existence of a faction in the Anglo-American “establishment,” which is aware that the financial system is going to collapse, and is planning to pour massive amounts of money into the military-industrial sector as an “anti-crisis measure.” For that purpose, a combination of regional crises and a new “arms race” (with China or a combination of China and Russia, for example) would seem to provide a welcome pretext for such an abrupt shift toward dirigistic economic policy. Indeed, the current TMD-NMD push already has something of the character of a “pork barrel,” to keep a section of aerospace and other high-tech military industrial sectors alive amidst the continuing spiral of industrial decay and down-sizing of U.S. in-depth scientific and technological capabilities. However, the policy of simply feeding money into selected military-strategic sectors, in the middle of financial breakdown and in the context of a brutal, increasingly proto-fascist austerity policy against the majority of the population, is as much doomed to failure as was the Soviet economy in 1983, when LaRouche predicted its near-term collapse as the consequence of the refusal to adopt his proposal for joint “science-driver” SDI development.

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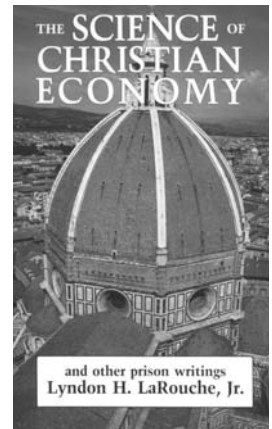
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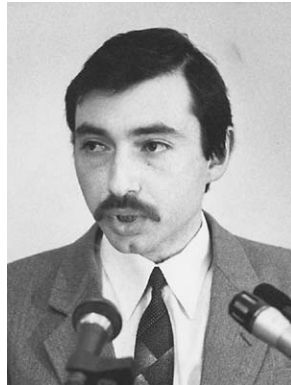
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# 'We must get Armenia's economy on its feet'

*Haik Babookhanian was elected to the Armenian Parliament on May 30. He is Vice President of the Union of Constitutional Rights, the leading party within the electoral alliance "Irvunk ev Miabautiun" (Justice and Unity). He is also a longtime associate of Lyndon LaRouche, who has participated in Schiller Institute conferences. The interview was conducted on Aug. 10, in Wiesbaden, Germany, by Gabriele Liebig.*



**EIR:** How is life in Armenia now, nine years after the Soviet Union dissolved, and Armenia became an independent nation?

**Babookhanian:** After the collapse of the Soviet Union, we had the war over Karabakh. During the three years of this war, it was very difficult. Many people died in this war, and many villages and towns were destroyed, and needed to be rebuilt. Even during Soviet times, green [environmentalist] organizations succeeded in closing down our nuclear power station. Armenia has no other energy sources of its own, and when, during the war, pipelines and roads were blocked or shut down, a huge energy crisis ensued. There was an acute lack of electricity. People had no heat, and they cut down the trees in the streets for firewood. These were hard times. Three years ago, we reconstructed our nuclear power station but now, the IMF [International Monetary Fund] is pressuring our government to close down the nuclear plant again.

Also, our industry is in very bad shape. It was all oriented toward the Soviet market, and after the disintegration of the Soviet Union, we have had great problems finding a market for our products. During those years, privatization was carried out. Privatization is a great method to destroy — after this privatization process, all our industry was destroyed.

**EIR:** You mean, not only that somebody took the companies over, but that nothing is produced?

**Babookhanian:** Yes. For the new owners of the formerly public-sector plants, it is much easier to invest in trade or the financial sector, in some speculative paper, than to produce

or to sell machines. Our productive sector was basically shut down, while the financial sector is expanding. But, people are very poor, because they have no work. Before privatization, a half-million people were working in industry. Now, they are all unemployed; they have no income to live on.

**EIR:** Can you give a percentage: How much of the productive sector is left, compared to before 1991?

**Babookhanian:** Maybe 10-15%. Also, the agricultural sector is suffering great difficulties. People have land, but no agricultural technology. The firms that produced tractors and other agricultural machines were destroyed in the process of privatization. The same goes for food-processing companies. There were many little plants that produced wine, juice, and many other things. They have all disappeared.

I will give you an example that I saw last year: A company that had grown very good grapes didn't know what to do with those grapes, because the plant that used to process these grapes had closed down. Finally, they dumped all these grapes — many, many tons — into the river. And then, they cut down the vines and uprooted the whole vineyard. Basically, farmers today produce only for the needs of their own family, because they can't sell their produce. And, 25% of all agricultural land is now lying idle. It is a catastrophic situation.

The government doesn't care about the productive sector. Year after year for nine years, people would hear about this reform, that reform. "The IMF will help," the government said. "IMF representatives are coming, and they will help us to reform our life, our industry, our country." And now, the IMF representatives say: "You have a free market economy, what more do you want?"

But, people know very well that the cause of their misery is this so-called IMF reform. This is mainstream public opinion. Now, Armenia has \$1 billion in foreign debt. This is much more than our annual budget. I don't understand how we can ever pay these debts. Because in order to pay, we must have functioning industry, we must produce physical goods, and then it will be possible to pay back debts. But the money did not go to the industrial sector. Rather, it was spent for the reform of the customs system, the reform of the tax system, the reform of the banking system, and so on — that is, paying for the services of advisers to the government. The IMF gave credit, and then it paid its people, as advisers, who advise the Armenian government about how to destroy our own industry. And then, Armenia is left with the debts.

**EIR:** You are faced with the geopolitical crisis — the war danger is moving from the Balkans to the Caucasus.

**Babookhanian:** It is very dangerous. The Balkan war showed that it is possible for some countries, whose aim is to control a country, to destroy that country, to enter that country with tanks and arms and troops, and to occupy it. This is a bad example. We think that the next step will occur in our region, because on April 24 in Washington, a declaration about the

Silk Road was signed, which contains a special clause that the Silk Road construction should take place under U.S. control. I think rebuilding the Silk Road is very good, but why under U.S. control?

The Georgian and Azerbaijan authorities appealed to NATO, they invited NATO into their countries. It means that NATO could intervene into the Abkhazian conflict [between Russia and Georgia], or into the Karabakh conflict [between Armenia and Azerbaijan], as peacekeeping forces. That will be the first step, and then there will be a very big struggle between Russia and NATO in this territory. You know, that whenever great countries fight each other, they manipulate small countries and destroy these countries by involving them in their war. This is a very difficult situation, because Russians now have influence in Armenia, as they used to have in Georgia. But, since July, they have moved their military bases out of Georgia. Now, of the three Transcaucasian countries [Armenia, Azerbaijan, and Georgia], one is still under Russian influence, while the other two want to join NATO. This is very dangerous. And, NATO wants to cut the road between Russia and Iran. If one of these countries does become a member of NATO, it is clear that it will cut off Russia from Iran. And the next point will be in Central Asia. There, NATO control will aim at isolating Russia from China and India. If NATO comes into our region, it will be a big disaster.

**EIR:** In the May election, your party, as part of the Iravunk alliance, won seven seats in Armenia's Parliament. What are you presently focussing on in your work?

**Babookhanian:** First, we must reconstruct our economy, our industry, the productive sector. With only the financial and trade sectors, it will be impossible to provide people with work, and to develop our economy. We think that we must tie the ownership of plants to certain obligations. We must say: If you own a plant, if you have machines, then you must use them to let people work there and produce something. If you cannot do that, you must sell it to someone else who will invest, or you must sell it to the government.

In the course of privatization, big industrial complexes and corporations were sold for only a few hundred dollars—not thousands, but hundreds. One machine has more real value than was paid for a whole company.

The next point of what we do in Parliament concerns the question of credit and debt. We think that no more credits should be taken from the IMF! If we take credits, it should be only credits that flow directly to the productive sector and into infrastructure.

There must be good cooperation among countries. Yesterday, during a conference [see Ramtanu Maitra, "India Shows a Keen Interest in Central Asian Affairs," *EIR*, Aug. 20, 1999], I told our Chinese, Indian, and Russian friends: Your countries, when you think about your foreign policy, must think about economic cooperation with Armenia. Military programs are nothing if they don't go together with economic

cooperation, and also the building of cultural bridges.

**EIR:** What about cultural and education policy?

**Babookhanian:** Armenia saved its good, Classical educational system. We traditionally had very good schools and curricula: Our children learn three foreign languages in secondary school, for example. But in the course of those nine years, there was a period of two or three years, when the Culture Minister also wanted to reform this sphere. But, now, this minister sits in prison. He said: "You don't need history, or difficult programs. The child must be free, he needs no more knowledge than absolutely necessary. The head of the child must not be stuffed with too much knowledge." He is in prison because of some illegal financial speculation. He is a criminal. If people have a criminal mind and talk about reforms, if people who should sit in prison come to reform the educational system, or the industrial sector, all they will do is destroy it. But, thank God, this minister was in office only two years, and then he was out, and now sits in prison. And, thus, we saved our education system.

**EIR:** Speaking about Classical ideas, how well known are the ideas and proposals of Lyndon LaRouche and the Schiller Institute in Armenia?

**Babookhanian:** These ideas seem normal to Armenian people. For normal people, it is clear that Classical music is better than "monkeys' music." They understand that education is very important and is necessary for human life. Without culture, without knowledge and education, we will be in the Stone Age. Public opinion has a clear understanding of the reason for the abysmal economic situation: the IMF, with its credits. And not only the politicians know this, everybody knows this. About cooperation, the Eurasian Land-Bridge, people want to see it built. Only alcoholics or drug addicts may not understand the ideas of the Schiller Institute, and criminals, speculators, and oligarchs are against them. For example, people from British Petroleum consider these ideas dangerous. But, for normal people, these ideas are obvious.

**EIR:** Do you want to say something on the 1,700th anniversary of Armenia as a Christian country?

**Babookhanian:** Yes, next year we will celebrate the fact, that in the year 301 Armenia became the first Christian country in the world. This will be a great cultural event. It marks the beginning of a new civilization on Earth, and we must investigate this process. It will also be a big event for Armenians all over the world. Many will come to their motherland from many other countries. Every Christian state will send delegations, and that will build cultural bridges among many nations and also among religions. I am sure that many Islamic denominations will also come to this event. It is not only a Christian event for Christians, it is an event for the whole world. I will work for having this event help build bridges of friendship between different religions.

# A Russian expert's view of N. Caucasus conflict

by Mark Burdman

During August, as the conflict in the Northern Caucasus escalated, *EIR* has had a number of discussions with Pavel Felgenhauer, the military correspondent for the *Segodnya* daily and one of Russia's leading military/strategic commentators.

From the outset of the fighting, Felgenhauer expressed strong disagreement with those Russian government circles, typified by Prime Minister Vladimir Putin, who declared soon after being appointed on Aug. 9, that the rebellion in Dagestan would be crushed "in a couple of days." Felgenhauer has foreseen a long and bitter conflict, with Russian forces bogged down. On Aug. 23, he told *EIR* that "the conflict in Dagestan will last months, maybe years. There is a military stalemate, a kind of 'Verdun,' " the bloody World War I battleground in France.

He has been extremely critical of the way the war has been carried out by the Russian side, first under Interior Ministry direction, and after mid-August, by the Defense Ministry and Army. The Russian forces have shown a lack of discipline, training, and coherence. The rebels' typical strategy is to take a position, and let the Russians attack and suffer heavy losses. By the third week of August, estimates were that 50 Russians had died and 200 had been wounded.

This problem is to some extent caused by the nature of the current leadership in Moscow. Felgenhauer sees President Boris Yeltsin and his immediate entourage as a "kleptocracy," which has committed "massive theft and the stealing of Russia." It fears that it will be prosecuted should it lose power, and is therefore "desperate" to hold onto power, possibly by imposing rule by emergency decree, or annulling parliamentary and Presidential elections.

Such a leadership has neither the competence nor commitment to wage a war effectively. The only thing that would change matters positively from a Russian standpoint, would be "a change in the government and a change in the military leadership." This change is forthcoming, insists Felgenhauer, because the regime's unpopularity is creating a "revolutionary" dynamic in Russia.

But under present conditions, Chechen "Islamic" rebel leader Shamil Bassayev and his backers see a crucial moment of opportunity, for expanding the conflict into "a big war against Russia," Felgenhauer warns. "Their intention is not only to direct the war eastward, toward the Caspian Sea, to obtain more control over oil pipelines, but also westward, to create a 'North Caucasus and Islamic Republic' from the

Black Sea to the Caspian Sea. They take their model from the 19th century, from the Islamic guerrilla leader Shamil. Then, the British backed the North Caucasian rebels. Lord Palmerston advocated the idea, in the period of the Crimean War, that there should be a major landing operation, to oust Russian from the Caucasus. But, for his own reasons, the French Emperor Napoleon was against it, and the plan never was activated. But the British always backed Shamil."

Today, too, there is a large potential for "internationalizing" the conflict. According to Felgenhauer, the danger does not come from NATO as a whole, because NATO, for the moment, is so bogged down in the Balkans ("Kosovo is like Somalia"). "The main destabilizing factor in the Caucasus and Central Asia, is Turkey. . . . The Turkish Armed Forces could certainly be used in these regions. . . . The Turkish authorities are certainly turning a blind eye to anti-Russian groups inside Turkey who are providing money and help to Bassayev's forces. This is what introduces the possibility of internationalization of the conflict." The earthquake in Turkey, and the political-economic fall-out from it, introduces an incalculable element into this picture.

## British play a central role

"Here in Moscow, it is presumed that there is a foreign factor in the conflict," Felgenhauer said on Aug. 16. "One of our leading strategists, retired Army Gen. Mahmoud Gareyev, who now heads a non-governmental military academy, said over the weekend, that the way to fight this war, is to go after the foreign sources of support." Gareyev is a disciple of the late Marshal Nikolai Ogarkov, the individual most responsible for architecting military strategy in the Soviet Union during the 1980s.

Felgenhauer attributes great importance to the charge by Chechen President Aslan Mashkadov, in August, that Bassayev's offensive was the result of a plan concocted by "the Western secret services," aimed against both Russia and himself, with the goal of driving Russia out of the Caucasus.

Felgenhauer perceives a central role being played by the British against Russia. On Aug. 23, he told *EIR*: "I know that there are certain Western circles who have an 'active' position, they want to break Russia apart. There are certain places in charge of this policy. The main problem comes from Britain. British policies are rather destructive. . . . I have noticed a pattern of surprisingly bad reporting about Russia from certain Western quarters, such as the extreme hostility one finds against [former Prime Minister Yevgeni] Primakov. The worst reporting comes from the British press. A recent example was *Jane's Defence Weekly*, making the claim that Russia was smuggling S-300s into Yugoslavia. That's obvious bullshit, but it makes Russia look like a real bad villain. The British press has had many such 'leaks.' The origin of them is obviously the British government. It comes from the government and intelligence community. British intelligence is constantly staging stories, to discredit Russia."

# Development vs. geopolitics: the U.S., China, Taiwan and Eurasia's future

*Professor Winter is a well-known veteran of world diplomacy. Among other things, he was actively involved during 1970-72 in organizing the contacts which led to President Richard Nixon's visit to the China, and he was personally acquainted with the top Chinese leadership at that time. Professor Winter worked for 10 years as a high-level UN diplomat, and served for many years in the Austrian diplomatic service. He was the first postwar Director of the Diplomatic Academy in Vienna. Professor Winter is active as an academic teacher and author in Austria. The interview was conducted by Jonathan Tennenbaum on Aug. 24.*

**EIR:** I understand that you recently participated in a high-level symposium in Hong Kong, on July 9-11, which dealt with reunification of China. Just around the same time, Taiwan President Lee Teng-hui made his provocative statement on "two states," which has practically started a new Taiwan crisis. What is your sense of the situation?

**Winter:** The Taiwan Strait Peaceful Reunification Association, which is a Taiwanese organization, organized in Hong Kong a symposium entitled, "Symposium on the Peaceful Reunification of China." The president of this conference is the former head of the Taiwanese Parliament, Liang Su Yung, and the co-chairman is a very high-ranking Beijing official named Shu Bai. That was very interesting, because nothing like this had occurred previously. . . .

**EIR:** In the whole history?

**Winter:** That's right. One has to recall, of course, that the formal dialogue between Beijing and Taipei had been suspended in 1995, and it has only recently been taken up again, in October of last year, when the Chairman of the Taiwan Straits Exchange Foundation, which is a Taipei organization, Mr. Koo Chen Fu, met with [China's President] Jiang Zemin. That was the highest-level contact between Beijing and Taipei since 1949. There was agreement on a number of points, but one of the important points was that Wang Dachan, the counterpart head of the mainland Association for Relations Across the Taiwan Straits, was to have a return visit in the fall of 1999. That was supposed to take place now, but was recently

called off, as you may remember. This symposium was an integral part of the preparation for that upcoming meeting. There was also to be a high-level meeting with the President of Taiwan. As was repeated many times during the symposium, this was to help work on a compromise solution between all sides concerned for the sake, as Jiang Zemin said, of peace, military security, and economic development in the Far East.

So it was a policy decision on the part of mainland China to advance a policy toward Taiwan in a peaceful and rather rapid manner. For that reason they invited close to 200 experts from all over the world—two of us came from Europe—to present about 80 papers. The results worked out at that meeting were unexpectedly positive. People from the United States, from Taiwan, from Japan, from Europe, everyone who was there was surprised how peaceful, constructive, and positive the discussions went, although the participants belonged to quite different factions. A very positive resolution was passed and spread by the news media who were present from many countries. But, within hours of this widespread media coverage of the symposium's resolution, a political *bomb* was dropped by Taiwan's President Lee Teng-hui, when he announced that the relationship between Beijing and Taipei is no longer that of the one-China policy, but that of two states. . . .

**EIR:** And do you think this was aimed directly at the conference?

**Winter:** Well, we got news of this at the farewell dinner—and you know how farewell dinners are in China, people enjoy meeting around the tables and making toasts and taking photographs. The immediate reaction by many participants was, "This must have been organized by the United States." Can you imagine that? It was quite a shock.

**EIR:** Afterwards the course of events took a very different direction.

**Winter:** Right. A very unexpected one. There were military men from Beijing there who were not very vocal at the symposium, but they became immediately vocal at that last dinner. . . .

I think we need to look at the reason why Lee did this. It

was apparently premeditated, planned in advance, and was not necessarily only instigated or even encouraged by the United States. At the end of this year, there are new elections for the Presidency of Taiwan. He will not stand again for the office. He has a protégé, Lien Chen, who is for separation. Besides that, there are two more separatist candidates, Hsu Hsin-liang and Chen Shui-pien, and these three are wooing those Taiwanese who object to the “One-China/two-systems” policy. It is hard to say, and it was very hotly debated at the symposium, what the majority of Taiwanese think. One does not really have any figures on this, but it seems to me from the comments, even by those Taiwanese who were very much in favor of working out a new relationship, that it is probably a 50-50 proposition. And the fourth candidate, Sung Tsu-yu, is a mainland Chinese who was very young when he came to Taiwan. He advocates working out the “One-China/two-systems” solution and avoiding any confrontation. He is a non-confrontationist, but certainly not a separatist. I think this is important, because he feels that the Taiwanese self-interest does not lie in the direction of a growing Taiwanese identity. That was quite clear from some of the comments at the symposium.

But, a very important factor in this, is the growth of a new Chinese identity among the Taiwanese population. That surprised me to some degree. And in the discussions, I learned some interesting facts. There is something in Taiwan which never existed before, namely, a new *Chinese* identity. There are young people, business people, intellectuals, all parts of the population, people who think they are Chinese, but in a new way. The figures I received were that in 1998, some 1.7 million Taiwanese visited the mainland. They visited not only graves and birthplaces of their relatives, but they made new kinships by new marriages, and that mainly in Fujian province, the province right across from Taiwan. So, that is important for the Chinese mentality especially.

And, at the end of the same year, trade with the mainland had reached a total of \$23 billion. Taiwanese industry is, after the United States and Japan, the third-largest trade partner of China. Taiwanese investment in the mainland has exceeded now more than \$30 billion, with more than 30,000 Taiwanese firms having invested. The mainland companies, where they invested, employ 3 million Chinese workers directly. This kind of kinship and economic relationship is connected to the fact that there are 200,000 Taiwanese people, mainly business people, living in mainland China now. So, there is indeed a new Chinese-Taiwanese identity developing. . . .

**EIR:** Then, who is Lee Teng-hui speaking for?

**Winter:** Taking the least critical view, he is probably toeing the line of the one group in the U.S. which has been slowly but surely encouraging Taiwan to become an independent state. That, indeed, is the great stumbling-block. You remember that the Shanghai Communiqué of 1972, which the U.S. and the People’s Republic of China agreed upon, and which

was signed by President Nixon, stated clearly the “One-China” policy. And, the State Department and public opinion in the United States accepted this without any afterthoughts. They really thought that that was the new way to continue what has always been a good relationship.

The American people and Chinese people have always had a good relationship—different from the Europeans, particularly the British and French—and they thought that the differences over this Taiwan issue and the nationalist issue, the Kuomintang issue, would fade away under this new policy of “One China.” But, I think with the breakdown of the Soviet Union, a new multipolar world developed, and there is now what you might call a double-pronged policy in the U.S. This is legitimate in the sense that the one is traditional pro-Chinese, trying to make a new cooperative venture, and the other is traditionally anti-Communist. And, I think the second one is growing in importance insofar as the United States has, sociologically speaking, been trying to be a schoolmaster of China, trying to teach them to respect human rights, to open up markets, to allow democratic and free trade rights, the WTO [World Trade Organization] discussion and so forth. That group is in the ascendance, there is no doubt about that.

**EIR:** But, isn’t the group pushing Lee Teng-hui now really acting against fundamental U.S. interests?

**Winter:** I wanted to explain Lee’s position. Lee is not inventing anything. Lee is riding on this wave, period. In the opinion of the people participating at the symposium, there was a great unanimity, a fear of a war. Because they met in the shadow of Kosovo. And, there was a real, almost traumatized attitude: What will happen if either China acts to liberate Taiwan, or the U.S. acts to protect Taiwan from the Chinese? In both cases, there would be shambles left of the small island. And, therefore, the main emotion was to avoid conflict.

But as some papers at the symposium stated quite clearly, I think the issue is indeed an ideological one in the United States. There was a military commitment on the part of the U.S., quite some years ago, when the Taiwan Relations Act was passed—you might say an irrational policy. You cannot establish peace vis-à-vis a large continental power like mainland China by saying to them: “You and I, the U.S. and China, have a wonderful relationship, a good One-China policy,” and then to say to Taiwan, “Look, you cannot trust mainland China, we will give you all the arms to defend yourself against them,” but also to say, “We have a One-China policy.” The Taiwanese misinterpreted this as saying the U.S. was supporting the Kuomintang reconquest of the mainland! When they began to realize that that was not the case, the armament process had progressed to such a degree, that it is a very well-armed country. Thus, Taiwan has received from the U.S. F-16s, Knox-class frigates, helicopters, tanks, and a variety of air-to-air, surface-to-air, and anti-ship missiles. This clearly



ignores the spirit, if not the letter, of the terms of the three successive U.S.-China communiqués. And, the consequences of this Taiwan Relations Act has been Taiwan growing militarily, insofar as it has always been given the excuse to introduce new strategies, new weapons systems, new maneuvers. And now, at the end, it has even come to the point where I personally believe that a real alliance between South Korea and Japan, possibly the Philippines, but certainly including Taiwan, could be formed—a *cordon sanitaire* one would call it in Europe—against Communist China.

The American public, I don't think, is eager to have a war there: they are more eager to have trade. But, the famous TIFA, the Trade and Investment Framework Agreement between the U.S. and Taiwan, in a sense contains military hardware as part of the investment, so, it is not a purely a peaceful economic act. . . .

**EIR:** Nowadays the hard-line crazies in the U.S. Congress are all screaming that the West has to protect Taiwan. But, if there were no such a military backup of Taiwan, the danger of a mainland Chinese attack would fade into zero, wouldn't it? Who is in a rush?

**Winter:** Exactly. The time-frame is getting out of hand. What is happening here is, that, in a sense, both sides, in the last few years, have seen this island become an aircraft carrier. The U.S. and China want to have it. Nobody has proposed a neutralization of this aircraft carrier. One of the interesting things at the symposium was, that there was no discussion of this. I raised it as a neutral Austrian, but it was totally neglected. I also raised the question of what used to be very useful in Europe in the last century, the idea of a "*Zollunion*"—a tariff union. I also suggested, why not discuss what would be the Chinese equivalent of a confederation. But this concept is unknown. Both sides, the Taiwanese and mainland, were disinterested; both are centralized states, and they have no concept of confederation and of constitutionality. So, instead of this, they are both eyeing this island as their aircraft carrier.

The pressure is now, in a sense, on the Chinese to do something about this. This aircraft carrier is too well equipped. And now, this embarrassing statement [by Lee Teng-hui] that this aircraft carrier is a *state*, not a property of China, but a state. The owner of it is now saying, "We are well-equipped, we have allies behind us, we are going to do our own thing." And that, the Chinese cannot accept. This is the problem. The Chinese, simply from their geopolitical point of the view, cannot accept a Taiwan that is not owned by them. . . .

**EIR:** So what was the conclusion of the symposium?

**Winter:** There was a political proposal, an economic, and a cultural one. I think the emphasis was on the cultural aspect, because that is working very well. The new Chinese identity in Taiwan is a cultural fact. It is being wonderfully promoted

by the mainland Chinese, and it is well accepted by the Taiwanese. The political aspect is a total deadlock, even before Lee's statement about the two states, for the simple reason that one cannot imagine, constitutionally, what it implies to have "One-China/two-systems." It is one thing with a little city like Hong Kong, but another thing for a country like Taiwan.

So, the emphasis now was on economics. And I belong to the group which very strongly emphasized the proposal to have a special economic relationship, a zone, or region; a *Zollunion* between Taiwan and Fujian, and maybe Taiwan, Hong Kong, and Fujin, or maybe whole provinces along the coast—but, anyhow, the provinces across from Taiwan, where the major investments are, to facilitate the founding of more companies, transport of goods back and forth, people moving back and forth. And that was very much welcomed, because in the Chinese way of thinking, the Chinese always make little steps to have a long trip. This is a long trip, and who knows how long it will take. So, now, they need the next step. And they are all good, economically-minded people. The new China since Deng Xiaoping is economic-minded. They are economic realists, they are succeeding, they are getting someplace. So, this turned out to be a very hopeful, major portion of the resolution.

**EIR:** So there would be an evolution of the situation which would be *open* toward the future. As long as this were permitted to develop, there would not really be any danger of a military confrontation?

**Winter:** Correct. I think that if that is permitted, there is no big danger. But, if it is not permitted, if there are hawks and war-mongers on both sides getting the upper hand in this whole debate, then, unfortunately, clashes are very popular in the 20th century. . . .

**EIR:** And now, to make things worse, the whole Theater Missile Defense (TMD) issue has been injected into this.

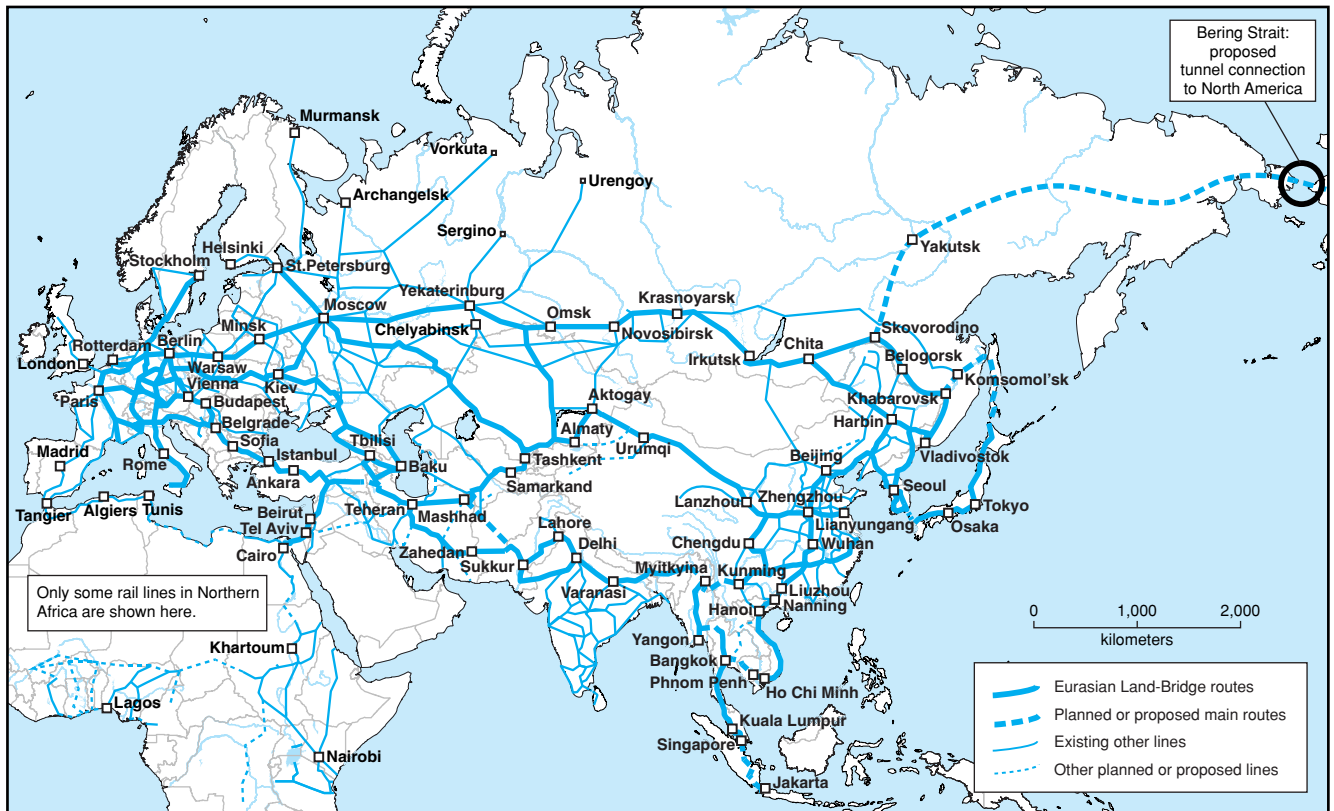
**Winter:** The TMD I take very seriously. I think this is the major development pressuring the Chinese military. They have a grace period, maybe two years at the most, where there is a military option. There was no talk about that in this meeting, but in my previous trips to China, it was always in the background. [Thus one hears that] China can afford any kind of war, it is no problem, they have millions and hundreds of millions of people they can sacrifice. They have underground cities. And any invasion of China would be too costly, nobody wants to invade. There is this, partly a realistic, and partly an illusory position of the Chinese military. But, this is now being pushed into a real strategy by the threat to deploy missile defenses on Taiwan.

**EIR:** Far from stabilizing the situation, TMD is destabilizing it.

**Winter:** Absolutely right.

FIGURE 1

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



**EIR:** And all this coming just six weeks before the 50th anniversary of the founding of the new China.

**Winter:** Well, my political instinct always tells me, what is the purpose in raising such provocative issues before anniversaries? This is really being engineered. There are interests who would like to have a terrible condition in the Far East, which would make Kosovo look like a picnic.

All my experience in China, having been in and out since 1970, is that the Chinese are a proud people, the oldest civilization on Earth, that despite the ups and downs in their history, they have maintained, over 2,000 years, an ethical system—I mean ethical also in the political sense, the Confucian morality is even working under the Communists. And, their experiences in the 19th century were so humiliating, that you cannot expect them to continue that kind of thing. They are now economically growing, they are conscious of their progress, of their victories. And now to *manhandle* that, those over 1 billion people, is totally suicidal on the part of anybody who would do that. I think the Europeans are taking a much more careful stance than the North Americans are.

**EIR:** Looking positively toward the future, one of the crucial ideas emphasized by Lyndon LaRouche, for China and the whole world, is the Eurasian Land-Bridge: developing the

entire Eurasian land-mass through networks of modern infrastructure corridors.

**Winter:** Personally, I am not only fully in agreement with it, I named my very first company, for which I worked with China already in the 1950s, “Eurasia Consulting.” Having been such a fanatic almost all my life for the Eurasian Land-Bridge concept, which in those days looked at more like the Silk Road experience between Europe and China, I was struck that nothing like this was mentioned at the symposium. I raised it a number of times, but there was no conceptualization. People did not understand. These people who came from United States, from Japan, from Australia, from this whole rim area, always thought in *Pacific terms*. So, I made a very strong recommendation that anyone interested in peace, security, and prosperity in China and in the Pacific, has to look at it from the dimension of the Eurasian Land-Bridge.

**EIR:** Just today, Jiang Zemin is to meet with Russian President Boris Yeltsin in Kyrgyzstan.

**Winter:** The Eurasian Land-Bridge is a real peace alternative, giving a chance for development to billions of people who are still at the edge of poverty. And, there is no other project—industrial, economic project in the world, that can accomplish that. Of course, Jiang Zemin knows it, and Yeltsin

does, and the people meeting in Kyrgyzstan today—a meeting about which I am very optimistic and hopeful that something comes of it. Because, remember, Jiang Zemin last year made a very statesman-like statement that all these issues—I think he even implied Tibet—must be solved by economic development.

**EIR:** You mentioned the problem of internal U.S. policy. President Clinton has tried to realize a positive policy toward China, but there is obviously a powerful group which is doing everything to push the U.S. and China, step-by-step, into an adversary position.

**Winter:** Sadly enough, democracies need issues, and among these are often aggressive and warlike issues. Democracies don't vote on peaceful issues, they vote over some conflict. And the U.S. people—many don't go to elections anymore—but the media, who regard themselves as the protectors of democracy for the people who don't vote—they are almost unconsciously searching for some kind of conflict. But, there is a definite, strong group, the so-called “anti-Communists,” at work here. All of us who have been involved in Chinese affairs and have been consultants for many, many years, run afoul of this accusation all the time: “Well, you are essentially supporting a Communist venture.” Here, again, it is a substitute for religious fervor. People don't really believe much in God, but they believe in something good, and the good is to be anti-Communist. That is a very sad situation, because this sentiment can be misused by a handful of people who have completely ulterior motives.

**EIR:** These people claiming to act in the interest of the United States are actually destroying it.

**Winter:** Exactly. I am sure it's a small group. I am not so sure that, in this respect, Clinton really knows what he is doing, consciously. I think Clinton belongs more to the post-Kennedy generation that grew up with certain assumptions, and among these assumptions was to be friendly to China. Rather than to be a student of that situation, and to have really thought it out. Because, if he had, he would take a much clearer policy line than he is doing. That is my opinion.

**EIR:** Well, he is very much under the gun. You see the kinds of attacks Mr. LaRouche, who has just now applied as one of the three Democratic Presidential candidates for matching funds in the U.S., and who represents a rigorous policy for world development, has been suffering.

**Winter:** Exactly.

**EIR:** And, he and Clinton have common enemies, in terms of the people going after them. LaRouche was the victim of a very violent slander in the British press just recently. Do you have any reflections on the geopolitical background of that? You were talking about U.S.-China relations, but there is also the big problem of British geopolitics.

**Winter:** The history of that is quite contrary to U.S.-China relations. The American tradition of open doors tried to keep aloof from the Boxer Rebellion and the British geopolitical tradition, which had in mind, of course, preventing Tsarist Russia from getting down to India and into China. In other words, the British policy had a completely different political purpose behind it than the American one.

The American position was really that of a potential partner, of manifest destiny: you get across the continent, and you get across the ocean, and the next neighbor you meet is this wonderful Chinese neighbor. And there were the missionaries, and the enormous efforts and sacrifices of so many ordinary Americans, spending money to build up colleges and hospitals and schools in China, which, for many generations, was a morally very elevating experience.

The British never had that. If you talk to a taxi driver in London, which I recently did, he spits on the Chinese. He has absolutely no respect whatsoever, because he doesn't come from a tradition that respected these people. But, the Americans always had a respect. And in fact, if you read Pearl Buck, they even had, you might say, a misguided love, but it was love anyway!

The Americans don't have a global view. The British always had one.

So, this is the big difference, while, of course, the attacks in Great Britain are more sophisticated against anybody who is proposing a global alternative view, like LaRouche is. Because they are very sensitive to that. They feel somebody is trespassing on their ground! They think they are the experts on geopolitics—and to some degree they are. They are the one nation which has done the most in this field in the last 400 years. They have gathered most of the experiences, and so on.

The fate of LaRouche needs to be seen, you see, in global terms. He is not just an American, not just from a certain region in America. He is, because of his intellect, involved in a philosophical debate that has been going on in the Western world for 400-500 years. Americans are not involved in that debate. There are great commentaries, university professors there put out great books, surveys, and summaries, but they are not involved in the *debate*. Not even if you look back at the great President Adams, and that generation. If you look at the Founding Fathers, they were involved in the *Federalist Papers*, they were discussing the rights of man, the citizens, and the Constitution, and so on. They did not really look at the *world* as such. They looked at themselves.

That is very sympathetic, and is a great accomplishment, and makes Americans very likable, but at the same time they have missed, you might say, the hard intellectual schooling of hundreds of years that everybody has had at Oxford and Cambridge, because you didn't go there without having behind you either some shipping line or some bank or some landed interest. . . .

**Former Mexican President  
José López Portillo:**

**‘And it is now necessary  
for the world to listen to  
the wise words of  
Lyndon LaRouche.’**



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**EIR:** But in China and other nations, people often don't take this British problem very seriously. And yet, if you look at the key regions for the Eurasian Land-Bridge, and you see how these are targetted as hot-spots, you can clearly see the geopolitics at work.

**Winter:** Why does the world look at the British as such great examples of tolerance and of good will and democracy, when in reality they are not? This is one of the most interesting historical questions of our time. Here, possibly, the schizophrenic attitude on the part of the British is at fault. The fact that they have only conventions, and not a constitution, is an extremely inspiring concept. What does that mean? It means people know what is to be done, and what is not to be done. A convention is really how a family, a neighborhood, lives together. They don't write down their constitution, how a family is supposed to function. But, this has been very inspiring, and many nations have tried to imitate this, a convention type of thinking instead of constitutional thinking. The judge makes law, rather than the paragraph, law. So, we have a number of practices in the British society which are inspiring, and which have been inspiring for new nations and people coming out of colonialism and so forth.

That prevents, I suppose, most modern citizens from going and studying deeper. Because, in my opinion, the paradox is that the British were able to do this precisely because they have always been run by the oligarchy. The British have never had a revolution, even Cromwell did not come close to it. Over a thousand years the oligarchy, which has changed, of course, has been perpetuating itself through peerage, and has been able to run things behind the scenes. When you go to India, you will be surprised how pro-British certain classes in India are. But they learned this attitude, this behavior. That is why they are pro-British.

**EIR:** Certainly, LaRouche sees the sharp British reaction now, as related to the crisis of financial system.

**Winter:** In my personal opinion, I think that much of what happens in history is not done consciously. It is done unconsciously, because we are spread over generations. We are not inventors of our own time. We inherit a time, we inherit problems, we inherit attitudes toward solving these problems. So, there is a continuum, a kind of continuity which we are almost a subject to. This is why I think the conspiracy theory is too simple. It is the continuity of history which is at fault here. We cannot escape from that. Of course, we have had terrible interruptions of history, like the French Revolution, or the Russian Revolution, but underneath, the continuity is there.

**EIR:** Those cultural attitudes come out strongly when there is a crisis.

**Winter:** Absolutely. People hold onto them even more so, even if they have caused the crisis.

# Malaysia's Prime Minister Mahathir strengthens ties to Russia, China

by Gail G. Billington

On Aug. 15-23, Malaysia's Prime Minister Datuk Seri Dr. Mahathir bin Mohamad led a 100-person delegation of cabinet members and Malaysian business leaders on a three-stage trip to China and two of Russia's Asian autonomous regions, Khabarovsk and Buryatia. The visits have given a strong boost not only to bilateral cooperation and trade, but also to strengthening the combination of nations needed to implement new solutions, at a time when strategic, political, and economic crises threaten the survival of every nation. The trip also elicited crucial reciprocal statements of support for the quality of leadership which both Dr. Mahathir and China's President Jiang Zemin and Premier Zhu Rongji have provided, particularly since the onset of the financial crisis in Asia in summer 1997.

The importance that Malaysia attached to this trip is indicated by the high caliber of the delegation that travelled with the Prime Minister, including Malaysia's Foreign Minister and the Ministers of Transport, Primary Industries, International Trade and Industry, Defense, and the Chief Ministers of the states of Sabah and Pulau Pinang. Most important are the strategic implications of the trip, which come across loud and clear in the reports filed by Malaysia's national news service, Bernama, on the most important event of the whole trip, the Aug. 19 Third Malaysia-China Forum in Beijing, which celebrated the 25th anniversary of diplomatic relations between the two nations. The forum was co-sponsored by Malaysia's Asian Strategy and Leadership Institute and China's National Committee for Pacific Economic Cooperation.

Before an audience of 750, including 200 Malaysian businessmen, Dr. Mahathir delivered a keynote address in which he called for the creation of an Asian Monetary Fund (AMF)—an idea proposed by Japan's former Deputy Finance Minister Eisuke Sakakibara in fall 1997, but shot down by the International Monetary Fund (IMF) and Lawrence Summers, then Deputy U.S. Treasury Secretary. Dr. Mahathir also revived his earlier proposal for an Asia-only East Asian Economic Caucus (EAEC), which was supplanted by the Asia-Pacific Economic Cooperation Forum (APEC), which includes the United States, Canada, Ibero-American countries bordering the Pacific Ocean, New Zealand, Australia, and European "dialogue partners."

Had the EAEC existed in summer 1997, Dr. Mahathir said, Thailand, Indonesia, and South Korea might have been

spared turning to the IMF, noting that "these economies were fully aware of the harsh conditions that the IMF would exact from them in return for financial assistance." He called on China, Japan, and South Korea to join the ten members of the Association of Southeast Asian Nations (ASEAN) in launching the EAEC to better represent Asia's interests in APEC, the Asia-Europe Meeting, and the World Trade Organization (WTO). China's support, he said, is vital to realizing the AMF.

## The global financial system has failed

A major lesson to be learned from the economic crisis, he continued, is that the present global financial system is simply not adequate to protect small economies from speculative assault by hedge funds and currency traders. Thus, reforms must be undertaken to ensure that the global financial system serves all nations. In that light, he said, "China's support for the crisis-hit regional economies, notably in not devaluing the yuan, has demonstrated the Chinese people's concerns for China's neighbors. You did not do so last year. We believe that you will not do so this year, and the price China has to pay to help East Asia is high and we in Malaysia truly appreciate the stand taken."

Dr. Mahathir emphasized that the "smart partnership" between China and Malaysia must maximize cooperation in science and technology for national and regional development, in such areas as communications, medicine, energy resources, and defense know-how. East Asia's credibility as an engine of growth for the regional and global economy in the 21st century can best be attained by becoming as technologically advanced as Western countries. "We must collectively determine to become contributors, not recipients or consumers of Western technology, to global technological development in the next century," he said. He also discussed promoting the ASEAN Regional Forum to ensure regional peace and stability and, more broadly, to build an East Asian community based on "Pax Aseana," a concept he developed after warning that the last years of the 20th century have shown how vulnerable East Asia can be to external forces bent on exploiting the region's weaknesses. He called for bilateral cooperation to reform the UN, for example, by expanding Security Council membership to include developing nations, but more importantly, he stressed, "China and Malay-

sia share the common desire for an undominated UN to be the highest authority on matters affecting the international community.”

In recognition of the 25th anniversary of diplomatic relations between the two countries, Dr. Mahathir poignantly stated, “The bold step taken by our two countries paved the way for new directions for China-Southeast Asia ties for the last quarter of this century. . . . We did not allow our different political and social system to obstruct our relationship, but instead we focussed on what could bring us closer.”

### **Enhance cooperation for world peace, stability**

In the 24 hours that preceded this speech, Dr. Mahathir held meetings, first, with Premier Zhu Rongji in the Great Hall of the People on Aug. 18, and then with President Jiang Zemin in Dalian on the morning of Aug. 19. Premier Zhu declared Dr. Mahathir “a true friend and China’s close partner,” and renewed China’s pledge not to devalue its currency. Dr. Mahathir restated Malaysia’s commitment to a “One China” policy. Together, they witnessed the signing of three cooperation and joint-venture agreements related to science, technology, and engineering, the setting up of a Chinese pulp mill, and development of a forest plantation in Sabah.

An Agence France Presse wire added that both leaders agreed that the territorial disputes in the South China Sea over the Spratly Islands among six Asian countries, including China and Malaysia, should be solved through negotiations among the claimants, without any external involvement or interference in the area. If accurate, such a statement amounts to a direct rebuttal of U.S. Secretary of State Madeleine Albright’s impudent assertion at the late-July ASEAN ministers’ meeting in Singapore, that “no one can doubt” that the ASEAN Regional Forum is an appropriate venue to discuss these territorial disputes.

Dr. Mahathir’s meeting with President Jiang Zemin elicited strong statements of mutual support and deep respect. President Jiang congratulated Malaysia’s economic policy: “It was right for Malaysia to safeguard sovereignty and its interests in accordance with its own national conditions,” he said, adding that “China and Malaysia have similar views on international issues.” Dr. Mahathir responded, “I hope China can play a bigger and more active role in establishing a just and fair international financial order and in safeguarding the interests of developing countries.” He also assured President Jiang that Taiwan President Lee Teng-hui’s reference to “two states” rather than “one China,” was “not accepted by the international community.”

China’s Deputy Premier Li Lanqing, in his speech to the Aug. 19 Malaysia-China Forum, underscored China’s support for Malaysia’s unique approach to the economic crisis, centered on imposition of selective capital controls and rejecting the IMF “one-size-fits-all” austerity. Bernama’s Ali Mamat described Vice Premier Li’s speech: “China today praised the great courage of Datuk Seri Dr. Mahathir Mohamad, the

Malaysian government and people in the face of power politics and the determination of Malaysians to pursue a road most suitable for their country. Chinese Vice Premier Li Lanqing said that on many major international issues, Dr. Mahathir and the Malaysian government would uphold justice and always speak out in the interest of developing countries.”

Deputy Premier Li said, “Malaysia has scored remarkable success in achieving social stability, ethnic harmony, and economic development under Prime Minister Dr. Mahathir. . . . We believe that under Dr. Mahathir’s leadership, and with its sound infrastructure, rich resources, and hard-working people, Malaysia will be able to again witness the revitalization of its economy after necessary readjustment.”

In her speech to the Forum, Malaysia’s Minister of International Trade and Industry Datuk Seri Rafidah Aziz renewed Malaysia’s support for China to join the WTO, expressing the hope “that the other trading partners, particularly the major economies, would adopt a pragmatic and realistic attitude regarding China’s reform measures to enable her to be admitted to the WTO.” Malaysia’s Transport Minister Dr. Ling Liong Sik, who is also President of the Malaysian Chinese Association, delivered a strong defense of Malaysia’s selective capital controls and honed in on the need for global financial reform, calling for a global regulatory authority to oversee capital markets and supervise short-term capital flows.

Before leaving China on Aug. 20, Dr. Mahathir renewed his call for creation of an Asian Monetary Fund. He reported that Premier Zhu Rongji had given an encouraging response to the idea during their meeting, and that both Premier Zhu and President Jiang shared Malaysia’s view of the need for new global financial architecture and greater transparency of capital flows. Dr. Mahathir added that he saw no reason why the world’s other nuclear powers should not follow China’s example at the July ASEAN meetings to endorse the Southeast Asia Nuclear Free Zone treaty “for the sake of peace, security and stability.”

### **Potential of Russia’s Far East**

Dr. Mahathir’s visits to the Russian autonomous regions of Khabarovsk, on Aug. 15-18, and Buryatia, on Aug. 20-23, featured tours of Russia’s aircraft manufacturing centers in Komsomolsk-na-Amur, a shipbuilding and timber center, and the aircraft and helicopter facilities in Ulan Ude, Buryatia’s capital, and Irkutsk. Malaysia’s Ambassador to Moscow Datuk Yahya Baba said that the intent of the trip was to engage the Asian part of Russia in a dialogue with its nearer neighbors in Southeast Asia, because of Russia and Malaysia’s involvement in regional forums, including APEC and ASEAN. Dr. Mahathir, at the end of the visit to Khabarovsk, said that he was “pleasantly surprised to see how developed Khabarovsk is . . . because I have always been curious about this part of Russia.” In both regions, Dr. Mahathir, his wife Dr. Siti Hasmah, and his entourage were warmly welcomed by offi-

cials and people alike, and were encouraged to explore trade and investment possibilities. However, Malaysian officials described the visits as “exploratory,” due to the deficit in basic transport infrastructure and trade regulations. Malaysia has tremendous potential for developing infrastructure, but its only investment in the Russian Far East at present is a timber concession in Khabarovsk operated by Sarawak-based Rim-bunan Hijau.

Khabarovsk senior official Viktor Ishaev strongly encouraged investment in timber, mining, and fisheries. Dr. Mahathir indicated that once transportation logistics are ironed out, potential trade could increase greatly, for example, in foodstuffs such as fruits and vegetables, which are currently imported from as far away as Spain and Morocco. Ishaev, a Duma member, expressed his view that Russia would enter a “stable development phase” after the Presidential and Duma parliamentary elections. “It’s a real honor for the citizens of Khabarovsk to have the head of the Malaysian government visiting us,” he declared. “Malaysia is a very stable country and I think this is because the Prime Minister doesn’t get changed very often.”

In Buryatia, President Leonid Potapov, Dr. Mahathir, and three leading Malaysian businessmen discussed investments in mining. Dr. Mahathir is the first foreign head of state to visit Buryatia since it became an autonomous region in 1991. President Potapov and his wife had visited Kuala Lumpur, Malaysia’s capital, in July. Buryatia is reported to have some 500 types of minerals, mostly unexplored. The region is also reported to have among the highest literacy rates in Russia; it has five science-focussed universities. In both regions, tours of aircraft manufacturing plants that produce Russia’s Sukhoi-class fighters and, in Buryatia, the MI-171 helicopter, topped the itinerary. Demonstration air shows were arranged in both, but in Buryatia, veteran Royal Malaysian Air Force Lt. Col A. Munisamy (ret.), currently a project manager at Aerospace Industries Malaysia, did the honors in an MI-171, which he gave high marks. Malaysia is keenly interested both in providing aircraft servicing for Russian-made planes and helicopters operated in Asia, as well as marketing the aircraft. Dr. Mahathir’s visit to the Russian Far East was capped by a tour of Lake Baikal, the world’s largest freshwater lake.

Dr. Mahathir’s Russia-China tour was a groundbreaking event in Asian bilateral and regional relations. It is, thus, all the more regrettable that the Western press chose to ignore the trip, or wasted time at press conferences asking nuisance questions about the firing of his former deputy Anwar Ibrahim, and whether the trip were not a “ploy” to win points with Malaysia’s Chinese population in advance of general elections. So blatant was this from Western media at his Beijing press conference, that Dr. Mahathir specifically called for Asian media to counter their lies. In the case of the Russian regions, he urged special efforts to educate Malaysia, Khabarovsk, and Buryatia about each other.

## BJP expected to form new government after India’s general elections

by Ramtanu Maitra

Preparations for the next general elections—which will be held between the middle of September and the first week of October, the vote counting will begin Oct. 6—have begun. Candidates have been chosen and, in some cases, they have begun seeking votes. The first reaction from the electorate suggests that the Bharatiya Janata Party (BJP) will gain a significant number of seats, and is sure to retain its standing as the single largest party. At this point, it seems that the BJP will form the next government with the help of its umpteen allies, but will not remain as vulnerable to their whims as it has been. This means that Prime Minister Atal Behari Vajpayee, who is carrying the party on his shoulders, will once again be the Prime Minister and, perhaps, for a full five-year term.

The BJP’s impending electoral success may have little to do with the way the electorate is evaluating the party’s performance. As it happens so often in Indian elections, this expected victory may be yet another occasion when a party wins handsomely because its main opponent—in this case, the Sonia Gandhi-led Congress Party—failed to get its campaign off the ground. However, what is real is the Vajpayee factor, whose increased stature has debilitated the Congress Party. And, it seems that the Congress Party has not made up its mind whether to attack Vajpayee or to praise him.

Based on my recent meetings with a number of people, including a handful of Muslim editors of Urdu papers, it seems that the Congress Party has done next to nothing to grab Muslim votes, which earlier were definitely moving toward it. The Congress Party had thrived throughout the 1950s and 1960s on Muslim and scheduled caste support. But, when Indira Gandhi broke up Pakistan by helping to create Bangladesh, Muslims in India began to drift out of the Congress Party fold. In the state of Uttar Pradesh, where Muslims are a majority in a number of districts and where almost every Muslim family has a member who has migrated to Pakistan, the emergence of an anti-Congress Party attitude among Muslims provided an opportunity for non-Congress Party political leaders to form state-level parties where the Muslims were given a berth. Later, during Rajiv Gandhi’s



*Indian Prime Minister Atal Behari Vajpayee is likely to be re-elected; his political stature has increased, and voters are supporting him in hopes that he and his party, the BJP, will be able to provide a stable five-year government.*

bumbling rule, when his relative and cabinet member Arun Nehru unlocked the Ram Janambhoomi temple in order to coax the Hindus away from the BJP, the Muslims saw through the game and moved further away from the Congress Party. And, then, during the government of Congress Party Prime Minister P.V. Narasimha Rao, the Babri Masjid mosque was destroyed by Hindu chauvinists.

During most of the 1970s and 1980s, Muslims were moving from one “secular” party to another, increasingly voting *en bloc* against the Congress Party. Eventually, with the advent of Prime Minister V.P. Singh, the great social engineer who was hell-bent—under outside influence—to tear the Indian social system apart, two parties emerged, the Bahujan Samaj Party (BSP), the party of the *dalits* and untouchables, and the Samajwadi Party (SP), which is a metamorphosis of many semi-socialist groupings. These two parties preach secularism, anti-Brahmanism, and pro-minority jargon, and have succeeded, at least temporarily, in bringing most Muslims into their fold. But, these two parties lie highly exposed. Their vacuous caste politics, their promises to provide power to the underprivileged, and their anti-

intellectual affectations are laughed at by most Muslims, and, yet, they still vote for them.

### **Muslims stay put**

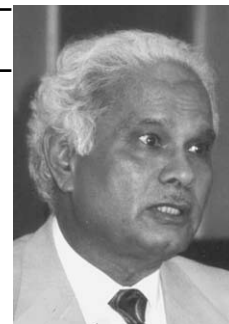
This time around, because of the failure of the SP, and the fundamental hostility that exists between the Muslims and the untouchables (in every Hindu-Muslim riot, the Muslims had to fight the untouchables, and not the Brahmins, or even other caste members, who will not go out with a dagger or a gun to kill), the Muslims were ready to move out. The Kargil war in Kashmir, which the Muslims of India did not find difficult to blame on Pakistan, at the same time made them weary of the BJP—at least, such was the sentiment among the majority of Muslims. At that point, Muslim votes were ready to be plucked by the Congress Party, but Sonia Gandhi and her sycophants did not know whether to blame the BJP for the war, or to support the BJP for India’s “success” in the war. As a result, the Muslims have stayed electorally where they were—some distance away from both the Congress Party and the BJP.

This seems to be the situation in Uttar Pradesh and Bihar. But, wherever Muslims do not have such alternatives—such as supporting a strong organization like the BSP or the SP—the Muslims will vote for the Congress Party or abstain. There is little likelihood that a significant percentage of the Muslim votes will be cast in favor of the BJP. This is a ghost that the BJP will have to deal with in the coming days. In other words, in Bihar and Uttar Pradesh, the Muslims will vote for whoever they think will be able to defeat the BJP. This is also the case in Rajasthan and Madhya Pradesh states.

But the majority of Indians are not Muslims, and it seems that more of them will be voting for the BJP and its allies. Except for a small number of people, the vast majority were not impressed by the Kargil war, or any other specific aspect of BJP rule. What definitely has propelled many of them toward supporting the BJP, is Vajpayee and the possibility that the BJP will be able to provide a stable five-year government. Regarding Sonia Gandhi, people are wary. The middle class is against her, and the poor are not quite sure what she represents. While Indira Gandhi could separate her personal life-style from her political life-style, and earn the trust and respect of the poor, Sonia Gandhi has a lot to learn. More importantly, perhaps, is the problem of Sonia Gandhi’s dependence on the people who have dragged the Congress Party down. These sycophants are intensely despised by Congress Party grassroots workers. Sonia Gandhi’s biggest failure so far is that she hasn’t brought new blood into the campaign, and her total inability to generate hopes among the electorate.

It is possible that, before the elections, the BJP will falter and the Congress Party somehow will pick up the pieces. Although unlikely, it could happen. But, the preconditions do not exist, at least as of now.





# India to take an active interest in the Central Asian region

*Devendra Kaushik is Professor of Central Asian Studies at the School for International Studies, Jawaharlal Nehru University, in New Delhi, and Chairman of the Maulana Azad Institute for Asian Studies in Calcutta. Professor Kaushik was a speaker at an EIR conference in Bonn on April 21 (see EIR, May 7, 1999). This interview, which is slightly abridged, was conducted by Mark Burdman and Dean Andromidas on Aug. 10.*

**EIR:** Professor Kaushik, you just sponsored a very important conference in New Delhi, on India's relations to Central Asia. Can you say a few words about that event [see *EIR*, Aug. 20, p. 66, and p. 50, this issue]?

**Kaushik:** That conference, on July 28-29, was to commemorate the 90th anniversary of the birth of the late Academician Babayan Gafurov, the former Director of the Institute of Oriental Studies in Moscow. He did a lot to strengthen [the Soviet Union's] cultural and academic relations with India, and he was the first Asian [from Tajikistan] to become the director of the prestigious Oriental Institute, which is now 200 years old.

At the same time, the conference provided the occasion to assess the processes that are going on, currently, in Central Asia. At the conference were scholars from Kazakstan, Kyrgyzstan, and Tajikistan. We had also invited representatives from Uzbekistan and Turkmenistan; they could not make it at the last moment, but they sent their papers. There were also three scholars from China, including Prof. Yang Shu of Lanzhou University, who told us about the growing interest in China about Central Asia; from Russia, including the current Director of the Institute of Oriental Studies; and from India. In all, there were 17 foreign participants, including one from the Schiller Institute in Germany and a member of parliament from Armenia.

The Prime Minister of India, Sri Atal Behari Vajpayee, inaugurated the conference. The Prime Minister and the Union Minister for Human Resource Development, Dr. M.M. Joshi, presided over the inaugural session. The Prime Minister stayed for another half an hour, to chat with conference participants. I think the Prime Minister was highly satisfied with this conference, and was particularly happy that the scholars from China took part in it.

I think that the conference also succeeded in projecting the priority which Central Asia is acquiring in India's foreign

policy. All these years, we have been preparing for this, and some solid foundations have been laid. Though we started late, we have taken steps to make up for the delay. India is now going to take an active interest in the developments in the Central Asia region, which the Prime Minister very rightly described as "one geo-cultural space."

This is a concept which is quite different from geopolitics. India is not pursuing some geopolitical goals, as the West is. We would rather stress the geo-cultural unity of this Eurasian/Central Asian region. The players here, traditionally, are Russia, India, and China, which have been interacting in the area of the Central Asian republics over many centuries: Russia, from the north; India, from the south; China, from the east. After the collapse of the Soviet Union, the Central Asian republics have stepped into the international arena, as independent actors. And, they don't need outside powers to fill in some geopolitical "vacuum."

Historically, we Indians have had close geo-cultural ties with this area, ties that are symbolized by the Dushan state, during the first and second century A.D. The Dushan state included northwest India, present-day Pakistan, Afghanistan, Xinjiang [province in China], and large parts of the present-day Central Asian republics up to the borders of Iran. The historical links across this geo-cultural area later became known as the "Silk Routes."

**EIR:** We would like to get into a discussion about some of the politics of the Silk Routes, but first: While the conference in New Delhi was going on, world attention was drawn to Kashmir, the so-called Kargil conflict between India and Pakistan. This is something that people don't quite understand in Europe and the United States, because it seemed like Indian-Pakistani relations were improving, with the February visit of Prime Minister Vajpayee to Lahore, the "bus diplomacy." Could you explain the situation in Kashmir, what you see it leading to, and some of the background to it?

**Kaushik:** It is really very unfortunate, that India and Pakistan should have come to a state of undeclared war, which was fought for several weeks. Our Prime Minister, as you know, had taken personal pains to ride a bus to Lahore; and this had really greatly improved the climate between our two countries.

But, Pakistan, as it is, has become a very complicated

country, particularly in the wake of the situation in Afghanistan over the past 20 years. Pakistan has very much been affected by the spill-over from Afghanistan of the “Kalashnikov culture” and the drug culture. Pakistan has pursued a very wrong policy of trying to create a strategic lever in Central Asia, to be used against India. Pakistan has been actively engaged in aiding and abetting the mujahideen in Afghanistan, who now — as have the Taliban — have acquired a very serious nuisance value of their own. It is becoming increasingly difficult for Pakistan to control these elements; they are no longer in need of financial support from Pakistan, nor do they need any arms supply from Pakistan. They are becoming a problem for Pakistan. Worse, the Pakistani Army has apparently acquired some vested interest in the narcotics and the arms trade. The government of Pakistan, according to many analysts, is a hostage in the hands of the Army.

This is one of the reasons that the “bus diplomacy” got wrecked. Our Prime Minister had wanted to improve the climate of relationship between our two countries, which might have helped in the long run to resolve the outstanding issue of Kashmir. The Pakistani aggression in Kargil amounted to a betrayal of the trust we had posed in the Pakistani leadership. While we were busy making new efforts to improve the climate of friendship between the two countries, they were planning to infiltrate our territory, by crossing the Line of Control in Kashmir, in violation of the Shimla Agreement — that the Line of Control will be respected as sacrosanct by Pakistan.

**EIR:** The Line of Control being what exactly?

**Kaushik:** The line marking the advance of Indian troops in Kashmir when the 1971 India-Pakistan War ended. That was made the Line of Actual Control in the 1972 Shimla Agreement between Indira Gandhi and then-Prime Minister [Zulfiqar Ali] Bhutto. Later on, the line of control was drawn very exactly on maps, and the military commanders of both sides signed the maps. So, both sides were treaty-bound to respect the line of control.

In violation of that, Pakistani forces entered some 15 kilometers deep into our territory, in the high mountain area around Kargil. It is extremely difficult to keep control of this territory. In the winter, our troops patrolling these areas were withdrawn. Taking advantage of this, Pakistani forces infiltrated our territory and positioned themselves and large amounts of supplies in the bunkers, which were manned by our troops during summertime. So, when the snow began to melt this year, and our soldiers moved back to the Line of Control, they found the Pakistanis, who fired on them. They were regular soldiers of the Pakistani Army; they were not in uniform, but several of them were killed and their identification papers were discovered, which showed that they were officers and soldiers of the Pakistani Army. There were also mercenaries, Afghan mujahideen, and other so-called Islamic mercenaries.

Pakistan tried to wash its hands of responsibility, saying

that the infiltrators were Kashmiri “freedom fighters.” The Pakistani line was: “What can we do, if you try to suppress the will for freedom of the Kashmiri people, and try to deprive them of the right to national self-determination? So, they are taking up arms, and we have nothing to do with it.” But then, it became impossible for them to convince the world at large, that they were not behind it. The evidence was too obvious: the identification papers, the intercepted signals, the sophisticated arms. That all proved that the fighting in the Kargil region was carried out by regulars of the Pakistani Army, by light infantry units.

**EIR:** How do you see the Kargil conflict in the broader strategic context? There are efforts for more Eurasian cooperation, but there are also international forces that are very much opposed to this kind of cooperation. The Kashmir situation erupted, just when the Kosovo war was raging.

**Kaushik:** For the moment the mood in India is one of gratitude to NATO countries, the United States and Britain, because they have supported diplomatically our position in Kargil, and they strongly pressed Pakistan to withdraw behind the Line of Control. But, I feel that things are not what they appear to be at first glance.

Looking at the strategic picture in its totality, the Balkans war and NATO’s thrust toward the Caucasus and Central Asia, I won’t be surprised if the military in Pakistan and, in particular, the military intelligence service, ISI, which is known for its strong links with America and Britain, were acting in some form of coordination with Western interests. At least, there seemed to have been some knowledge of, and maybe some promotion of, the Pakistani designs.

Look at the Caucasus, where Georgian President [Eduard] Shevardnadze wants NATO peacekeepers deployed in Abkhazia, or Azerbaijan, which also demands that NATO forces be deployed there. So, maybe these military and ISI circles in Pakistan wanted to create a situation, in and around Kashmir, to justify some sort of international arbitration or some kind of international peacekeeping.

For the present, perhaps Pakistan is being restrained by the United States. Currently, Sino-U.S. relations are estranged, through the bombing of the Chinese Embassy in Belgrade, the North Korean missile issue, the Taiwan question, and the alleged nuclear espionage. So, Washington might be thinking to keep India in good spirits for the time being. But, one has to remain careful on what the ultimate intentions are. I think that there is a definite interest in destabilizing all the great powers, or potentially great powers, which might some day form an entente, resisting plans for military domination of the world. And, as the international financial crisis deepens, I see a clear trend to use NATO as the muscle, bringing military pressure on countries which are not willing to toe the IMF [International Monetary Fund] and the financial oligarchy line. Look at how Britain is pushing this internationalization of NATO. I fear that NATO is becoming the military instru-

ment of the finance oligarchy, which is getting more and more desperate in view of the looming collapse of the international financial system.

This was discussed on the second day of our conference. There was much support for the assessment that there is a common threat to the security and stability of India, Russia, and China. The presentation by [Schiller Institute representative] Michael Liebig, on "NATO, the Emerging Eurasian Triangle and the Caucasus/Central Asia Region," evoked great interest and a positive response from the participants.

The second day session of our conference was addressed by Chief Minister of Jammu and Kashmir, Dr. Faruk Abdullah, who didn't mince words to decry the security threat, caused by forces of religious extremism and cross-border terrorism, brought up in the "nursery" of Afghanistan, with the direct assistance of outside powers. Dr. Abdullah made it very clear that today it might be India which happens to be at the receiving end, but China will not be far behind. He told conference participants that Indian authorities in Kashmir have arrested a number of Islamic terrorists, who in the process of interrogation revealed that dozens of military training camps are being operated in Afghanistan and Pakistan. And that, in these camps, young terrorist recruits from China, the Chinese province of Xinjiang, as well as from all the Central Asian republics, are being trained.

I think that recent events in Dagestan and Chechnya are proving this. Look at these Wahhabites, coming from Saudi Arabia. There are forces in the West which may, at times, for public consumption, deliver threats to the Islamic terrorist leader [Osama] bin Laden and demand his extradition from Afghanistan, but they are not reluctant to use these very forces when it suits them.

**EIR:** Could you say a few words about the potentials for cooperation between China, Russia, and India?

**Kaushik:** I think that there is a realization, even though slow, among influential circles in these three countries, that they face a common threat to their territorial integrity and their independence. They face destabilization attempts, which are fuelled by external forces. That realization is still to be strengthened; I think that mutual relations are still rather weak. As far as the Chinese are concerned, I think that they seem to be aware of these common security threats, as we have seen in their attitude toward the Kargil conflict. China insisted on a bilateral solution to the Kashmir problem; they did not lend any support to Pakistan, with which they have very warm relations of traditional friendship. They disappointed the Pakistani Prime Minister, who had gone to Beijing in search of support, but who had to cut short his visit and come back in just two days. So, there are some positive signals that the Chinese are distancing themselves from these Pakistan adventures. It is a good sign, but much more needs to be done to build up confidence between India and China.

There is no such lack of confidence between India and

Russia, but Russia at present is really economically weak and politically disoriented, which has obvious consequences for the efficiency of Russia's military forces. I think that the coordination between India and Russia in monitoring the activities of the forces of destabilization in Central Asia is developing quite successfully, particularly in Tajikistan. The same is not yet true in the case of China, although some positive developments have taken place of late. In his presentation, Prof. Ma Jiali from Beijing indicated that China would be willing to react positively to a suggestion made by India to share intelligence about the activities of religious extremists and cross-border terrorism. The Chinese participants recognized that Islamic fundamentalism is a threat to the stability of Central Asia. They admitted the existence of this threat to their part of Central Asia, while saying that it was not of a really big magnitude.

**EIR:** India is now leading up to national elections. Could you say a few words about what can be expected?

**Kaushik:** Elections will be held between the middle of September and the first week of October, the vote counting will begin Oct. 6. The election campaign has already started, and the political forces are busy making alignments. I think that the chances of Vajpayee and the National Democratic Alliance, with the BJP [Bharatiya Janata Party] at the center of it, are quite bright. The opposition is divided; the Congress Party is split. The National Congress, as it is called, is a big challenge to the Congress Party, led by Sonia Gandhi, in some of the states, particularly Maharashtra. The Janata Dal party is also badly split. I believe that Vajpayee's authority is recognized by the majority of Indian voters and this will determine the result of the elections.

**EIR:** You mentioned earlier that sponsorship of the Taliban and other extremists by elements in Pakistan has now become a problem for Pakistan itself. Is there a view in India that Pakistani Prime Minister Nawaz Sharif is himself hostage to these forces, that he does not control?

**Kaushik:** It is very difficult for us to judge. Our leaders would like to believe that the Pakistani Prime Minister was not part of this dreadful move in Kashmir. But, it is becoming clearer by the day that it could not have happened without his knowledge.

Pakistan, I would like you to understand, is a creation of the British, and it has remained a loyal, trusted ally of the British. The Pakistani military has for a long time been under the effective control of what you call the British-American-Commonwealth power group. Pakistan has been used against India, against Russia, and it might be used against China. The sooner the Chinese understand that, the better. Kashmir is close to Xinjiang and Tibet. If the forces of religious extremism and cross-border terrorism managed to entrench themselves in Kashmir, it would be just like a pistol being pointed to the head of China, in Tibet and Xinjiang.

# NATO, the 'Eurasian Triangle,' and the Caucasus/Central Asia region

by Michael Liebig

*Michael Liebig, from the Schiller Institute, Germany, gave the following presentation to a July 28-29 conference in New Delhi, on the topic of Indian relations with Central Asia. It was sponsored by the Maulana Azad Institute of Asian Studies, based in Calcutta. The proceedings, which will be published in book form, include a written contribution from Schiller Institute founder Helga Zepp-LaRouche on the Eurasian Land-Bridge and the "China-Russia-India strategic triangle."*

Zbigniew Brzezinski has decried the Caucasus/Central Asia region as the "Eurasian Balkans." In view of the past years' sequence of bloody conflicts on the territory of former Yugoslavia, culminating in this spring's air war by NATO against Serbia, it is obvious what Brzezinski's characterization entails. Not being specialized in Caucasus/Central Asian affairs, I will focus in my remarks on NATO's new doctrinal—and operational—thrust in respect to the Eurasian core powers and the Caucasus/Central Asia region.

## **NATO's 'new strategic concept'**

The April NATO summit in Washington signified the burial of the trusty "old NATO." Without any substantial public debate, neither in the U.S., nor in Europe, a new "strategic concept" for NATO was introduced. The "old" NATO was based on the principle of collective security, according to Article 5 of the 1949 Washington Treaty, to militarily guarantee the territorial integrity of the clearly defined area of the NATO member-states, against possible attacks by the then-Soviet Union.

In respect to this traditional NATO doctrine, on March 8, the Chairman of the U.S. Joint Chiefs of Staff, Gen. Henry Shelton, speaking at the Royal United Services Institute (RUSI) in London, said: "This narrow view of collective defense is, however, insufficient to counter the more sophisticated and subtle dangers we face today." NATO must "broaden its strategic perspective to protect all of our interests from a myriad of complex, asymmetric threats that span the conflict continuum." NATO must "place new emphasis

on the unpredictable and multi-directional nature of threats such as regional conflict, weapons of mass destruction, and terrorism," he stated.

Some two weeks after General Shelton made these remarks, and four weeks before the new NATO doctrine was formally passed, the commencement of NATO's 78-day air war against Yugoslavia over Kosovo, revealed what was lurking behind Shelton's convoluted sentences. The very real, bloody conflict on the territory of former Yugoslavia, which really began in 1989, when Yugoslavia lost its unique position between NATO and the Warsaw Pact, was exploited by NATO as a war which had global-strategic purposes going way beyond the Balkans as such.

## **The Balkan war's geopolitical aims**

NATO's air war against Serbia was to demonstrate:

1. Russia, internally exhausted by International Monetary Fund (IMF)-dictated so-called economic "reform" policies, no longer had any decisive say on the Balkans, traditionally an area of significant Russian influence.

2. China could no longer expect that it was accepted within the framework of the UN Security Council, as a global strategic partner, with whom cooperative solutions for pressing global-strategic issues would be sought. That point was to be demonstrated further by the deliberate bombing of the Chinese Embassy in Belgrade on May 7.

3. A strategically weakened continental Western Europe, Germany and France in particular, was to be "taught a lesson." Namely, that it lacked the political and military-strategic strength to oppose geopolitical designs, emanating from within the Anglo-American establishment, even if they contradicted continental Europe's self-interest.

4. Through the economic and infrastructural debility of Serbia, and the intention to install a "pro-Western" regime, a continuous geo-military space is to be created, to fill the gap between NATO in Western-Central Europe and NATO member Turkey, with its special military ties to Israel. Thus, a geo-military land corridor would be created from Europe's Atlantic coastline into the Caucasus/Central Asia region.



Schiller Institute representative Michael Liebig: “The world financial and economic crisis provides a unique ‘flank’ for finding a way out of the current global situation, in both economic and military terms.”

### **The United States and NATO: the battle within**

The third point has specific importance, because uncertainty on this point, leads to serious misassessment. Neither NATO, nor, even more importantly, the United States, can be viewed as “monolithic” entities. At the core of the problem, lies the issue of how the United States will ultimately define its role as the world’s superpower. There are two alternative definitions of the U.S. superpower role:

1. Will the U.S. engage in “productive competition” with the rest of the world, with the emerging great powers China and India, with an eventually recovering Russia, and with Western Europe and Japan? Will the U.S. try to stay ahead, within an overall developing and growing world economy, in which all nations will grow in strength—economically, politically, and also militarily?

2. Or, will the U.S. go the “British imperial way”? That means, the relative strength of the U.S. would be preserved—for some time—by the maximum weakening of all potential strategic competitors. This would mean a world of overall stagnation, decline, and disintegration, including of the United States itself.

The developments of the past ten years demonstrate that the U.S. has not really gained any in-depth, real economic strength, albeit it has kept a leading role in key advanced civilian and military technologies. However, the rest of the world combined, has lost much more in real economic, political, and military power, despite great progress in India,

China, and some other Asian states.

In both analytical and operational-strategic terms, it is of vital importance to make the relevant differentiation in respect to the United States. It is the British-American-Commonwealth (BAC) power group within the U.S. establishment, which has been pushing the second—neo-imperial, British—definition of America’s superpower role. I must emphasize here, that the BAC should not simplistically be confused with “the United States”; the BAC has much influence within the Clinton administration, but is not in total control of the U.S. government.

American foreign and security policy under President Clinton has been largely usurped by Secretary of State Madeleine Albright, the devout follower of her mentor Zbigniew Brzezinski, who is the present-day reincarnation of British geopolitician Sir Halford Mackinder. BAC influence on the Clinton administration also flows through Vice President Al Gore, plus his highly influential national security adviser Leon Fuerth, Secretary of Defense William Cohen, and the “permanent bureaucracy”—really, a “parallel government”—in the Pentagon and the intelligence community.

The new NATO strategy has been under intense discussion since January 1998, and, since January 1998, President Clinton had been in the line of fire of the Lewinsky affair. The attempts to neutralize the Clinton Presidency have not abated, even after the failed impeachment coup attempt. To understand the new NATO strategy, the continuing policy fights within the American political situation, as well as the world financial and economic crisis since 1997, must be adequately taken into account.

### **The new military ‘triad’**

It is out of this dynamic, that a fundamental shift in America’s military-strategic approach has emerged: the triad of air warfare, special forces deployments, and so-called information warfare (sometimes called cyberwar). At the same time, the threshold for the “first use” of tactical nuclear weapons, in case the conduct of war along the lines of the “triad” concept does not succeed, is significantly lowered. The ongoing Anglo-American “undeclared” war against Iraq, and the air war against Serbia, have been “test runs” for the new U.S. military strategy, and NATO’s “new strategic concept” is merely an outgrowth of this new U.S. military strategy.

In his London RUSI speech, Shelton attacked those “cynics” who “speculate that America seeks to shift NATO toward some kind of global role,” but then he confirms their suspicions, when he said that NATO must “redefine its mission . . . to reflect the geopolitical landscape to which it is anchored.” This includes the “amorphous,” “asymmetric,” and “complex” threats he sees as being located “beyond NATO territory,” but which Shelton claimed “directly affect NATO’s security.” NATO must have the ability “to respond

quickly and effectively to crises, either within NATO territory or in areas of fundamental interest to the Alliance.” The renowned Austrian military magazine *Österreichische Militärische Zeitschrift* is more blunt: “NATO’s strategic orientation will shift from an East-West scenario to a North-South or a West-South-East scenario, and thus cover an operational area which stretches from India to Morocco.”

### The ‘West’ and the Caucasus/Central Asia region

Zbigniew Brzezinski’s description of the Caucasus/Central Asia region as the “Eurasian Balkans,” does not just mean some geopolitical hypothesis; he is talking about operational policy of the BAC power group. In the Caucasus/Central Asia region there exists a plethora of most serious, and often bloody conflicts, and these conflicts are being exploited by the BAC, through the U.S. and NATO, for much larger, global geopolitical purposes.

I need not elaborate on what regional experts at this seminar can do much better. I will just list some areas in the Caucasus-Caspian Sea region, where some sort of “indirect,” politico-military intrusion of the U.S., Turkey, Britain, and/or NATO is occurring. This, despite the fact that Russia—in “institutional,” not just “political” terms—has told the U.S. and its European NATO allies, in no uncertain terms, that any attempt by NATO to expand, and incorporate, directly or indirectly, any of the former Soviet republics, would constitute a “red line.” The word “any” includes, most emphatically, the Baltic republics, Estonia, Latvia, and Lithuania, and the Caucasus republics of Georgia, Armenia, and Azerbaijan.

Both the governments of Heidar Aliyev in Azerbaijan and of Eduard Shevardnadze in Georgia, are calling for their republics to “join NATO,” “establish U.S. or Turkish bases,” or “bring in NATO or U.S. peacekeeping forces.” On June 29, Murtuz Aleskerov, Azerbaijan’s Speaker of Parliament, said, “Our country seeks to become a NATO member-state.” Under this perspective, Armenian forces could be expelled from the 20% of Azeri territory, which they occupied following the 1992-94 Armenia-Azerbaijan war. On July 1, Georgian Deputy Foreign Minister Giga Burduli said that Georgia had requested “NATO membership.” Azerbaijan has also asked for either NATO, the U.S., or Turkey, to set up military bases on its territory, and both Azerbaijan and Georgia have requested that NATO “peacekeepers” replace the Russian-Commonwealth of Independent States (CIS) ones in the Georgian breakaway republics of Abkhazia and South Ossetia, and in and around the Armenian region of Karabakh [enclave inside Azerbaijan].

In conjunction with these geopolitical destabilizations, the most dangerous immediate flashpoint is the breakaway republic of Chechnya, which has had, de facto, independent status [from Russia] since August 1996, when Russian troops withdrew. Chechnya is filled with armed gangs, both native

FIGURE 1  
The Caucasus chessboard



Chechen extremists and “imported” so-called “Islamic mujahideen,” who operate against the Chechen government of Aslan Maskhadov and stage regular armed provocations in cross-border raids against Russian forces stationed near Chechnya. Since the beginning of this year, these raids have dramatically increased, with over 100 people, mostly troops and police manning border posts, being killed. The “Islamic mujahideen” in Chechnya are financed by Saudi Arabian-Wahhabi networks and supported by Islamic Afghan war veterans and the Taliban. British intelligence has a significant “steering” input into these “Islamic fundamentalist” terrorist networks.

In late March, a bomb went off in the central marketplace of Vladikavkaz, the capital of the Russian-ruled autonomous republic of Northern Ossetia, killing about 60 people. Prior to this, British-steered “Chechen” irregular warfare had focussed on attacking the neighboring autonomous republics of Dagestan and Ingushetia. Since March, the same near-daily pattern of cross-border raids, murder, assassinations of officials, pillaging, and kidnapping, has also hit Northern Ossetia and the Russian territory of Stavropol, which also borders on Chechnya. It was in March, too, that the most spectacular kidnapping occurred, when “Chechen” extremists seized Russian Interior Troops’ Gen. Maj. Gennadi Spigun, an aide to then-Interior Minister Sergei Stepashin.

That kidnapping generated a Russian counter-escalation. Stepashin, as Interior Minister in the government of Prime

Minister Viktor Chernomyrdin, a close ally of U.S. Vice President Gore, had been responsible for convincing President Boris Yeltsin to take the fateful decision to invade Chechnya in December 1994. On July 3 this year, Stepashin's hand-picked Interior Minister, Vladimir Rushailo, informed the Federation Council [the upper house of parliament], of a new doctrine of "preemptive attacks" against "Chechen terrorism." Two days later, the first such attacks occurred, as Russian attack helicopters struck gang bases deep inside Chechnya. Such "preemptive" attacks are not to be made only by Russian Army or Interior Troops. On July 12, Interior Minister Rushailo visited Stavropol territory, near the Chechen border, and discussed the arming of Cossack detachments for "defense" of the border region and for cross-border operations into Chechnya.

The big danger in this situation, would be that Yeltsin would be tempted to use an armed conflict in the Caucasus, as a pretext to declare a state of emergency, under which the upcoming December elections to the Duma [the lower house] would be called off, and potentially, the Presidential elections would also be postponed.

### **The 'Eurasian Triangle' as enemy-image**

The enemy-image of the BAC geopolitical strategy, as reflected in the new American and NATO doctrines, is the so-called "rogue state"—Saddam Hussein's Iraq, the Serbia of Slobodan Milosevic or, perhaps, Iran. But, others, beyond the states mentioned, could very quickly become so-called "rogue states," if they ostensibly or actually threatened the hegemonic power position of the Anglo-American BAC group—be it in the financial-economic, or in the political-military realm. Therefore, there should be no surprise to see the BAC faction turning China increasingly into an enemy-image; that view has gained much acceptance in the U.S. Congress, as well as among many military and intelligence circles. The BAC power group knows that China is still relatively weak and that it would require about 10-20 years to reach the status of a co-superpower. In purely military terms, China's strategic nuclear arsenal is much weaker than that of France or England. The BAC faction wants to stop China, before it becomes a superpower. This has not eluded the Chinese, who have qualitatively strengthened their strategic cooperation with Russia—with its still impressive strategic nuclear forces.

The leading BAC elites are committed to breaking this Russian-Chinese cooperation, and to isolate China, calculating that an isolated China could not withstand a global power showdown. That is why the BAC used the Yeltsin apparatus and the Boris Berezovsky complex to bring down the Primakov government in Russia. India, which has become a nuclear power, also constitutes a potential "rogue state" as well; the more so, if India works together with Russia and China, in the economic and political-strategic realm. Thus, the "Eurasian

triangle"—China, Russia, and India—has become the principal geopolitical enemy-image of the BAC elites.

### **Western Europe caught in the middle**

On the one hand, the BAC elites need the logistical and military potential of NATO in Western continental Europe, for their global strategy, because they have lost much real economic and military-logistical substance in the U.S. over the last ten years, even though this is mostly not acknowledged in the public realm. On the other hand, they would

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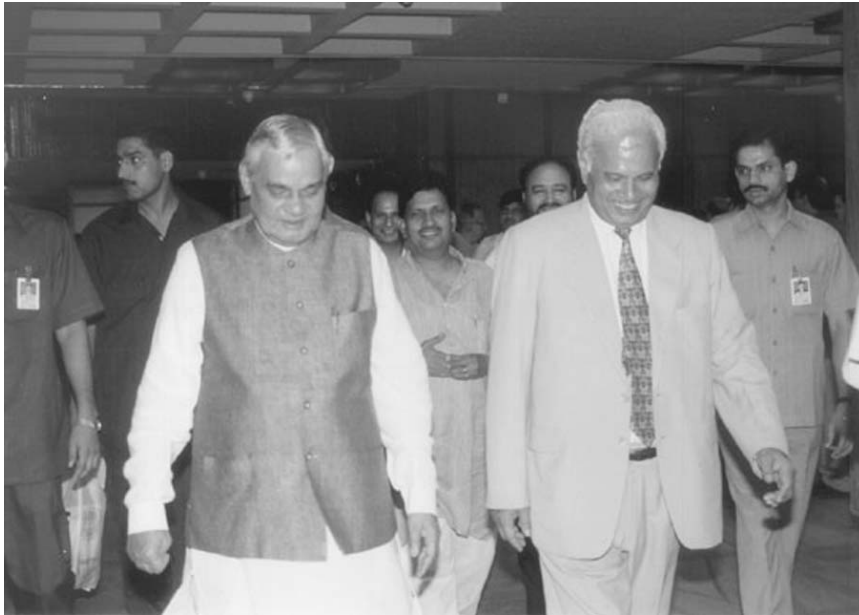
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like to avoid the political tensions and frictions with Western continental Europe, which inevitably emerge in the event of a transatlantic coalition forged to move militarily against a third party. A careful analysis of the recent Balkan war demonstrates this clearly. This is even more the case, if Western continental Europe considers itself not threatened by the third party or parties, or if Europe has substantial common interests with the would-be enemy.

Apparently, the BAC's desire is for Western continental Europe to accept and adopt, as far as possible, the new American military strategy, within the context of the "new NATO," but without continental Europe "meddling" too much in global political and strategic affairs. Obviously, Western continental Europe is torn between Anglo-American pressure to accept the transformation of NATO, on the one hand, and the attempt to prevent a "new Cold War" in Eurasia, on the other. The long-term economic and strategic interests for Europe's survival, demand that it stay out of any political or even military confrontation of the "West" with Russia or China. At the same time, it is in Europe's basic interest to prevent a transatlantic split with the United States.

Coming from Germany, I should note that there exists



*Indian Prime Minister Atal Behari Vajpayee (left) shown entering the New Delhi conference, where he gave the keynote address. With him is Prof. Devendra Kaushik (right), chairman of the Maulana Azad Institute for Asian Studies in Calcutta.*

among foreign and security policy experts, a significant recognition of the emerging “Eurasian triangle,” involving India, China, and Russia. An important indication was this year’s Wehrkunde conference in Munich, Germany. The annual Wehrkunde conference is one of NATO’s most prestigious events, which is usually addressed by the defense and/or foreign ministers of the U.S., Germany, France, and Britain. Since 1992, high-level Russian government and military representatives have also been participating. This year, for the first time, Mei Zhaorong of China’s Institute of Foreign Affairs, and H.E. Brajesh Mishra, National Security Adviser to the Prime Minister of India, addressed the Wehrkunde conference. I know from senior conference participants, that the Indian and Chinese presence in Munich was meant to make a very definite point, in recognizing the two great Asian powers’ standing in global strategic affairs. Besides, the two contributions were seen as exceptionally refreshing, considering the usual conceptual redundancy in NATO’s foreign and security community.

In Germany, there is some definite recognition about the strategic necessity that a “Eurasian triangle” emerge. How would you expect otherwise, when Zbigniew Brzezinski states, that for the United States, continental “Europe [is] not a partner, but a protectorate”? Brzezinski said so in Vienna in late June, in front of a dozen heads of state from Central and Eastern Europe, who responded by shaking their heads in bewilderment. Brzezinski added that “global hegemony” is not the right way to characterize America’s role; American “omnipotence” would be a better characterization.

It is, therefore, quite natural that the nations of continen-

tal Europe would wish to see a strong, stable, and economically developing China and India, and a recovering Russia, as well as the deepening strategic cooperation among these three great Asian/Eurasian powers. And, one should add, such a state of affairs in Eurasia, is in the best long-term self-interest of the United States, whose very own development and prosperity depends on stable and prospering partners in Eurasia.

### **Eurasia: the triangle and the Land-Bridge**

Obviously, in the political-strategic and military-technical realm, the “Eurasian triangle” has made significant progress, especially in the past months. However, if a new “Euro-atlantic” versus “Eurasian” Cold War, with exploding regional conflicts, is to be prevented, something more than a quasi-mirror image, “geopolitical counter-

design” is necessary.

The political-strategic and military cooperation in Eurasia among China, India, and Russia, needs a sound economic basis. Here enters the economic development strategy of the Eurasian Land-Bridge, or the New Silk Road, which the Schiller Institute and the American politician and economist Lyndon LaRouche have been promoting for several years. The Eurasian triangle, in political-strategic terms, and the Eurasian Land-Bridge, in economic terms, are the two sides of the same coin, so to speak.

Here we have to address a truly fundamental point, without which any attempt to draw a truthful picture of the global strategic situation must become blurred and disorienting: the global financial and economic crisis.

### **The world financial crisis**

Currently, conventional wisdom will concede that, over the past two years, there has been an unfortunate series of crises in the world financial system: an “Asia crisis,” a “Russia crisis,” a “Brazil crisis,” a real depression in Japan’s economy, and “irrational exuberance” on Wall Street, which was Alan Greenspan’s way of describing financial asset price inflation. I would simply call it an utterly unsustainable financial bubble. But, conventional wisdom will categorically deny that all these financial and economic eruptions during the past two years, are anything other than just different expressions, symptoms, or “fronts,” of one global and systemic financial crisis.

The manifold crises in different segments of the financial system, can no longer be adequately explained just as con-



crete, localized situations or abnormalities. The above-mentioned series of recent financial disasters, as typified by the so-called Asia crisis, are not an arbitrary accumulation of isolated crises of different, specific origins. What is really important, is not the individual causality of the specific episodes, but the causality for the series of crises.

Their denial of the global and systemic nature of the situation, explains the complete failure of the crisis-management policies of the IMF and the G-7 governments and central banks. None of these institutions, to date, has in the least been able to “re-stabilize” the global financial system. These crisis-management actions have only “bought some time” for keeping the current system going, by actually worsening its overall condition, through the combination of vast bailout packages, IMF “conditionalities,” and massive central bank liquidity pumping. Whenever, during the past two years, the financial situation was declared to be “back under control,” for sure, the next, and worse, crisis was about to hit. And so it will be this very autumn.

### **The Clausewitzian transposition**

This global financial-economic crisis entails a twofold strategic dynamic. First, the really dangerous one: the economic-financial crisis becoming a military-strategic crisis as well. Here, one must comprehend the Clausewitzian transposition of the financial-economic crisis into a military-strategic crisis. For the current global strategic situation, the Clausewitz dictum, that “war is the continuation of politics by other means,” remains as valid as ever. Economic-financial problems, which governments are politically unwilling and/or incapable of resolving effectively, by means of economic and financial policy changes, tend to get “resolved” by “other means.”

During the October-November 1998 turning point in the global financial crisis, the BAC’s current confrontation/war drive was enacted. First came the “undeclared” war against Iraq, using the faked “Butler Report” as a pretext. Second, came the drive to qualitatively transform NATO, by ramming through the neo-imperial “New Strategic Concept.” Then came the war in the Balkans, which could have been diplomatically averted, if Russia’s and the UN’s involvement had not been deliberately obstructed, before March 24.

Back to Clausewitz’s dictum, that “war is the continuation of politics by other means.” “Politics” is the totality of political, economic-financial, social, and cultural factors. The content of politics is primarily determined by the existence or absence of economic, social, and cultural development. Ultimately, that decides whether there is war or not, whether there is development or not. The politics of development does not need a continuation “by other means.” A strategy of development is “self-sufficient,” so to speak, as it can realize its aims by economic, political, and cultural means. A policy of economic, social, and cultural decline, erosion and disintegration, however, necessarily leads to its

continuation by other means—confrontation, pressure by force, and war. War may take many forms: conventional war, civil war, irregular war, or war with WMD [weapons of mass destruction]. A strategy of non-development inevitably leads to an “entropic quantum jump” into the regime of war.

### **The crisis as an opportunity**

But, there is a second option that can be brought about by the shock effects of the global economic and financial crisis. These shock effects can lead to a reversal in the power rela-

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*The inescapable need to structurally reorganize the global financial system and to re-stimulate the world economy, opens up enormous chances for the Eurasian Land-Bridge, if China, India, and Russia are determined to act at the right moment. Nothing short of such a transnational mega-development project will re-stimulate the largely depressed industrial capabilities of Europe, Japan, and the core real economy of the United States.*

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tions within the United States and continental Western Europe, that is, within NATO. As a consequence of a systemic meltdown in world financial affairs, what seems currently to be the “omnipotence” of the BAC power group, acting through the IMF and similar “international financial institutions,” might be transformed into the equivalent of the “emperor with no clothes.” The inescapable need to structurally reorganize the global financial system and to re-stimulate the world economy, opens up enormous chances for the Eurasian Land-Bridge, if China, India, and Russia are determined to act at the right moment. Nothing short of such a transnational mega-development project will re-stimulate the largely depressed industrial capabilities of Europe, Japan, and the core real economy of the United States.

Thus, the world financial and economic crisis provides a unique “flank” for finding a way out of the current global situation, in both economic and military terms. Here lies the unique chance for spoiling the geopolitical design to enact a “Euro-atlantic” versus “Eurasian” Cold War, with lots of “hot” regional conflicts exploding across Eurasia. Here lies the unique chance for an alternative to the Caucasus/Central Asia region becoming the “Eurasian Balkans.”

# Murderous British-backed Kagame regime wins big in the Congo

by Linda de Hoyos

Speaking at a forum on Aug. 12 sponsored by the U.S. Institute for Peace, a satellite of the U.S. State Department, institute associates John Prendergast and David Smock put forth a policy for the implementation of the July Lusaka accords that were designed to end the six-country war in the Democratic Republic of Congo (D.R.C.), which is guaranteed to continue the spiral of bloody confrontation in the Congo and throughout the region.

The plan revolves around the “security” measures stipulated by the accord, which are the agreement’s “most important element,” said Prendergast, who has recently hopped over to an institute post from the National Security Council. The pact calls for the establishment of a multilateral force under the command of a Joint Military Commission, to be comprised of military representatives of all states currently involved in the war. The security stipulation calls for the “formalization of a regional security framework to reunify the region around a common platform against the non-state actor,” Prendergast explained. The mission is to forcibly disarm the “non-state actors,” which prominently include any Rwandan Hutu resisters to the Kagame Rwandan Patriotic Front (RPF) regime and Congolese resisters to the Rwandan-Ugandan occupation of eastern Congo. The groups will be called upon to “assemble and register” their members, and if they refuse, then they will be the target of multilateral military operations.

Asked by one member of the audience why neither he nor Smock had mentioned the atrocities carried out against the civilian population of the Congo by extremists on the rebel side with its Rwandan and Ugandan military supporters, Prendergast replied that no bias was intended. He was himself frustrated after having raised the issue of the mass murders in Congo carried out against refugees and civilians in 1996-97 by the Rwandan-Ugandan invaders. He said that he had urged that the issue be taken up by the UN Security Council, but there was “no interest.” It seems that “this issue has been sacrificed,” said Prendergast. “How to resurrect it now? I don’t know.”

(See below for excerpts from the Report of the Special Rapporteur to the United Nations Roberto Garreton, and a report from Human Rights Watch, on the murders and other human rights violations carried out by the invading forces in the Congo in the 1998-99 war.)

To the contrary, Prendergast stated point blank that the security measures in the accord “give full legitimacy and support” to the demands of the Rwandan regime of Defense Minister and Vice President Paul Kagame for the elimination of any and all insurgencies that operate in the environs of Rwanda and Uganda.

## Gold is the game

But just as Prendergast was announcing the world’s support for Rwanda’s security concerns, which Kigali says was its sole reason for invading the Congo on Aug. 2, 1998, serious fighting was breaking out in the Congo city of Kisangani between Ugandan and Rwandan forces, supposed allies in the fight against the Congo government of Laurent Kabila. The military clashes, which reportedly left at least 200 Ugandan soldiers and 50 civilians dead by Aug. 19, are the result of a political clash between the two allies over their split sponsorship of competing Congolese rebel factions.

Uganda backs the Congo Liberation Movement of Congolese businessman Jean-Pierre Bemba and the faction of the Rally for Democracy in Congo (RCD) of Ernest Wamba dia Wamba, both headquartered under Ugandan military protection in Kisangani. Uganda, according to the Ugandan pro-government newspaper *New Vision*, has trained thousands of Congolese troops for Wamba’s faction. Rwanda, meanwhile, backs the new leader of the RCD, Emile Ilunga, whose faction is headquartered under Rwandan military protection in Goma.

The competition among the three “rebel groups” resulted in neither Wamba’s nor Ilunga’s signing of the Lusaka accords, thereby perpetuating the war.

The serious nature of the military clashes between Rwanda and Uganda gives the lie to the entire game. The real issue is not who will control the RCD, but rather, who will control the gold, and implicitly, the entire vast mineral wealth of eastern Congo, which brought Uganda and Rwanda—with British Commonwealth extraction companies, such as Barrick Gold, Banro Resources, and American Mineral Fields, following behind—into the Congo in the first place. As Reuters cited one diplomat in Kinshasa saying, the conflict in Kisangani “shows why they [Uganda and Rwanda] are really here. This is not just about security interests. This is a good exposition to the international com-

munity of what is at stake.”

Kisangani is the center for the diamond trade in the north-eastern region, and the base from which Uganda controls gold mines. For months, the Kagame regime has been complaining about Ugandan Chief of Staff James Kazini, who is in direct charge of Ugandan military operations in Congo. Late last year, Kazini’s brother was killed in a crash of a small plane containing gold, along with an Israeli businessman affiliated with the business operations of Museveni’s half-brother and former adviser to the President on Defense, Salim Saleh. Underscoring that money is the real bone of contention in Kisangani now, *New Vision* reported that two Ugandan businessmen were also recently killed outside the Congo Palace Hotel by Rwandan troops, and another six Ugandan businessmen in Kisangani are missing.

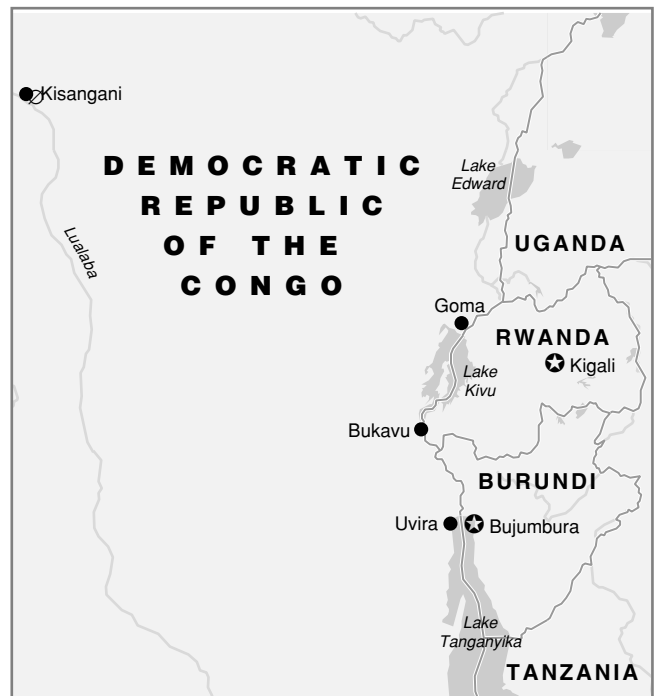
The timing of the clash, however, appears to have resulted from the scheduled arrival in Kisangani of a team from Zambia, the mediating country of the Lusaka accords, to verify the relative military strength of the two RCD factions, following futile diplomatic interventions by South Africa, Tanzania, and U.S. Assistant Secretary of State for African Affairs Susan Rice to broker a deal between the two and get the accord signed.

Initially, the fighting, beginning on Aug. 9, involved Ugandan troops, along with those of Wamba, against forces of Ilunga’s RCD. Joseph Mudumbi, who heads the RCD-Goma’s department of “territorial administration,” declaimed to Agence France Press on Aug. 10 that Ugandan President Yoweri Museveni is “trying to weaken the RCD, because he is in a leadership war with Rwanda in this region. The Ugandans have many more economic objectives in the D.R.C. than political or security ones. For this reason, their presence here is not justified.” The same day, the Rwandan Patriotic Army (RPA) warned the Ugandan military that if it attacked their positions in Kisangani, the RPA would return fire.

Full-scale clashes between Rwanda and Uganda broke out on Aug. 15-16. After three days of intensive fighting, in which the Rwandan army destroyed the hotel in which Wamba was headquartered, a cease-fire was called. But not before U.S. National Security Council official for Africa Gayle Smith had been dispatched to Kampala, Uganda, to try to patch up differences between the two countries. Museveni and his Rwandan counterpart Pasteur Bizimungu first met in Kampala, and then Museveni and Kagame met in southwestern Uganda before the fighting was brought to a short halt, although fighting erupted again.

It is not clear how long the cease-fire will hold. Rwandan military officers on the ground are claiming that Ugandan forces have been run out of Kisangani. In Uganda, meanwhile, Presidential adviser John Nagenda told the Aug. 17 *Washington Post* that he believed “things will be worked out. But if Uganda and Rwanda were to go their separate ways, the biggest loser would be Rwanda. Nobody’s going to throw us out of Kisangani. I know that for a fact.”

FIGURE 1  
The war region



There are also reports that a third party joined the fray: the Tutsi military regime of Burundi, which reportedly sent 400 troops to Kisangani on the side of the Rwandans.

As the fighting in Kisangani was being quelled for the moment, Congo Ambassador to the United Nations André Kapanga called upon the United Nations to condemn Uganda and Rwanda, because their fighting had violated a truce which was supposed to facilitate a UN polio immunization campaign in the region. He further called for UN sanctions against Rwanda and Uganda for “their systematic pillaging of Congolese natural resources, which is the real reason for their aggression against the D.R.C.”

Now, after protracted negotiations in Uganda on Aug. 20-22, involving South African Foreign Minister Nkosazana Zuma, Museveni, and Kagame, an agreement has been reached to end hostilities between the armed forces of the two countries in Kisangani. The stalemate on which faction would sign the Lusaka accords, has also been reportedly resolved with the idea that all 28 founding members of the RCD would sign, including both Ilunga and Wamba.

### Lusaka land-clearing

If such a signing does take place, then the Lusaka accords will officially go into effect. Combined with the Rwandan apparent victory in Kisangani, this is no mean achievement for the Kagame regime, since, as Prendergast said, the accord

provides the cover of total legitimacy to the demands of particularly Kigali for a “pacification” program for eastern Congo, which can only result in the deaths of thousands more civilian Congolese, among others. The “disarmament” process called for can only bring about a protracted and bloody war, with no guarantee of success against guerrillas operating in an ideal jungle terrain.

The Lusaka accord originally stipulated that the “disarming” of the non-state actors should be carried out by a UN peacekeeping force, but Prendergast expects that no such force will be authorized. Instead, there will be a transfer of international resources to the joint military commission comprised of the militaries of Rwanda, Uganda, the D.R.C., Zimbabwe, Namibia, and Angola.

“The international support [for the commission] will be robust,” said Prendergast, and will include: logistical aid to the commission to track down the non-state actors; intelligence and information input, which would include satellite communications and likely intelligence provided by satellite to pinpoint the locations of the targets; aid in transferring the captured and surrendering non-state actors so that it is a “humane process,” and aid for their training and education to enter into civilian life; and reassurances to the Congolese people that once the “security concerns” of Rwanda and Uganda are met, their forces will be withdrawing from the Congo.

According to Ugandan press accounts, the groups to be “disarmed” include the ex-soldiers of the former Rwandan army (ex-FAR); the “Interhamwe”—a misnomer for any Rwandan Hutu who resists the Kagame regime; the Allied Democratic Forces of Uganda; the Forces for the Defense of Democracy of Burundi; the Former Ugandan National Army; the West Nile Bank Front of Uganda; the National Army for Liberation of Uganda; the Lord’s Resistance Army of Uganda; and the Uganda National Rescue Front II. “These armed groups are expected to comply with the [Lusaka] agreement by voluntarily going into camps,” Ugandan Regional Cooperation Minister Amama Mbabazi explained to the Ugandan Parliament on July 16. “Those who do not comply will be disarmed by force and encamped.” Mbabazi said, however, that some groups would be offered total amnesty.

The list of groups in itself is peculiar, since it is widely known, for instance, that the Lord’s Resistance Army is not anywhere near the Congo, but has safe haven in Sudan, and furthermore, has been quiescent for the last eight months. Meanwhile, John Garang’s Sudanese People’s Liberation Army—a non-state actor which, however, enjoys the backing of Prendergast et al., not to mention British intelligence—is *not* on the list, but *is* known to operate in the Congo. According to the cited Human Rights Watch report, the SPLA in the Congo, “presumably on the side of the RCD, also committed abuses against civilian populations in eastern Congo.”

When asked by this reporter whether, given the long, bloody, and expensive process of forcible disarmament, any-

one was attempting to talk to any representatives of the groups on the list to see if there might be a more efficient route to bring them out, Prendergast replied that he was “opposed to any negotiations. We are not going to pull a Sierra Leone here”—referring to the peace agreement between the Sierra Leone government and the Revolutionary United Front. Smock qualified that discussions could be held with two excepted groups—UNITA and the Burundian FDD. The point is, Prendergast said, “now a multilateral force with international support” will be doing what the Rwandan army was doing by itself before. The major responsibility would fall on the Zimbabwean and Congolese armed forces, he indicated, evidently on the presumption of the truth of Rwandan charges that Zimbabwe was arming and training Rwandan Hutus against the Kigali regime, and therefore would now be forced to either disarm or eliminate them.

Aside from disarming the selected “non-state actors,” Prendergast also indicated that the counterinsurgency platform will require separating these actors from the civilian population. The former Adviser on African Affairs to the National Security Council cited as the model of a successful counterinsurgency campaign, that carried out by the Kagame regime in northwestern Rwanda during 1997-98. Here, the RPA countered a new insurgency sprung up to defend Hutus in the area, through a policy of vicious reprisals against the civilian population, and ultimately the forced removal of hundreds of thousands of Hutus from their farms and homes into camps in the mountains of northwestern Rwanda. Here, they live without adequate medical care or food, on an inadequate lifeline provided by the World Food Program. These camps still exist more than a year later. The forced relocation then permitted the RPF to hunt down the insurgents—driving them across the border, to the Congo, where the RPF evidently requires a “multilateral internationally supported force” to destroy the insurgents.

Prendergast also called for organizing the local population into armed militias, presumably to help carry out the platform against “non-state actors.”

As the report of the UN Special Rapporteur Roberto Garretón shows (see *Documentation*), the RPF has used the same tactics of reprisals against civilians in return for any attacks from insurgents against its armed forces in Congo.

The Lusaka accords promise to keep eastern Congo in a maelstrom, over which Kinshasa will have no control. It thus stands as a *de facto* acceptance of the partitioning of the Congo, and a commitment to the continuation of violence in the region—a policy that will bring many more deaths and much more suffering to the people of the region. Such mass death is to the greatest benefit of the British Commonwealth financial and mining interests who have seized upon the Rwandan and Ugandan militaries as useful tools. To these interests, the people of east Congo are sitting on massive mineral wealth, and must be removed, one way or another.

### UN Garreton report: RPF mass murder in Kivus

*The report of Special Rapporteur for the United Nations Human Rights Commission Roberto Garreton, issued in May 1999, affirms that the populations of the eastern Congo, including those refugees from Rwanda and Burundi, have been a continual victim of the invasion of eastern Congo from Uganda and Rwanda beginning in September 1996. The Rwandan Patriotic Front (RPF) is the ruling regime in Rwanda. In an earlier report, the Special Rapporteur had fully confirmed EIR's early reporting<sup>1</sup> of the genocidal attacks on Rwandan refugees by the Rwandan and Ugandan armies, along with Laurent Kabila's Alliance of Democratic Forces for the Liberation of Congo-Zaire (ADFL) in 1996-97. The Special Rapporteur put forward the figure of a minimum of 200,000 civilian refugees, mostly Rwandan and Burundian Hutus, murdered by the invasion forces in the first Congo war.*

*The May report further confirms EIR's continuing reports of massacres against the people of eastern Congo, under a succession of occupying armies since 1997. The war had been exacerbated by tensions in eastern Congo between indigenous populations and the Banyamulenge (Tutsis from Rwanda long settled in eastern Congo). As was documented by EIR, even with the bringing to power of Kabila in Kinshasa on May 17, 1997, the war in eastern Congo continued against the civilian population. As Garreton reports in these excerpts:*

28. The over-weighting of Tutsi in the [Kabila] government caused considerable unease in the population, which had welcomed victory as a liberation. This discontent was aggravated by the paralysis of democratization and contempt of the historic opposition. The Rwandan presence in the east was especially resented, since it was perceived as a real form of foreign occupation.

29. The historic problems of the east (ownership of land and access to power) were aggravated. In 1998, there were serious clashes, attacks, and burning of property resulting in numerous deaths, injuries, and displaced persons in North Kivu: Mera, Limangi, Kibumba (Jan. 8), Lubango (May 1), Goma (May 16 and 17). ADFL forces pursued anyone sus-

pected of helping the Mai-Mai, and one of the Alliance leaders, "Commander Strongman Kagame," undertook to exterminate the suspects. The suspects [Mai-Mai] are former guerrilla fighters of the time of Pierre Mulele, a companion of Patrice Lumumba. They have no ideology: They sided with the Interhamwe against the invaders, but, when Kabila appointed Banande and Baniaga to representative posts, they chose him over Mobutu. Later, however, they fought the ADFL, which they identified with the Rwandan Batutsi. Since the rebellion [Aug. 2, 1998], they have been connected with the FAC [Armed Forces of the Congo]. In September, they attacked the rebel headquarters, and that attracted public sympathy. In order to facilitate the resettlement of the Tutsis, population records were burned. In South Kivu, the main events occurred in Bukavu on Feb. 18, 1998, when massive searches were conducted for Mai-Mai militiamen. Butembo was taken by the Mai-Mai and recaptured later by ADFL using unprecedented violence that resulted in the deaths of at least 300 people (Feb. 20 and 21). The [FAC] moved whole communities (Kibumba, Rugari, Byahi, Tyazo) as a means of facilitating military maneuvers, as recognized by the Provincial Security Council of North Kivu.

30. There were three parties to the conflict: a) Tutsi, Banyamulenge, FAC, and Rwandan Patriotic Army [RPA] moving back and forth between the Democratic Republic of Congo and neighboring countries, supported by the Kinshasa government; b) Mai-Mai, remaining Interhamwe, and former members of the Rwandan Armed Forces (FAR); and c) the civilian population, the main victim, which was becoming increasingly sympathetic to the Mai-Mai, although all it really wanted was peace.

31. Many traditional chiefs (*mwami*) were replaced by Tutsi (in the communities of Tombo, Bamnbu, Bakumu, Kibasi, Bukombo, Butalonga, and Kibumba) and often arrested, accused of cooperating with the Mai-Mai.

#### Children recruited into the military

*In August 1998, the FAC in the eastern Congo rose in mutiny against the Kabila government, which rebellion was soon supported militarily by Rwanda and Uganda. As reported by EIR at the time, the rebellion and invasion sparked an anti-Tutsi pogrom in Kinshasa. Further, "government forces and their Angolan and Zimbabwean allies indiscriminately shelled civilian populations in Kimbaseke, Masina, Boma, Moanda, Ndjili, and Mikonga (Kinshasa), killing hundreds of people. Many Tutsis in western Congo have been detained." Further, as Garreton reports, the FAC continues to recruit children as soldiers:*

104. Even before the conflict and more so after it broke out, the [FAC] continued recruiting children (known as *kadogos*). It is estimated that around 10,000 children are in military service. The *kadogo* child, Malumu, aged 13, was sentenced to death, after which his sentence was commuted to life imprisonment.

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1. See, *Never Again! London's Genocide Against Africans*, an EIR Special Report, June 1997; "The Kigali-Kampala Bloody Annexation of East Congo-Zaire," EIR, Oct. 24, 1997; "Washington Is Careening Toward a Debacle in Africa Policy," EIR, June 26, 1998.

## Situation in RCD-held areas

*On the situation in the areas occupied by the Rally for Democracy in Congo (RCD) since the beginning the 1998 war, the Garreton report presents the following:*

54. It is not easy to discover the facts owing to the dictatorship imposed by the rebels in the occupied zones. Humanitarian organizations have difficulty operating—although there has been some improvement in Goma and a few other towns—and there is no freedom of expression or freedom of the press. Only occasionally a clandestine radio station is able to broadcast. Power is held by the Rwandans, who are rejected by a population that feels humiliated and by some officials put in place by the AFDL prior to the conflict. Political parties are banned, except the [RCD]. A more careful investigation is therefore needed.

55. The victims of violations of Article 3 of the [Geneva] Conventions have been the democratic sectors opposed to the rebellion, non-combatant Mai-Mai, indigenous chiefs and social organizations, and Katangan soldiers of the [FAC]. The victims are mostly young people, or children, who object to enlisting in the rebel forces. Like in the 1996 conflict, the victims' bodies are thrown into the Ruzizi River.

56. According to NGOs [non-governmental organizations] in South Kivu, some 120 people died each day in the first 15 days of September in the two Kivu regions. The most serious violations of the Geneva Conventions were the massacres at Kasika on Aug. 24, 1998 (648 victims) and Makobola on Dec. 31 (about 500 killed), the second incident being a consequence of the impunity that followed the first. Other cases are reported in annex IV.

57. Some facts indicate that the casualty figure could be very high: It was reported that a mass grave with 630 bodies of persons captured by rebels in Uvira, Kiliba, and Sake had been discovered in Kasenga, South Kivu. In addition, some 150 civilians were killed by rebels on Sept. 6 in Kirunga, apparently in retaliation for a Mai-Mai attack. Similar cases were reported from Kalemie, after the fall of the town.

58. Persons suspected of being close to Kabila have been arbitrarily deprived of liberty and some have been deported to Rwanda. This is extremely serious, since nothing is known of what happens to them in that country. Cases reported to the Special Rapporteur included the following: between Aug. 2-8, 1998, some 356 Katangese detained between Uvira, Bukavu, and Goma; on Sept. 14, about 30 traditional chiefs detained; four persons detained in December (Babunga, Agustín; Chubaka; Bugugu; and Mrs. Muke, in retaliation for not finding her husband). Fears were expressed that some of the victims have been cremated (in Bugesera or in Gabiro) in order to leave no traces. . . .

60. The rebels have also raped women belonging to indigenous ethnic groups, as acts of war (see annex XIII.D). Similar events occurred in Bukavu (Aug. 24); in Essence (Kibonge) and Kadutu; in Mwenga, Walungu, and on the Island of Idjwi. . . .

## Refugees and displaced persons

64. None of the projects for the peaceful return of the 1994 refugees to Rwanda had the backing of the governments concerned.

65. It is alleged that there are still some 170,000 Rwandan refugees in hiding in North and South Kivu, who come out only to obtain medicines and food or to attend church. They are protected by the Congolese population, but are being pursued by the "English-speaking soldiers." . . .

## Right to equality and non-discrimination

110. In rebel territory, membership of the Tutsi ethnic group, which is in an absolute minority, guarantees privileges and immunities which have been firmly rejected by the local population, particularly when they have led to the removal and harassment of traditional chiefs.

## Right to security of person

111. Fear and distrust prevail in the zone occupied by the rebels. The only recognizable authority is that of the members of the Rwandan and Ugandan armed forces and the Congolese who serve them out of fear. The historic anti-Rwandan feeling reported on by the Special Rapporteur since 1995 has become hatred. The soldiers, both those who are paid and those who are not, have turned to looting; they use stolen vehicles for troop transport or send them to be sold in Rwanda. In Kisanгани, the Tufuate and Lisanga Protestant schools were turned into garrisons. These incidents are going on in the provinces of Kivu and in Kalemie, Goma, Fizi, Baraka, Uvira, Kindu, Moba, Kabalo, Myunzu, Mbuji-Maji, Moanda, and Kasika. . . .

## Situation of children

122. The rebels have recruited 10-year-old children. In the Kapalata military camp, which houses 3,000 allegedly Mai-Mai children, many were eliminated before the conflict by the Rwandan soldiers in charge of them (they "disappeared" 900 in less than one month); this caused even more serious clashes between Congolese and Rwandans. Other children were executed by the rebels for not joining the rebellion.

## Human Rights Watch report

*The Garreton Report is further corroborated by a report issued by Human Rights Watch in February 1999. The HRW report emphasizes the pattern of reprisals on civilian populations for attacks on the RCD, Rwandan, Burundian, and Ugandan militaries by militias operating in eastern Congo, including the Mai-Mai. The HRW further reports on the pattern of disappearances perpetrated by the RCD and its eastern military allies:*

The RCD military and the Rwandan, Burundian, and Ugandan forces supporting them have been responsible for a pattern of arbitrary arrests, illegal detentions, and "disappearances." The rate of these abuses varied over time and differed between provinces in the east. Arbitrary arrests, illegal detentions, and "disappearances" in North Kivu have decreased

significantly since August and September.

In South Kivu, however, these types of violations continued at an elevated rate into December, highlighted by a wave of arrests and intimidation of academics, NGO leaders, and other members of civil society in late November and early December. RCD authorities and their military allies frequently accused those arrested of being collaborators with Mai-Mai, Interahamwe, or of being distributors of hate propaganda.

Human Rights Watch interviewed present and former detainees and prisoners of war (POWs) in the east, including some who had been held in illegal detention centers. Some arbitrary arrests and illegal detentions were accompanied by killings, torture, and inhumane treatment by RCD and allied forces. Human Rights Watch interviewed survivors from a group of approximately 48 young men and one young woman, most of whom were arrested by RCD military on Sept. 14 in Goma in the wake of the Mai-Mai attack on the town. The 49 detainees were held by the military in a shipping container at Goma International Airport without food, water, or ventilation. The shipping container, typical of many used as detention centers in the east, measured approximately six feet by six feet by fifteen feet with no windows or light. By Sept. 16, twenty-seven of the detainees had died of suffocation. Three of the survivors, who had helped with removal of the bodies, had scars on their backs which corresponded with their testimony that the military had cut them with knives and beat them during their arrest.

During a site visit by Human Rights Watch to a container at Goma International Airport, an RCD military commander confirmed that he had used shipping containers there until mid- to late-November as holding places for civilians arrested by RCD military and their allies. The commander stated that the containers, empty upon inspection by Human Rights Watch, were presently used only for short-term detentions and that he now transferred prisoners to the appropriate civilian or military authorities in Goma.

Other containers and private residences throughout the east are reportedly still in use as detention centers, especially for those suspected of collaboration with Interahamwe or Mai-Mai. One young man arrested near Goma in early October by Kinyarwanda-speaking members of the RCD military told Human Rights Watch he was held for two days without food or water in a container located in a quarry just north of Goma. He said four of the approximately 15 others held with him died from dehydration, exhaustion, and a lack of medical care on the second day of his detention. Many of the detainees, including those that died, were from the Monigi village on the northern outskirts of Goma, a predominantly Hutu area suspected of supporting Interahamwe. The young man was subsequently transferred to a private residence in Goma, known as the house of Mr. Hakazimana, where he was held for approximately two months. He said the approximately ten detainees who were held in this residence were beaten four

times a day, fed every other day, and forced to use a hole in the floor of their holding room for a toilet. According to the young man, some of the detainees were transferred to Rwanda. After almost two months in detention, the young man was transferred to the jail of the RCD army known as "Bureau two" where he was interrogated by a judicial police officer and accused of being Interahamwe. The young man was released without explanation in early December. One of his arms, still in a bandage when interviewed by Human Rights Watch on Dec. 6, was partially paralyzed from being tied for extended periods of time during his detention.

Other illegal detention centers in the east were reportedly located at the homes of Rwandan and Congolese military commanders in cities throughout the east, including Uvira, Bukavu, and Goma. One such center was located at the residence of an RCD officer in Goma known locally as commander "Celestin," who was reportedly a member of the Rwandan army. One former detainee at this residence described how he and other detainees were beaten and tortured in Commander Celestin's custody and, upon their release, threatened with death if they spoke about their experience. . . .

One woman interviewed by Human Rights Watch claimed that her husband was being held in the residence of a Rwandan commander in Goma known locally as commander "Ngoyi." When asked why her husband was arrested, she claimed that "if you're Hutu, you're Interahamwe; if you're Hunde, you're Mai-Mai. There is no other motivation." Many Congolese in the east felt that the RCD and their predominantly Tutsi military allies were arresting Congolese based on their ethnicity alone. Many individuals arrested by the RCD military were never acknowledged to be in detention, they "disappeared" and remain unaccounted for. One such incident occurred in late November when nine men were abducted by troops during a service at the Neo-Apostolic church in the village of Monigi. Witnesses including the wives of the "disappeared" claimed that the men had been abducted by Rwandan forces and that the nine had been taken to Rwanda. Witnesses recognized one of the soldiers who had grown up in Monigi and later joined the Rwandan army. As of mid-December, RCD authorities had not provided information on the whereabouts of the nine. Many human rights reports received by Human Rights Watch claimed that people abducted were transferred to Rwanda, with some sources claiming that prisoners were sent to a detention center at Rugerero in Gisenyi prefecture. One high-ranking RCD official confirmed that individuals arrested in eastern Congo were at times transferred to Rwanda. Other reports claimed that arrests followed by "disappearances" were frequently carried out by members of the RPA's own troops in the Congo. Numerous witnesses cited commander "Gapari" in Goma and commanders "Pascal" and "Ilias" in Bukavu, all reportedly members of the RPA, as being responsible for many incidents of arbitrary arrest, illegal detention, including at their own residences, and ill-treatment in Goma and Bukavu.

# International Intelligence

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## ***British Army turns thumbs down on 'Randy Mandy'***

The British military rejected any possibility that Peter Mandelson might replace George Robertson as Defense Secretary, when the latter assumes his post as NATO Secretary General in October. Mandelson was forced out as Minister of Trade and Industry on Dec. 23, 1998, after several of his outlandish homosexual escapades in Brazil came to light, earning him the name "Lord Mandy of Rio." According to the Aug. 22 issue of the *Sunday Telegraph*, Britain's top brass won't have Mandy, even though he is said to be Prime Minister Tony Blair's first choice.

While Mandelson was key in developing what became known as Blair's "Third Way" for Labour (and Al Gore's Democrats), he was also on the executive committee of the New Atlantic Initiative project of the right-wing Mont Pelerin Society's American Enterprise Institute. The NAI pushes direct confrontation with Russia, and global expansion of NATO.

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## ***Gen. Bedoya's office burglarized in Colombia***

During the night of Aug. 19, the headquarters of the Fuerza Colombia Movement, a political association led by Gen. Harold Bedoya Pizarro (ret.), was broken into and burglarized. The attack took place while General Bedoya was in Lima, Peru, where he was attending to academic and political commitments. Despite the fact that General Bedoya had repeatedly called on the Colombian government and relevant authorities to provide security to his movement's headquarters, this was never provided. The consequences of such governmental neglect are now evident.

Taken from the headquarters in Bogotá, were, among other objects, computers, telephones, fax machines, documents, and files of the Fuerza Colombia movement. At present, the perpetrators and motive of the attack are unknown, but knowledgeable sources consulted by *EIR* state that it was an act of political intimidation, and that the criminals were "after the documents and the files,"

in particular. These sources also expressed concern that this attack might be only a prelude to still more serious attacks against General Bedoya and his associates.

General Bedoya, former commander of the Colombian Armed Forces, former Defense Minister, and former Colombian 1998 Presidential candidate, has been one of the most intransigent enemies of the drug trade, and of its narco-terrorist groups, the FARC and the ELN, also known as the "Third Cartel." General Bedoya opposes the policy of President Andrés Pastrana, of handing national territory over to the narco-terrorists, for the sake of an illusory and impossible "negotiated peace" with the Third Cartel. Bedoya proposes, instead, an Ibero-American alliance against drugs, and greater cooperation with the United States against this evil. General Bedoya had just completed a successful tour in Argentina and Uruguay on Aug. 8-14, where he spoke on these issues.

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## ***France to fight in UN vs. Iraq bombing, sanctions***

France is preparing to lead a fight in the UN Security Council to get the sanctions against Iraq lifted. French Foreign Minister Hubert Védrine's office has issued four statements in the last month, the most recent on Aug. 20. Védrine's ministry objected to the continuing U.S.-British bombing raids, which violate the rules of engagement initially set by the U.S., Britain, and France, within the framework of UN resolution 688. Air power was to be deployed to stop the Iraqis from using their own air force against the Kurdish or Shiite populations inside the exclusion zones.

The French contend that Iraq's capability to produce weapons of mass destruction has been dismantled. Therefore, the UN should establish a "control commission" to monitor Iraq, and ensure that it does not produce these weapons or pose a threat to the region. In return, economic sanctions should be lifted and reviewed every 100 days.

A summary statement says, "By making the lifting of sanctions subject to a condition that cannot be fulfilled, any possibility of

lifting sanctions is made impossible. The present situation where the authority of the Security Council is undermined and challenged, the Iraqi people continue to suffer, and the Iraqi regime continues not to be under control, is not satisfactory."

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## ***Ramos Horta issues war cry over East Timor***

Nobel Peace Prize laureate, East Timor's José Ramos Horta, issued a blood-curdling cry for war against Indonesia in East Timor, in the Aug. 18 issue of Australia's *Sydney Morning Herald*. Ramos Horta warns that "full-scale violence before or after the Aug. 30 [autonomy] vote is now almost certain." He states that the only "fair" vote on Aug. 30 will be a rejection of autonomy, paving the way for an independent East Timor. He then details an international war plan against Indonesia by the "peace-loving" pro-independence faction: "The next phase of resistance will be much more desperate and ferocious and will not be contained to East Timor.

"To start with, no Portuguese government would ever recognize the result of a fraudulent ballot. Domestic opinion would force it to secure a mandatory arms embargo and economic sanctions against Indonesia by its European and NATO partners.

"The UN Secretary General would be pressed to seek an ad hoc war crimes tribunal on East Timor to indict Indonesian military officers (past and present) and militia leaders. The World Bank . . . would be under extreme pressure from many quarters to freeze new funds for Jakarta. The U.S. Congress would vote against allocating funds. . . .

"Indonesian diplomatic and trade representatives in Australia and Europe would be targeted by demonstrations, picketing, and sit-ins. Indonesian peace-keepers sent to other areas of conflict would be in danger and ostracized. . . .

"More than 100 computer wizards—mostly teenagers—in Portugal, Spain, Ireland, Belgium, Brazil, the U.S., and Canada are preparing a plan targetting the computer network of the Indonesian government, army, and banking and finance institutions



**QUEEN ELIZABETH** was furious at Prime Minister Tony Blair when she found out about Britain's involvement in the bombing of Yugoslavia from the television, according to the Aug. 20 issue of *Private Eye*. "After 46 years on the throne, the Queen has become accustomed to being the first to know about important national events." Blair had been dodging his weekly audience with the Queen, at which he is supposed to brief her on the realm's doings.

**GEORGIA'S** State Minister Vazha Lortkipanidze told journalists in Tbilisi on Aug. 18 that the Georgian leadership has no reason to doubt the sincerity of the official apology received earlier that day from Russian Foreign Minister Igor Ivanov, for the Aug. 9 incident in which Russian planes dropped mines on the village of Zemo Omalo, close to the Georgian border with Dagestan, Interfax reported.

**AN UZBEKISTAN** provincial town court on Aug. 18 handed down sentences ranging from 8 to 15 years imprisonment against six men accused of participating in Feb. 16 bomb attacks in Tashkent. Two of the accused are brothers of Mohammed Solih, one of the leaders of the banned Erk opposition party, whom President Islam Karimov has accused of masterminding the attacks.

**BRITISH COLUMBIA** has become the leading producer of marijuana in North America, according to the London *Financial Times* of Aug. 21. Since the decriminalization of marijuana, the Canadian province has outstripped the Netherlands for allowing possession and production of marijuana. In fact, Dutch growers seem to be flocking to British Columbia to raise pot crops there.

**IN MYANMAR,** a spokesman for the State Peace and Development Council warned the opposition, led by Aung San Suu Kyi's National League for Democracy, not to attempt to mount "internal riots" on Sept. 9, 1999, a numerologically significant date for Buddhists.

to create chaos. A dozen special viruses are being designed to infect the Indonesian electronic communications system, including aviation.

"One computer wizard recently told me: 'We will terminate their banking system. We will invade their sites and destroy them. People will be scared to travel to Indonesia when they know that we are also infecting their air communications. We will cause them to lose hundreds of millions of dollars.'

"My concluding message to the Indonesians is: Back off before Indonesia is plunged into a new round of an even more costly war."

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## ***UN war crimes trials set Cambodia up for new war***

EIR has confirmed key features of the latest proposal submitted to the Cambodian government by the Assistant Secretary for Legal Affairs of the UN Ralph Zacklin, to try Khmer Rouge war criminals, which was leaked to the *New York Times* of Aug. 12. The proposal, which was rejected by Prime Minister Hun Sen as a violation of Cambodia's sovereignty, calls for a "mixed" tribunal, including Cambodian and foreign judges and jurists. The trial is described as a joint trial of all key surviving Khmer Rouge leaders. The proposal fails to provide for an appeals process.

However, a majority on the panel of judges—comprised of five or seven members—would be appointed by UN Secretary General Kofi Annan, leaving foreign judges to effectively dictate the outcome of the proceeding. Annan will also appoint a foreign prosecutor. The UN has said it will withhold all funding for this cynical misadventure until the Phnom Penh government arrests and hands over to the yet-to-be-created tribunal the indicated surviving Khmer Rouge leaders. The wrinkle is that except for Ta Mok, the former Defense Minister, and Duch, the chief executioner at Tuol Sleng prison, none of those named has been charged with *any* crime. Ta Mok and Duch are being held in custody under a 1979 law that declared the Khmer Rouge an illegal organization.

Cambodia has been waiting since spring

for the UN to send legal experts to assist in drafting a law against genocide/crimes against humanity and a law that will allow foreign judges and lawyers to participate in proceedings in Cambodia. Zacklin's proposal is what they received.

Prime Minister Hun Sen told Japan's Kyodo News on Aug. 18: "If we arrest these people [Khmer Rouge], then it will frighten the others [10-20,000 Khmer Rouge loyalists] to go into the jungle and cause fighting again. And then who will be responsible for the fighting? In Cambodia there is still a possibility of war again, if we do not now handle the problem properly. . . . What we cannot agree with regarding the proposed plan is that they would like us to arrest these people before they have been charged by a court of law. . . . It is tantamount to a violation of the sovereignty of an independent country which is also a member of the United Nations."

Agence France Presse quoted Hun Sen as saying, "It is now high time for me to say Cambodia can solve its own problem and not allow outsiders to destroy it under the guise of justice. . . . The UN allowed the Khmer Rouge to go on killing for 20 years and allowed the Khmer Rouge to sit in the seat of the United Nations."

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## ***Algeria's Bouteflika continues peace overtures***

Algerian President Abdelaziz Bouteflika continued his efforts at restoring peace in Algeria, which has been wracked by civil war since 1992, when the military seized the government to prevent the Islamic Salvation Front (FIS) from winning elections. Twice in August, Bouteflika spoke favorably of the Jan. 9-13, 1995 meeting of all of Algeria's opposition groups, including the FIS, convened under the aegis of the Catholic lay organization, San Egidio Community. The platform adopted to restore peace became known as the "San Egidio proposals."

Bouteflika made his statements first in Oran, during a meeting with civilian representatives, then, a day later, before the African press corps in Algiers. His statements were broadcast on Algerian national television.

## Money-washing scandal slams Gore and cronies

by Edward Spannaus

“Who Robbed Russia: Did Al Gore Know About the Massive Lootings?” was the headline of a prominent op-ed in the Aug. 25 *Washington Post*, which opened:

“You can see the question rumbling toward Al Gore like a freight train in the night: What did the Vice President know about the looting of Russia by organized crime, and why didn’t he do more to stop it?”

No reader of *EIR* would have been taken by surprise that this freight train is rumbling toward Al Gore. We told you it was coming, and why.

### The Gore-Chernomyrdin collusion

At the beginning of 1999, *EIR* asked the question, “Will Al Gore be impeached?” and, in a series of articles during January (“Will Al Gore Be Impeached?” *EIR*, Jan. 22; “Al Gore Caught in Corruption with Wall Street Cronies,” *EIR*, Jan. 29), detailed how Vice President Al Gore had sealed a corrupt alliance with then-Russian Prime Minister Viktor Chernomyrdin, to reinforce each other’s mutual drive for power, and to ensure that Russia would pay its foreign debts at all costs. This was complemented by Gore’s secret arrangements with his Wall Street cronies—including hedge fund operators George Soros and D.E. Shaw—who stood to take big losses on a Russian default. We described how Gore had raised over \$1 million from his Wall Street cronies between January and August 1998, and how, when the Russia crisis hit in July–August, Gore invited his Wall Street cronies to a White House meeting to discuss how Gore could use his Russian connection to protect their speculative investments.

We also reported how Gore had gone behind President Clinton’s back in August 1998, making a series of calls to Moscow to get Chernomyrdin back in as Prime Minister.

*EIR*’s coverage continued through our March 19 publica-

tion of the blockbuster “Gore, Chernomyrdin Caught Up in Russian Gem Scandal,” which reported on the “Golden ADA” diamond-smuggling scandal in which Gore’s friends Chernomyrdin, former Finance Minister Boris Fyodorov, privatization tsar Anatoli Chubais, and others, were implicated.

A common theme throughout *EIR*’s coverage was the suppression of evidence of Chernomyrdin et al.’s corruption by Gore and Gore’s National Security Adviser Leon Fuerth. We

reported how, last November, the *New York Times* disclosed that, during 1995, CIA analysts had uncovered conclusive evidence of the personal corruption of then-Prime Minister Chernomyrdin. The report was sent to Gore’s office, where it was rejected and sent back “with a barnyard epithet scrawled across its cover.” Intelligence officials told the *New York Times* that “the Vice President did not want to hear allegations that Mr. Chernomyrdin was corrupt, and was not interested in further intelligence on the matter.” The *New York Times* story also said that CIA officials had submitted reports to the White House containing classified information pertaining to corruption among other Russian leaders such as Chubais.

We also reported that, a few days after the publication of the *New York Times* story about Gore’s rejection of the CIA report on Chernomyrdin, *New York Post* financial columnist John Dizard had written that Fuerth “has his fingerprints all over this week’s scandal about the cover-up of Chernomyrdin’s and Chubais’s organized crime connections. . . . Fuerth’s role in this might become an issue when people look at Gore’s record.”

### The Bank of New York story

The renewed attention to Gore’s role in aiding, abetting, and then covering up Russian corruption, was triggered by a

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Feature

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*EIR* readers knew months ago, what the rest of the world is finding out now: that Al Gore had forged a corrupt alliance with Russia's Viktor Chernomyrdin and a host of Russian organized crime figures.

story in the Aug. 15 *New York Times*, reporting that U.S. Federal officials are investigating one of the biggest money-laundering operations ever uncovered in the United States, involving as much as \$10 billion funnelled through accounts at the Bank of New York—a figure which later was put at \$15 billion. The initial coverage emphasized that the suspect accounts are linked to Semyon Yukovich Migolevich, a major figure in Russian organized crime, who is said to be involved in arms trafficking, extortion, prostitution, etc.

As the story was breaking, the Bank of New York suspended two senior officers. One of these is Natasha Gurfinkel Kagalovsky, who headed the bank's eastern European division. Since 1995, she has been the wife of Konstantin Kagalovsky—a key figure in the inner circle of British-trained “reformers” who carried out the “shock therapy” and privatization program which decimated the Russian economy after 1991. As the scandal has developed, Kagalovsky has emerged as far more central to the scheme, than the mobster Mogilevich.

As you will see in Rachel Douglas's article in this package, Konstantin Kagalovsky was already the head of the Thatcherite, British-created International Center for Research and Economic Transformation in Moscow before the collapse of the Soviet Union: In August 1991, he met with British Prime Minister John Major at 10 Downing Street. In 1992, he became Russia's chief negotiator with the International Monetary Fund (IMF). In 1994, he joined Menatep Bank, and today is vice-president of Yukos Oil company. He lives in an

expensively renovated 19th-century Moscow mansion, with photographs of his meetings with George Bush and Margaret Thatcher adorning the walls.

Kagalovsky is also part of Al Gore's “inner circle” in Moscow. Kagalovsky is a close friend of former Prime Minister Viktor Chernomyrdin, and press reports say that Kagalovsky was expected to head Chernomyrdin's Presidential campaign. But, *EIR*'s files show that back in April 1998, reports were already circulating in Moscow that Kagalovsky had been appointed head of the financial apparatus for Chernomyrdin's year 2000 election campaign. In response to a question during an interview with *Kommersant Daily* on April 21, 1998, Chernomyrdin acknowledged that he was meeting with Kagalovsky, and that he hoped Kagalovsky would participate in his election campaign.

*EIR* has been told that, a month earlier, at the March 1998 meeting of the Gore-Chernomyrdin Commission, Gore and Chernomyrdin had reached an agreement to “cover each others' backs,” and to attempt to promote each other from the number-two position to the number-one position in their respective governments. Boris Yeltsin apparently got wind of the scheming, and in less than two weeks, he fired Chernomyrdin and replaced him with Sergei Kiriyenko. Chubais, Kagalovsky's mentor and the architect of the Russian privatization schemes which created today's Russian “oligarchs,” was also dumped at the same time.

It was at that point that Gore began plotting as to how he could get Chernomyrdin back into the government—which

he succeeded in doing, at least temporarily, with the Aug. 24, 1998 firing of Kiriyyenko and the appointment of Chernomyrdin as acting Prime Minister.

### More friends of Gore

Since the original leaks to the *New York Times* which resulted in the Aug. 19 story—and much finger-pointing between U.S. and British law enforcement officials as to who was responsible for the premature disclosure of the Bank of New York investigation—the story has expanded almost daily.

Bank of New York was quick to point out that no allegations of wrong-doing had been lodged against it. But, it quickly emerged that the bank had charged the Russian Inkombank an extraordinary \$56 per money wire transfer—about six times the normal rates—and that when Inkombank transferred its accounts from Republic Bank in 1992, the Bank of New York had promised Inkombank that it would be much less vigilant about handling its accounts. (U.S. banks are required to submit “suspicious activity reports” to the U.S. Treasury reporting unusual or suspect activity. Bank of New York had filed only one such report—and that was after authorities began their investigation, according to the *New York Times*.) Bank of New York also went to bat with Federal Reserve Chairman Alan Greenspan, asking for approval for Inkombank to set up an office in New York City.

The Aug. 24 *Wall Street Journal* reported that a number of major European banks have come under investigation for their role in helping to move billions of dollars from Russia and eastern Europe through the Bank of New York. Units of Crédit Suisse, UBS, Dresdner Bank, Westdeutsche Landesbank, and Banque Internationale à Luxembourg, were all involved in the movement of some \$4 billion from the former Soviet bloc, to Bank of New York’s London offices during the past year, the *Journal* reported. But, of that \$4 billion, only about \$200 million is linked to Russian organized crime figure Semyon Mogilevich—raising interesting questions about the rest of it. One official, noting that 90% of the business seemed to be legitimate and straightforward, asked whether the 90% was providing a “wonderful camouflage” for the criminal 10%.

The *Wall Street Journal* also reported that, besides the Bank of New York, Bank of America also went to bat for Russia’s Inkombank, urging state and Federal regulators to grant Inkombank’s application to open a branch in New York. According to the *Journal* account, Bank of America’s May 1995 letter called Inkombank’s directors “highly responsible, prudent, and professional businessmen.” (By the way, Inkombank collapsed last October.)

What is particularly interesting about this, is that Bank of America is the parent company of the D.E. Shaw hedge fund, which poured \$40,000 into Al Gore’s political action committee last fall, at the height of the Russia crisis. D.E. Shaw was in fact the largest contributor to “Friends of Albert Gore, Jr.”

### Scandals here, there, everywhere

Numerous investigators have characterized the Bank of New York scandal as only “the tip of the iceberg”—and that is obviously the case.

- For two years, Swiss investigators have been investigating a group of 300 companies linked to the Yeltsin inner circle known as “the Family.” Russian Prosecutor General Yuri Skuratov was working closely with the Swiss prosecutors, and Skuratov himself came under vicious attack from the Kremlin at the beginning of the year. Skuratov was suspended by Yeltsin at the beginning of April, but the Federal Council (the upper house of the Russian parliament) rejected Yeltsin’s effort to remove him.

In mid-July, Swiss prosecutors announced that they had opened a money-laundering investigation into Kremlin property-manager Pavel Borodin, Borodin’s wife, and 22 others, and had asked banks to freeze all of their accounts. Much of this centers around the Swiss-based Mabetex construction firm.

- The *Journal of Commerce*’s John Helmer reported on Aug. 24 on a two-year investigation of fraud into cut-rate sales of Russian titanium and magnesium. There is currently a lawsuit in New Jersey, brought by the Russian firm Avisma (Aviation Special Materials) under U.S. RICO law. The lawsuit says that Menatep Bank, among others, defrauded Avisma and skimmed millions from the company. The *Wall Street Journal* reported two days later that law-enforcement investigators are looking into the Valmet firm, based on the Isle of Man, in this connection.

- In December 1998, Skuratov’s office was stepping up its investigation into the Golden ADA gem-smuggling operation, and Skuratov announced that there would be “significant exposures” in the near future. In February, while Skuratov was under intense attack from the Kremlin, he announced that the Golden ADA investigation was essentially completed, but little has been heard of it since. At that time, the Russian *Obshchaya Gazeta* reported that “the most sensitive issue is Viktor Chernomyrdin’s involvement in the case,” and it said that Golden ADA operation had been discussed at meetings of the Gore-Chernomyrdin Commission in the mid-1990s.

- The diversion of IMF funds is also under intense investigation. This was something that Skuratov had also been investigating, particularly the channelling of funds through the offshore Financial Management Company (FIMACO), and a report on FIMACO had been issued by the Federal Council in the summer of 1998. This is a particularly hot issue in the U.S. Congress—and because of Gore’s having taken such a prominent role on Russia policy, he is coming under direct attack in this respect also.

### From the beginning

The role of Skuratov and the Federation Council, plus the short-lived efforts to stabilize the Russian economy under

Yevgeni Primakov's prime ministership, demonstrate that this is not a "Russian" problem in general, no matter what some U.S. "conservatives" might want to draw from it. The corruption is localized in a very specific group, which served as the instrument for British- and U.S.-sponsored "free-market" reforms starting in 1991-92—under the Bush administration—and whose looting schemes ("privatization," etc.) created the clique of wealthy "oligarchs" now centering around the Kremlin.

Rachel Douglas's accompanying article shows that this criminality and corruption is not an aberration or a distortion of the "reform" process, but that this was the intention from the beginning! The Mont Pelerin Society band of "free marketers," which recruited the likes of Kagalovsky, Chubais, and Gaidar already in the 1980s, promoted the "institutionalization" of the underground, criminal economy—putting into practice Bernard Mandeville's creed that every vice has its economic benefit, and the creed of every monetarist and free-marketeer since: that notions of morality have no place in economics.

In U.S. government circles, the spokesman for this gang of thieves has been Vice President Albert Gore, Jr. Since the breaking of the Bank of New York story and the burgeoning scandals associated with it, Gore's spokesmen have explained that Gore was "out of the loop;" Fuerth went so far as to say that Gore "would not have been aware" of the Bank of New York situation, and that "he learned of it from reading the newspapers."

Perhaps Fuerth and Gore should attempt to retrieve that 1995 CIA report on Chernomyrdin's corruption which they called "b---s---" and sent back to the Agency. As one official recently told the *Washington Post*: "It was all laid out for Gore . . . and he didn't want to hear it."

## Criminality was the *policy* in Russian 'reform'!

by Rachel Douglas

The spokesman for Yukos Oil sounded like Bahgjet ("I'm just a businessman") Pacolli of Mabetex, when he answered questions about the company's vice-president, Konstantin Kagalovsky, whose wife is one of two Bank of New York officers, suspended in the money-laundering probe. "Yukos has nothing to do with this scandal," Maxim Buchkov was quoted in the *Moscow Times*. "The only reason [Kagalovsky's] name is coming up is because of his wife."

Not quite! In *EIR*'s articles on the 1990s looting of Russia,

Konstantin Kagalovsky figures as a kingpin of the scheme to package the criminal takeover of the former Soviet Union's economy, as "reform." With Yegor Gaidar and Anatoli Chubais, Kagalovsky was one of the small group of young economists, cultivated by the Mont Pelerin Society's London Institute for Economic Affairs, to grab the reins of state power in post-Soviet Russia. On Aug. 21, 1991, the day the standoff between the (Soviet) State Emergency Committee, leaders of a coup attempt, and President of Russia Boris Yeltsin ended in favor of the latter, marking the beginning of the end of the Soviet Union, Kagalovsky was at 10 Downing Street to confer with Margaret Thatcher's successor and protégé, British Prime Minister John Major. As a member of the Gaidar team in power, Kagalovsky became Russia's first "director" at the International Monetary Fund (IMF), when the country's membership was finalized in 1992.

### Crime pays

"What is the causal relationship between the shock therapy, so-called, and such phenomena as organized crime, corruption, and the narcotics trade, based on examples of countries where it has been applied?" Russian political activist Viktor Kuzin asked *EIR* founder and contributing editor Lyndon LaRouche in an interview in November 1993.

LaRouche replied, "Well, you see, the way it's recommended in, say, Bolivia, Peru, and so forth, the Harvard Group in particular who have recommended this, [Jeffrey] Sachs's teachers, openly admit that *organized crime is an integral part of their chaos process, which they say leads to the kind of capitalist economy they want to create*. The murderers, thugs, and gangsters of today, become the capitalist entrepreneurs of tomorrow—after they get through killing each other off, the survivors become the capitalists. . . . When you hear the word 'informal economy,' you're talking about organized crime. Their intent is to destroy Russia, by turning it over to a mafia, knowing that if there's nothing but a mafia looting the country, you're going to have nothing but gangsterism and prostitution. And they say, out of this will come—after they get through killing each other off by Social Darwinism—you'll get the great genius capitalists of the future, they will come out of the survivors of this *nomenklatura* shooting each other. . . .

"There was a joke I told many times, beginning in 1990. For many years, for decades, the Communist Party of the Soviet Union told the people that capitalism is thuggery and theft. One day, Gorbachov said, 'Comrades, we're all going to become capitalists.' And they understood. And we see the usual thing. And then they sent, from the United States, Robert Strauss, the Prince of Thieves, as ambassador."

### 'Institutionalized' criminality

The ideological center for the promotion of criminality as the motor of economic progress, is the Mont Pelerin Society, founded in the late 1940s by the Austrian economist and ar-

dent foe of the nation-state, Friedrich von Hayek. In our Sept. 6, 1996 feature on the criminal takeover of Russia, *EIR* documented Mont Pelerin Society official Count Max von Thurn und Taxis' overt advocacy of "unrecorded transactions," which are tax-free, unregulated, and earn "higher incomes than would otherwise be the case." Crime pays!

The Mont Pelerin doctrine was the key to the Russian "reforms," executed by Kagalovsky and his group. Look back at the first installment of Roman Bessonov's "IRI's Friends in Russia: The Anti-Utopia in Power," in that same 1996 issue of *EIR*:

"[Reform economist Vitali] Naishul's 1991 tract [on the 'institutionalization' of the black market] reads like a Mont Pelerin Society textbook, replete with fawning over von Hayek. It is reminiscent of *The Other Path*, the treatise on the informal economy as the locus of 'real' economic activity and freedom, written by Hernando de Soto, head of the Peru-based Institute for Liberty and Democracy, and the man George Bush once, in a speech at the United Nations, hailed as an exemplar of creative economics for the Third World. It echoes the infamous 1980 accolade to 'The Underground Economy,' by longtime Mont Pelerin Society treasurer Max von Thurn.

"It is no surprise to find the theme of 'institutionalized' criminality so thoroughly articulated by a Russian in 1991, because the Mont Pelerin Society trained its sights on the Soviet Union, and eastern Europe, nearly a decade before.

"In 1983, the Centre for Research into Communist Economies (CRCE) was organized in London, out of the Institute for Economic Affairs. The IEA, headed by Lord Harris of High Cross, is the main Mont Pelerin think-tank in Britain.

"CRCE representatives began to go into eastern Europe in the mid-1980s, especially to Hungary. There, they met a young Russian economist named Anatoli Chubais, member of a loose group that included Yegor Gaidar and other future leading lights of the 'reform' in Russia. There were similar contacts, also made in Hungary, of the CRCE with people from Poland and Czechoslovakia, including the future prime ministers of those countries, Leszek Balcerowicz and Vaclav Klaus. Before long, Gaidar and other Russians were travelling to London as guests of the CRCE, or convening with students of the Mont Pelerin agenda from throughout eastern Europe, at seminars held in Hungary, Vienna, or the United States.

"Lord Harris, among whose published titles is *The End of Government . . . ?*, co-founded the Moscow-based International Center for Research into Economic Transformation (ICRET), in 1990. It began to collaborate closely with the similarly named (Russian) Institute for the Economy in Transition, launched under the auspices of Academician Abel Aganbegyan and subsequently headed by Yegor Gaidar and Vladimir Mau. At the end of 1991, that Russian institute nearly folded, because most of its staff entered the government of Yegor Gaidar, the first prime minister of independent Russia, chosen by President Yeltsin. From the Mont Pelerin-trained group, Gaidar became prime minister; Mau was his

assistant for economic policy; Andrei Nechayev was minister of economics; Leonid Grigoryev (later at the World Bank) was chairman of the Committee on Foreign Investment; 500 Days Plan co-author V. Mashchits headed the committee for economic relations with Community of Independent States countries; Pyotr Aven was minister of foreign trade; Sergei Vasilyev was head of the government's Center for Economic Reforms. Konstantin Kagalovsky, the first executive director of Lord Harris's ICRET, was detailed by the Russian government to handle its negotiations with the International Monetary Fund (IMF)! Above all of them, Anatoli Chubais spread his wings as the privatization czar — officially, as chairman of the State Committee for the Management of State Property, which was actually a commissariat for eliminating state property.

"Lord Harris and his collaborators were in a position analogous to that of British Foreign Office agent Bernard Pares in March 1917, who exclaimed over the Kerensky cabinet, formed after Russia's 'February Revolution,' that 'it seemed like a dream. Of the twelve new ministers, seven were actually collaborators of my *Russian Review* in Liverpool. . . . To me it all seemed almost too good to be true.' "

### 'One of ours'

In a March 1996 interview, Lord Harris fondly recalled his Russian pupils: "We got to know Gaidar and some of his friends. . . . We've had them over here, we introduced them to Thatcher and this kind of thing. . . . I have met people in Russia, I used to be able to rattle off their names, names like Kagalovsky, and Vasilyev, and all these people, and I have met chaps who are as lively-minded, and open-minded and as liberal-minded, as the people who make up the IEA in London and elsewhere. I have met chaps there who know about Hayek, I didn't have to tell them. They have read Hayek and [Milton] Friedman and others, and are very, very bright."

As liaison with the IMF, Kagalovsky gave the press conference on March 3, 1992, to announce Russia's first memorandum to the IMF, clearing the way for membership. It was the first of many official pronouncements about how Russia would be squeezed by the IMF, to extract a new income stream for the international financial bubble, under the cover of "fighting inflation": "I will remind that the main purpose of this program is to ultimately and irrevocably surmount *inflation*."

Like many of the "young reformers," Kagalovsky soon departed into the politely called "private sector." Pyotr Aven's company was "FinPA," which stands for "The Finances of Pyotr Aven," and his bank was named Alpha Bank, after the most privileged, "alpha" clones in Aldous Huxley's *Brave New World*. Alfred Kokh shifted from the State Property Privatization Committee, to work full time at the Montes Auri ("Mountains of Gold") investment firm. Yukos Oil and Bank Menatep, where Kagalovsky went, just don't have their ideology quite so blatantly posted on the marquee.

# Swiss probe could topple Yeltsin, Gore

by Michele Steinberg and Claudio Celani

On Aug. 25, a political bombshell hit the Russian leadership circles connected to Vice President Al Gore and the International Monetary Fund. News of the personal shady dealings of Russian President Boris Yeltsin, his immediate family, and Kremlin inner circles emerged on the front page of the Italian daily *Corriere della Sera*, by reporters Carlo Bonini and Giuseppe D'Avanzo.

The revelations center around the investigation begun in 1997 by Swiss Magistrate Carla Del Ponte, who worked closely with embattled Russian Prosecutor General Yuri Skuratov. The probe has zeroed in on some 300 Russian companies suspected of organized crime and money laundering of at least \$27 billion. Their investigation goes right to the top. In February 1999, Skuratov was fired by Yeltsin because he was getting too close to Boris Berezovsky, the Russian "kleptocrat," who maintains massive blackmail capabilities. But, Skuratov's firing was rejected by the Russian Federation Council (the upper house of parliament), resulting in a stand-off that enraged the unstable Yeltsin.

In an interview with *Corriere* on Aug. 26, Skuratov said that "the Kremlin" wants to stop his investigation. In mid-August, Del Ponte was shocked to learn that she had been promoted to a position as judge on the International Court in The Hague, the Netherlands. Sources close to the investigation believe that Del Ponte was "promoted" to get her out of Switzerland and out of the Russian mafia investigation. But, according to *Corriere*, she plans to continue the probe.

## Yeltsin and Mabetex

According to *Corriere della Sera's* sources, Swiss investigators working with Del Ponte found that large sums of money were moved through Mabetex, a construction firm owned by Bahgjet Pacolli, a mysterious figure of Kosovar Albanian origin who operates in Switzerland, Moscow, and throughout the Russian Federation. Pacolli's leading connection has been identified as Pavel Borodin, the head of the Economics Department of the Kremlin, a close Yeltsin loyalist. Borodin was brought in by Yeltsin in 1993 as manager of the real estate properties of the Russian Federation. He gives out jobs for renovating public buildings, and Mabetex is Borodin's preferred customer. Pacolli gets the jobs and Borodin gets paid, as it appears from the reports in *Corriere*.

Mabetex and Pacolli have been the subject of scandals in Moscow since January 1999, when the Mabetex offices in

Switzerland were searched by officials. On March 23, Pacolli flew to Moscow directly from Switzerland to give an emergency press conference defending his "legitimate" business dealings.

But, the most explosive information surfaced on Aug. 25, when *Corriere* reported that, in the offices of Mabetex, Del Ponte's investigators found files with credit card accounts under the names of Alexander Korzhakov, former head of Presidential security; Boris Yeltsin; and Yeltsin's daughters, Tatyana Dyachenko and Yelena Okulova.

According to *Corriere*, the accounts were regularly paid by Pacolli. The credit cards were issued for a Lugano shop owned by the wife of Franco Fenini, an official of the Banca del Gottardo in Lugano, Switzerland. Fenini is accused of threatening an associate, Felipe Turover, who reportedly began cooperating with Del Ponte and Skuratov in 1998, and is telling all he knows.

*Corriere* reports that on Yeltsin's daughters' credit cards, up to 20,000 deutschemarks (roughly \$12,500) have been paid on one day. Del Ponte reportedly interrogated Pacolli, who denied paying credit cards for Yeltsin, but Pacolli revealed that \$1 million went through Borodin's account, for Yeltsin's "little expenses" during a state visit to Hungary. Such expenses, says Pacolli, are part of the "contracts" signed by Mabetex with the Kremlin.

One of the other companies being investigated is the Mercata Trading firm, based in Geneva. Mercata is chaired by a former collaborator of Pacolli, Viktor Stolpovskikh. "Why, still now, after Stolpovskikh abandoned him," ask the *Corriere* authors, "does Bahgjet Pacolli move billions to Mercata? The police remark that Stolpovskikh is a Presidium member of Viktor Chernomyrdin's party. Is Chernomyrdin the real recipient of Pacolli's generosity? The Kosovar does not answer." Pacolli also denies ever having moved money to Mercata Trading.

Numerous companies in Switzerland have been served with search warrants by Swiss investigators, and Del Ponte's probe has tens of thousands of pages of documents tracing the suspected illegal flows of money out of Russia, including money directly stolen from public funds. Turover has allegedly provided the names of some 23 top Kremlin officials who have accounts at the Banca del Gottardo.

The *Corriere* report reconstructs the whole Del Ponte-Skuratov investigation, singling out Berezovsky, Borodin, Alexander Korzhakov, and Gore collaborators Anatoli Chubais and Viktor Chermomyrdin as the main characters in a system of suspected mafia money transfer from Russia to Swiss banks.

Meanwhile, Skuratov told *Corriere* that he cannot discuss the Yeltsin family's Swiss accounts, "because they are part of an ongoing investigation." Skuratov says that his "strongest opponents" are "the persons involved in the investigation," including persons "at the highest level." But, he also indicates that the investigation will proceed.

# Bruce Rappaport: the Russian connection

by Jeffrey Steinberg

A recent visitor to the Caribbean British Crown colony of Antigua reported to this author that, at the finest hotels on the island, the overwhelming majority of guests speak Russian as their native language. This visitor, a former Congressional special investigative counsel, aptly characterized Antigua as the Caribbean headquarters of the Russian mafia, where, for many years, Russian crime tsars have found a hospitable climate for their offshore money-laundering activities. Indeed, the Bank of New York scandal has once again cast a spotlight on one of Antigua's most renowned personalities, Bruce Rappaport. The 76-year-old Palestine-born son of Russian Jewish emigrés is, today, Antigua's Ambassador to Russia—despite the fact that he lives in Geneva, Switzerland. Rappaport's Bank of New York-Inter Maritime is in the middle of the \$15 billion money-laundering scandal that threatens to bring down the mafia coterie surrounding President Boris Yeltsin and his daughters, and to short-circuit Al Gore's drive for the Presidency.

A brief corporate history situates Rappaport's role in the money-laundering scandal. In 1966, in Geneva, Rappaport founded Inter Maritime bank. During the ensuing decades, he became a major player in kosher and not-so-kosher business dealings in the Soviet Union, Africa, the Persian Gulf, and Asia (he has never, personally, been prosecuted for any crime).

By the early 1980s, he was also the largest single shareholder in the Bank of New York. According to a *New York Times* account on Aug. 22, it was through Rappaport that the Bank of New York established its channels in post-Soviet Russian banking. Although Rappaport would eventually sell off all of his shares in the Bank of New York, in May 1990 the bank bought a 19.8% stake in Inter Maritime, forging Bank of New York-Inter Maritime as the de facto private banking arm of the New York entity. By 1992, Bank of New York's stake in the joint venture had grown to 28%. Funds later traced to Moscow's crime lords, through Benex Worldwide, into the Bank of New York, first passed through Bank of New York-Inter Maritime accounts.

The current scandal is not the first run-in that Rappaport has had with U.S. prosecutors going after money launderers. Just two years earlier, Federal prosecutors sued Rappaport's bank to recover proceeds from drug traffickers, which were on deposit at the Bank of New York-Inter Maritime branch in Antigua. The case is currently under appeal, after a Federal judge ruled that he did not have proper jurisdiction.

## Networks in Ohio

Back in the 1980s, Rappaport was at the center of another drug-money-laundering scandal, involving dirty Ohio banker Marvin Warner. Warner and Rappaport had jointly invaded Antigua in 1981, creating Swiss American Holding Co. in Panama, with Swiss American National Bank of Antigua and Antigua International Trust as two of its subsidiaries.

Warner's own banking empire in the United States stretched from Ohio, his home state, to southern Florida. Things turned sour for Warner, who was Jimmy Carter's Ambassador to Switzerland, when the Drug Enforcement Administration's "Operation Greenback" and "Operation Groper," two early-1980s efforts aimed at cracking down on drug-money laundering by Miami-area banks, turned up evidence that his Great American Bank of Dade County and ComBank were laundromats for Venezuelan and Colombian drug traffickers.

By 1985, Warner's ESM flagship savings and loan in Ohio went belly up, and, two years later, Warner was sentenced to a three-and-a-half-year Federal jail term, which was later overturned. By all accounts, Warner evaded more serious charges through his political connections and his role as the financial "Godfather" of the Ohio Democratic Party. Robert Strauss, a top Democratic fundraiser and George Bush's Ambassador to Moscow, was a character witness at Warner's trial.

Rappaport parlayed his Antigua operations into political protection, buttressed by his close personal friendship with William Casey, President Reagan's CIA chief. He opened the doors of his Antigua banking operations to Iran-Contra figure Elliott Abrams, who provided State Department and Overseas Private Investment Corp. funds to a "retired" Mossad officer, Col. Yair Klein, to create a training base on a former melon farm in Antigua, for mercenary forces out to overthrow Panama's President, Gen. Manuel Noriega.

When the Panama invasion scheme was nixed, Klein's Antigua ventures broadened to include VIP security training for top figures in the Medellín Cartel. His "security" personnel, along with weapons provided by Klein's Spearhead, Ltd., were used in the assassination of Colombian Presidential candidate Luis Carlos Galán in August 1989. When, on Dec. 15, 1989, Colombian Army units raided the Medellín hide-out of Cartel boss José Rodríguez Gacha, they found the Israeli-made weapons used in the Galán assassination, and paperwork tracing the arms back to the Klein Antigua operations, which had utilized the Rappaport banking facilities.

Once again, Rappaport escaped prosecution. This time around, however, the Bank of New York scandal may play out differently.

*P.S.* More bad news for Gore: One of Marvin Warner's business partners and underlings, James Ruvolo, onetime Democratic Party chairman of Ohio, was recently named as Gore's Ohio campaign director. Is yet another Russian mafia link to the Vice President about to come to light?



# DNC says, nullify Voting Rights Act to stop LaRouche

Attorneys for Al Gore's Democratic National Committee (DNC) shocked courtroom observers on Aug. 16, when they asked a Federal district court panel to declare the 1965 Voting Rights Act unconstitutional rather than apply it to the DNC.

The astounding argument was made in the course of a hearing on a DNC motion to dismiss a lawsuit brought by Democratic Presidential pre-candidate Lyndon LaRouche, and Democratic voters from Virginia, Louisiana, Texas, and Arizona. The lawsuit, which was filed in 1996, charges that Donald Fowler, then chairman of the DNC, violated the Voting Rights Act when he ordered state Democratic parties to disregard the votes of thousands of Democrats in the 1996 Presidential primaries who cast their votes for LaRouche. (LaRouche received over 600,000 votes in 28 states.)

In a Jan. 5, 1996 letter, Fowler not only directed state party leaders to disregard any votes cast for LaRouche, but said that any state delegation that included delegates pledged to LaRouche would be denied access to the Democratic National Convention. Ironically, Fowler justified his 1996 violation of the Voting Rights Act by charging that Lyndon LaRouche was "a racist."

## Which tradition will be followed?

In a statement released on Aug. 25, LaRouche's national spokeswoman, Debra Hanania-Freeman, said that she was not surprised by the openly racist arguments made by the DNC attorneys. "We like to think of the Democratic Party as the party of Franklin D. Roosevelt and John Kennedy. But, we have to face the fact that long before FDR, it was the party of the Confederacy and of slavery. And, as late as 1964, the world watched as the Democratic National Committee refused to seat Fannie Lou Hamer and the Mississippi Freedom Democrats at a national convention. As we enter the hot phase of the Y2000 Presidential campaign, Democrats are going to have to take a position. Are we going to let the Democratic Party be controlled by an openly racist DNC bureaucracy, the same crowd that is currently using strong-arm tactics to try to circumvent the entire nominating process, and shove Al Gore down our throats, or are we going to clean this crowd out?"

Freeman noted that the DNC had selected attorney John C. Keeney, Jr. to bolster its argument that the DNC was above

the law, with citations from Supreme Court Justices Antonin Scalia, Clarence Thomas, and William Rehnquist. She said that Scalia and Thomas have both questioned the constitutionality of the Voting Rights Act, and that Chief Justice Rehnquist has been accused of harassing minority voters in the state of Arizona in the early 1960s, by engaging in specific conduct which the Voting Rights Act was enacted to stop.

## The Gore gang

"John Keeney's father, Jack Keeney, is one of the most notorious and *the* most senior member of the Department of Justice's permanent bureaucracy. Jack Keeney played a key role in the Department of Justice's unlawful targeting of Lyndon LaRouche, and is widely acknowledged to be one of the key enforcers of the Department of Justice's 'Operation Fruhmenschen' — the overtly racist policy of targeting African-American public and elected officials for investigation and prosecution. His son John is following in his father's footsteps," Freeman charged. "This is the gang that Al Gore has chosen to run his bid for the Presidency and to deliver the Party's nomination to him by locking everyone else out."

Freeman said that the LaRouche Presidential campaign was denied the right to address the national convention of the Young Democrats of America in Arkansas the previous week, as a result of an obvious intervention by the DNC. She also pointed to a report in the *Richmond Times-Dispatch* that Gore campaign representatives are trying to persuade Virginia Democrats to change the method by which they select delegates to the Democratic National Convention, in order to prevent the election of delegates pledged to LaRouche.

"LaRouche supporters don't have to defend their 'qualifications' as bona fide Democrats. It was the LaRouche faction of the Party that took the point against Gingrich and his 'Contract on America,' while Gore and his friends were busy 'triangulating.' And, it is well known that Americans to Save the Presidency was a LaRouche initiative. We not only defended President Clinton from attack by Ken Starr, but from those traitors inside the Party that were calling on the President to resign."

"But, more importantly," Freeman said, "Lyndon LaRouche is the only visible candidate of either party with a proven competence to design and actually implement the right policies for this time of crisis. For thousands of Americans, who are part of the traditional core constituencies of the Democratic Party, like minorities and trade unions, LaRouche represents the only hope of survival.

"The issue is a clear one. If we Democrats don't clean this nest out now, we will not only lose the election, we will lose the nation."

Freeman also said she intended to contact representatives of former Senator Bill Bradley's Presidential campaign, and encourage them to take a public position dissociating themselves from the DNC's attempt to nullify the Voting Rights Act.

# Congress faces HMO showdown over new bipartisan patients' rights bill

by Linda Everett

When the U.S. Congress returns to Washington on Sept. 7, we can expect an all-out war against efforts to pass legislation that would hold murderous health maintenance organizations (HMOs) and managed care companies liable for witting policies that have maimed, harmed, and killed patients from among every socio-economic level of the population (see Linda Everett, "General Welfare Is Being Trampled by HMO Human Rights Violations," *EIR*, Aug. 13, 1999). As Democratic Presidential pre-candidate Lyndon LaRouche states in a July 31 release, "To defend the General Welfare of the U.S. Constitution, to defend the Constitution itself, the HMOs have got to be stopped."

But, despite mounting evidence of the HMOs' crimes against humanity, most members of the Republican majority in Congress are intent on protecting the insurers and their managed care companies at all costs—as they demonstrated by denying any debate on this issue in Congress last year, and again, so far, in this session.

The managed care industry, which has heretofore spent nearly \$100 million to knock out the Democrats' Patients' Bill of Rights with its provision to allow legal suits against

HMOs, has now mobilized its handmaidens in the GOP majority to block a new bipartisan consensus bill. The latter provides many of the same protections as the Democratic Patients' Bill of Rights and, most significantly, allows for a strong external appeals process and the ability to sue HMOs when they wrongfully deny patient care.

The bipartisan consensus bill, announced on Aug. 4, just hours before Congress broke for its August recess, was crafted by House members, led by John Dingell (D-Mich.); Charles Norwood (R-Ga.), a dentist; Greg Ganske (R-Iowa), a surgeon; and a group of GOP Representatives who are physicians in open rebellion against the House and Senate Republican leadership on this issue.

## The consensus bill

The Bipartisan Consensus Managed Care Improvement Act of 1999 (H.R. 2723) combines elements of the Democrats' Patients' Bill of Rights (H.R. 358), sponsored by Dingell and House Minority Leader Richard Gephardt (D-Mo.), with proposals crafted by Norwood in conjunction with Tom Coburn (R-Okla.), Ganske, and John Shadegg (R-Ariz.).

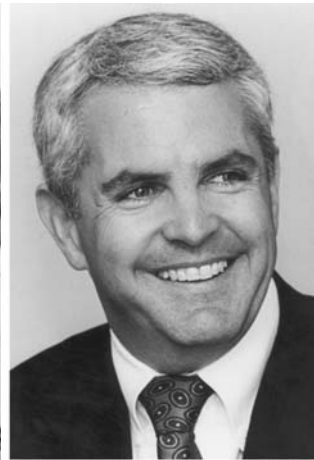
## Insurers seek expanded ERISA protections

To understand how critical ERISA is to insurers desiring to avoid legal action for denying patients medical care, consider this internal memo from one of the nation's largest insurers, Provident, which was made public by a judge in *Schneider v. Provident* (U.S. District Court for the Northern District of California C-97-4646C). Consumers for Quality Care, the group that released the memo, sent it to every U.S. Senator—which Senate Republicans ignored. The internal memo announces a taskforce "to initiate active measures to get new and existing policies covered by ERISA . . . in order to take advantage of the protection offered by ERISA." The memo continues, "While our objective is to pay all valid claims and deny invalid claims,

there are gray areas, and ERISA applicability may influence our course of action"—which suggests that Provident won't pay costly claims if they are classified under ERISA.

The insurer says: "The advantages of ERISA coverage in litigious situations are enormous: state law is preempted by Federal law, there are no injury trials, there are no compensatory or punitive damages, relief is usually limited to the amount of the benefit in question, and claims administrators may receive a deferential standard of review."

One of Provident's in-house supervisors, Jeff McCall, states in the memo, "The economic impact on Provident from having policies covered by ERISA could be significant." But, to take full advantage of ERISA, the McCall memo states, the insurer must "establish a formal appeal process for ERISA situations. When we deny a claim, we must include language that informs the claimant of the right to appeal within 60 days." McCall recommends himself as one of the people to sit on the appeals panel.



*Rep. John Shadegg (R-Ariz.) (inset) and Sen. Bill Frist (R-Tenn.) (left) have led Republican efforts in Congress to defend HMOs and managed care plans, which wittingly maim and kill patients from every socio-economic stratum in America.*

While no single bill can stop the managed-care wrecking operation against the nation's health care system, the consensus bill may at least deter managed care's harmful delays or denials of treatment. Its most contentious, but sorely needed provision, focusses on protecting patients in managed care plans and HMOs that are immune from lawsuits under the 1974 Federal law, the Employee Retirement Income Security Act (ERISA).

ERISA was passed to provide uniform Federal protection to employee benefit and health plans, exempting them from state liability laws. For decades, managed care companies have misused the law to get away with murder, because patients can only sue an HMO for the costs of the denied treatment, not for the loss of life or livelihood, or costs of a lifetime of disability caused by the HMO (see box). Under the consensus bill, if patients in ERISA-protected managed care plans are injured as a result of a benefit that is wrongfully denied or delayed, patients can sue in state court for damages. If the HMO refuses to comply with an independent, external review decision to provide treatment, the HMO can be held liable for punitive damages as well (but any state limits on damage awards would still apply). While the managed care lobby and Senate Republicans lied openly about whether employers would be held liable when their group HMO was sued, this bill clearly states that it protects employers from liability when they were not involved in the decision to delay or deny necessary treatment.

Under the consensus bill, if a patient is denied a medical benefit, but suffers no injury, he can sue his plan in Federal court for \$750 a day for every day that care is denied, up to

\$250,000, plus the cost of care and legal costs. The bill gives patients the right to independent external appeals whenever a benefit is denied, based on a decision that the care is not medically necessary or medically appropriate, is investigational or experimental, or where the issue of whether a benefit is covered involves a medical judgment.

The consensus bill, as in the Democratic Patients' Bill of Rights, assures access to the nearest emergency room without having to call the HMO first, and access to out-of-network specialists if they are not provided for by the plan, and without extra costs. As is critical for chronically ill or disabled individuals, specialists can be their primary care doctors, and patients have standing referrals to specialists (without asking HMO permission for each visit). It assures that women would have direct access to obstetricians and gynecologists, and that patients have direct access to the medications that doctors prescribe. A doctor's decision for medically necessary treatment or surgery prevails over the HMO's decision, if the external review by specialists agrees with the patient's doctor.

The consensus bill is expected to "draw an overwhelming majority of House votes," according to Norwood, who said, "It is a tremendous positive step for both patient rights and the democratic process. . . . We hope that with this agreement, the American public will not only see a good bill signed into law this year, but also have some faith restored that their elected representatives still hold their constituents above the needs of partisan politics. We now have a bill that isn't Republican or Democratic—it belongs entirely to the people."

House Minority Leader Gephardt said, "Americans have waited two full years for Congress to act on this issue. I hope

that the new bipartisan consensus will help guarantee that their voice will be heard. The Republican House leadership needs to end their obstruction and allow a vote on this bill immediately upon our return in September so the President can sign it into law early this fall.”

### **Insurers throw up opposition**

Heretofore, House Speaker Dennis Hastert (R-Ill.) has consistently blocked any and all action on bills—even those from his own party—that include any right-to-sue provisions. He got plenty of help from other Republican members who also oppose any such provision, including Tom “The Exterminator” DeLay (Tex.), the Conservative Revolution’s Majority Leader Dick Armey (Tex.), Bill Thomas (Calif.), and Education and Workforce Committee Chairman William F. Good-

ling (Pa.). John Boehner (Ohio) led GOP attempts to defuse support for bills from his own party that incorporated provisions allowing suits against HMOs. Helping his efforts were Kay Granger (Tex.), Fred Upton (Mich.), Sue Kelly (N.Y.), Don Sherwood (Pa.), Patrick Toomey (Pa.), Ernest Fletcher (Ky.), and James Talent (Mo.).

Now, the American Association of Health Plans, an HMO trade group which represents more than 1,000 HMOs and other managed-care plans, is targetting 60 Congressional districts across the country to stop this consensus bill, while the National Association of Manufacturers has unleashed its campaign of letter-writing with the lie that the new patient protection bill will cause insurance costs to rise. NAM characterized the bill as “a no-holds-barred assault on the employer-provided health care system.” Patrick Clearly, NAM’s vice-

## **Coburn, Shadegg seek to sabotage bipartisan bill**

On Aug. 20, House Speaker Dennis Hastert (R-Ill.) announced a GOP alternative plan to the Dingell-Norwood bipartisan consensus legislation. After 21 House Republicans co-sponsored the Dingell-Norwood bill (H.R. 2723), Hastert had Tom Coburn (R-Okla.) and John Shadegg (R-Ariz.) produce a more limited bill. Hastert claims the Coburn-Shadegg alternative provides many of the protections that patients want. That’s an outright lie, as a look at just one of the provisions in its summary demonstrates (the legislative language is not yet available).

The Coburn-Shadegg proposal claims that patients who are harmed by their HMO can sue the HMO or insurer in Federal court—not state court. But, there are years of backlogs of criminal cases in the Federal courts—and, that backlog is growing, because the Senate GOP majority refuses to approve Clinton appointees to the courts, and over the last decade, Congress has “federalized” many crimes (such as drug-related ones) that are not Federal in nature (such as killing a postal worker). These criminal cases must be heard first, because the Fifth Amendment imposes the defendant’s right to speedy trial. In some districts, Federal judges hear only criminal cases—never civil cases. This means that the suits by those patients who are injured, or by their families, in the event of a patient’s death due a managed care plan’s denial of care, would never be heard.

The most egregious provision of the Coburn-Shadegg proposal eliminates the patient’s Constitutional right to a jury trial. The provision states that before a patient can take an HMO or plan to court for malpractice, the insurer

or plan can, at their own expense, seek “certification of an injury” from an external appeals panel. If that panel rules that there was no injury, this precludes all liability by the HMO. So, an appeals panel—which is not even a quasi-governmental body—can deny you your Constitutional right to trial. Further, how can such a panel define injury, when an HMO denies treatment for a physically or developmentally disabled child or a mentally ill individual? It takes consistent oversight to assure a child’s appropriate developmental progress. Coburn claims this limit on the right to trial is necessary to prevent frivolous lawsuits.

### **Shadegg backs privatized Medicare**

Last year, Coburn and Shadegg promoted their “ultimate patient protection plan” as a “free-market health care plan,” in which the goal was to eliminate the role of employers altogether in the health care system. Shadegg, whose Congressional campaign was backed by major insurance companies, wants total privatization of Medicare, the Federal health insurance program credited with protecting the lives of older and disabled Americans, and Medicaid, which provides for the health care needs of elderly, disabled, and indigent individuals who, studies show, have a greater need for health care, and are more likely to be in poor health, have more disabling conditions, and have higher mortality rates than other, higher-income Americans. According to Shadegg’s perspective, the “General Welfare” clause of the Constitution doesn’t exist.

Shadegg is also the founding director of the Goldwater Institute for Public Policy, a front-group for the British monarchy’s feudalist Mont Pelerin Society, from which the Conservative Revolution sprang. This gang of House extremists is sabotaging efforts within the Republican Party to provide decent patient protections against HMOs’ mass murderous policies.

president for human resources policy, calls the Norwood-Dingell bill a “major threat to the future of employer-based health care,” and lies that “it is so flawed that it will only result in the loss of health care for millions of employees. The net result of this bill will be to shake our health care system to its very foundation.”

Besides the loss of life among the workforce caused by managed care, it is clear that NAM is ignoring managed care’s overall takedown of our health care system. Consider that just in August, Children’s Hospital of Philadelphia, which serves the region’s sickest children, is in crisis directly due to managed care company policies, especially Independence Blue Cross, denying payments for services provided, significant paperwork and time in approval/appeal processes, and delayed payments.

House Speaker Hastert, who had threatened to bring the Senate GOP-passed bill to the House floor for a vote, now claims, after 21 House Republican members have already signed on to the consensus bill with its HMO suit provision, that he will allow the issue to come to the floor for debate as soon as Congress returns in September. But, he’s made such vague promises before to stave off effective legislative action — with the result being that thousands more patients have suffered or died because of HMO human rights violations.

It’s no surprise who is blocking effective reforms: the GOP Conservative Revolution fanatics. In the Senate (see box), these include Majority Leader Trent Lott (Miss.), Phil Gramm (Tex.), Bill Frist (Tenn.), and Don Nickles (Okla.). The consensus bill must pass through this gauntlet, if it is approved by the House. Remember, that the entire Republican Senate, with the exception of John Chaffee (R.I.) and Peter Fitzgerald (Ill.), killed any chance of legal redress that patients had against wrongful actions by their HMOs (see Linda Everett, “Senate GOP Backs HMOs, Defeats Patients’ Rights,” *EIR*, July 30, 1999).

The cruel irony here is that these GOP extremists have thoroughly exposed themselves as traitors to the very concept of the “General Welfare” clause of the U.S. Constitution. One of the provisions of the Confederate Constitution of 1861 that devotees of the point to with pride, is the removal of the “General Welfare” clause, which, these Confederates denounce as “an open door for government intervention.” So, when it comes to protecting children, the elderly, and the mentally and physically disabled citizens of our nation — those who need protection the most — these Confederates in Congress wash their hands.

### **Frist: the only physician in the Senate**

Among the defenders of HMOs, is Sen. Bill Frist, who, because he is the only physician in the Senate, was trotted out regularly as an authority on the issue during the Senate travesty — called a debate — between the Democrats’ Patients’ Bill of Rights and the Republicans’ counterfeit bill of rights. Frist routinely lied about the GOP’s counterfeit bill

and its “protections.” Frist said that the GOP bill “empowers” 113 million consumers by providing them with “timely and inexpensive appeals procedures” when HMOs deny them treatment. He intoned, “We feel that medical decisions are best left in the hands of doctors — not trial lawyers.”

In fact, in the GOP bill, it is the HMO bureaucrats — not physicians — who call the shots about what a patient needs. In fact, when a patient is denied care and tries to appeal the decision, the Senate GOP bill lets the HMO that denied the care choose the “expert” whom it will pay to hear the appeal. The “expert” effectively works for the HMO, because he is under contract with the HMO, and must base his review of the HMO’s treatment decision on the HMO’s own arbitrary definition of what is “medically necessary” care! One HMO defines medically necessary care as “the shortest, least expensive or least intense level of treatment as determined by the plan.” So, the HMOs, as the American Medical Association said, “can still hide behind their secret definitions that keep patients from getting medically necessary care. The special terms and definitions the Senate granted the insurance industry will make it virtually impossible for a patient to obtain a fair and independent external review of health plan decisions.”

So, whom does Senator Frist represent in this debate, if not patients? Consider his ties to the Nashville, Tennessee-based Columbia-HCA Healthcare Corp., the world’s largest

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for-profit hospital cartel, now under multiple investigations for defrauding the government's Medicare program. Frist's father founded Hospital Corporation of America (HCA) in 1968. By 1973, it had 50 hospitals; by 1983, it owned 376 hospitals in the United States and internationally. In 1994, when HCA merged with Columbia Hospital Corp., among its shareholders was newly elected Senator Frist, who reportedly used millions from his significant holdings in the company to fund his Senate campaign.

Columbia-HCA built its strategy by buying up hospitals in a community, then shutting some of them down, and forcing business into their remaining hospitals; it also made sure no "competing" hospitals were established in the area. The company aggressively marketed its services at bargain rates to HMOs. Columbia-HCA moved to become part of the managed care field and profited by Senator Frist's role in legislation that allowed hospitals and doctors to form networks to compete for millions of Medicare patients—which represented 35% of Columbia-HCA's revenues in 1998.

But, the glaring conflicts of interest don't end there. At about the same time, Frist was appointed by Majority Leader Lott to the Bipartisan Medicare Commission, where he and others pushed to open Medicare up to even more "competition" among players for Medicare patients, which would also benefit Columbia-HCA.

In 1997, Mark Gardiner, former vice-president of Sunrise

Hospital, Columbia-HCA's flagship hospital, in Los Angeles, California, says that the chain routinely broke the law, and did whatever it took to make profits. The company policy was to pay doctors production bonuses of \$150,000 a year to perform more operations and to funnel illegal financial inducements of \$40,000 a month to physicians to refer their patients to Columbia HCA hospitals.

At the time, the Columbia-HCA hospital chain, which was the seventh-largest employer in the nation, also boosted profits by slashing the number of employees and refusing to treat uninsured patients. The number of registered nurses was cut radically, because the hospital corporation considered nurses to be its largest operating expense. In some hospitals, cases of infection among critically ill infants in neonatal intensive care units soared after staff cuts were made. Among nine Columbia-HCA nurses interviewed, all said that patients' lives were put at risk, and some patients died and others went into cardiac arrest, due to staff shortages. One nurse was told to keep track of cardiac patients by observing their 72 monitors—all at once. All of the Columbia-HCA nurses said that they would send family members to other hospitals than those where they worked. Gardiner said that the situation was so bad, that he and his wife had a plan, in the event that she should become ill and need hospitalization, he was to take her across town to another hospital—not the one where he worked.

## Accomplices to murder

The following Republican Senators protected the HMOs and the HMOs' human rights violations. They are as guilty of murder as the HMOs themselves, and they should be politically finished off and driven from office.—*Linda Everett*

Spencer Abraham (Michigan)  
 Wayne Allard (Colorado)  
 John Ashcroft (Missouri)  
 Robert Bennett (Utah)  
 Kit Bond (Missouri)  
 Sam Brownback (Kansas)  
 Jim Bunning (Kentucky)  
 Conrad Burns (Montana)  
 Ben Campbell (Colorado)  
 Thad Cochran (Mississippi)  
 Susan Collins (Maine)  
 Paul Coverdell (Georgia)  
 Larry Craig (Idaho)  
 Michael Crapo (Idaho)  
 Mike DeWine (Ohio)  
 Pete Domenici (New Mexico)  
 Michael Enzi (Wyoming)  
 Bill Frist (Tennessee)

Slade Gorton (Washington)  
 Phil Gramm (Texas)  
 Rod Grams (Minnesota)  
 Charles Grassley (Iowa)  
 Judd Gregg (New Hampshire)  
 Chuck Hagel (Nebraska)  
 Orrin Hatch (Utah)  
 Jesse Helms (North Carolina)  
 Tim Hutchinson (Arkansas)  
 Kay Hutchison (Texas)  
 James Inhofe (Oklahoma)  
 Jim Jeffords (Vermont)  
 Jon Kyl (Arizona)  
 Trent Lott (Mississippi)  
 Richard Lugar (Indiana)  
 Connie Mack (Florida)  
 John McCain (Arizona)  
 Mitch McConnell (Kentucky)

Frank Murkowski (Alaska)  
 Don Nickles (Oklahoma)  
 Pat Roberts (Kansas)  
 William Roth (Delaware)  
 Rick Santorum (Pennsylvania)  
 Jeff Sessions (Alabama)  
 Richard Shelby (Alabama)  
 Robert Smith (New Hampshire)  
 Gordon Smith (Oregon)  
 Olympia Snowe (Maine)  
 Arlen Specter (Pennsylvania)  
 Ted Stevens (Alaska)  
 Craig Thomas (Wyoming)  
 Fred Thompson (Tennessee)  
 Strom Thurmond (South Carolina)  
 George Voinovich (Ohio)  
 John Warner (Virginia)

# Leading 'China-basher' bites the dust

by William Jones

Notra Trulock, an intelligence official at the Department of Energy (DOE) and the leading exponent of the China "nuclear espionage" hoax, resigned his post on Aug. 23, in the face of growing criticism of his overzealous campaign to discover Chinese espionage at the national laboratories. Trulock has been marketing a story about the alleged Chinese theft of computer codes related to the W-88, a miniaturization of a nuclear device developed by the United States. The source of the charge is a document allegedly given to the CIA by a "walk-in" Chinese intelligence agent.

On the "Meet the Press" Sunday talk show, back in May, Trulock had compared the "Chinese espionage" to the Rosenberg case during the McCarthy witchhunts. Trulock's allegations played a major role in the campaign by Congressional Republicans to whip up a "red scare," with clearly racist overtones, against China, and they reappeared in the incompetent Cox Committee report. The allegations have been effectively debunked by the State Council of the Chinese government.

The espionage allegation has, however, developed into a major embarrassment for the purveyors of the hoax. The only person targetted when Trulock launched his investigation, was a Chinese-American of Taiwanese extraction, Dr. Wen Ho Lee, who worked as a physicist at Los Alamos National Laboratory. When the allegations against Lee became public, leading representatives of the Chinese-American scientific community expressed concern over the racial implications for their own work. Indeed, as it turned out, Lee drew Trulock's fire precisely because he is Chinese-American.

Trulock claims that his resignation is a result of his having been taken off the DOE investigation. In reality, this "spy-chaser" has been thoroughly exposed as a charlatan. Trulock accused the DOE of having tried to prevent him in 1998 from giving evidence to a Congressional committee. His allegations resulted in a probe by the DOE Inspector General, which published its results just a few days prior to Trulock's resignation. The IG found no evidence whatsoever that Trulock had been hampered in his actions by the department.

By spring 1999, however, Trulock had become the darling of the Republican China-bashers in Congress. Late last year, Trulock, in his capacity as a high-level DOE official, had agreed to become a secret witness for a Congressional committee. When his role became public, he started appearing at hearing after hearing, and on the Sunday talk show circuit to expound about the "lax" security at the national labs and the

gravity of the alleged "nuclear espionage." Trulock's flimsy allegations were treated as sacrosanct in the 700-page "Cox Report," released on May 25, 1999 by the House Select Committee on U.S. National Security and Military/Commercial Concerns with the People's Republic of China, and chaired by Rep. Chris Cox (R-Calif.). Whenever Republican operatives wanted to whip up frenzy about "Chinese espionage," they would exhibit Trulock as the "honest whistle-blower."

Although Wen Ho Lee asserted his innocence, even allowing himself to be interviewed on national television to make his case, the pressure which Trulock and his GOP compatriots on Capitol Hill had succeeded in generating led Energy Secretary Bill Richardson to fire Lee from his post at Los Alamos, along with three officials responsible for security at national laboratories. Trulock, on the other hand, was awarded \$10,000 for his "valuable service" in pursuing this chimera.

## The ugly face of racism

One of those dismissed, Robert Vrooman, the former chief of counterintelligence at Los Alamos, in an interview with the Aug. 18 *Washington Post*, spoke out about the effort to frame up Lee, saying that Lee had been targetted by Trulock because he is Chinese-American. Vrooman said that the DOE Office of Counterintelligence had identified Lee as "the prime suspect based on, at best, cursory investigation at only two facilities," i.e., Los Alamos and Lawrence Livermore. Vrooman also disagreed with Trulock's conclusion that the Chinese had stolen any designs of the W-88.

Charles E. Washington, who had been DOE Acting Director of Counterintelligence in 1996 when Trulock first started pursuing the espionage investigation, had at the time written to Trulock recommending that the Lee case be closed for lack of evidence, and telling Trulock that he was unfairly singling out Lee and another Chinese-American scientist at Los Alamos, when numerous others had similar access to secrets. "We need one good espionage case to make this [counterintelligence] program grow," Trulock told Washington. "There's one spy out there, and we're going to find him." Washington, an African-American, is currently suing the DOE in Federal court over Trulock's retaliation against him because of his opposition to the investigation.

One physicist at Los Alamos, Michael Soukup, who has spent years studying China's nuclear weapons testing and design complex, told the *Washington Post* that he also believes Trulock went after Lee for racial reasons. In a message to the *Post*, Soukup said, "It became very clear to me that this investigation was driven almost exclusively by Notra Trulock."

Although Trulock did play a role in this particular farce, the real criminals are those GOP Congressmen who are attempting to make China into the "new enemy-image." Their shenanigans with the various spy hoaxes, and their mucking about in the sensitive Taiwan-China relationship, comprise the greatest threat to U.S. national security.

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# National News

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## Army, Hollywood unveil 'virtual' training games

Secretary of the Army Louis Caldera announced that the Army would give \$45 million to the University of Southern California (USC), to create more powerful commercial video games and military training materials. The project, hushed up until an Aug. 18 press conference at USC in Los Angeles, had been leaked earlier to *EIR* and exposed in the July 2 issue, along with Lyndon LaRouche's *Feature*, "Star Wars and Littleton." A copy of that issue was presented to Secretary Caldera, along with LaRouche's press release "Is World War III Coming?"

The virtual reality industry was represented at the press conference by Rick Belluzzo, chairman of Silicon Graphics, Inc. Several press raised questions regarding the public perception that violent Satanic video games had warped the minds of children, who have then killed others. The question was shrugged off with the response that any new technology could be used for good or evil.

The new institute at USC arises out of a report, authored by Naval Institute Professor Michael Zyda for the National Research Institute, calling for increased military cooperation with the "entertainment industry" in creating training video games for the nation's armed forces. Zyda is a devotee of such mind-destroying games as "Doom" and "Quake."

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## New York Times lies that Bosnians stole aid money

In uncharacteristically harsh terms, the U.S. State Department excoriated the *New York Times* for its front-page story on Aug. 18, "Leaders in Bosnia Are Said to Steal Up to \$1 Billion," which claimed that the theft was discovered by "an American-led anti-fraud unit" set up by the Office of the High Representative, who is responsible for overseeing implementation of the Dayton Agreements. The *Times* claimed to base its story on a

4,000-page report compiled by the anti-fraud unit.

State Department spokesman James Rubin countered on Aug. 19 that "there continue to be reports about a non-existent report by the Anti-Fraud Unit of the Office of High Representative. That report does not exist. . . . Nor are the reflections of \$1 billion being lost—of foreign aid—accurate. That \$1 billion is a lumping together of domestic revenue losses with minimal foreign assistance losses that leads to a false impression that a billion dollars of foreign assistance has been stolen."

Rubin pointed out that the 4,000 pages consist of work by the Bosnian federal police. "So . . . the only 4,000-page document that exists is a document in Serbo-Croatian that constitutes the receipts and the proof that the Bosnian federal police have put together an investigation of corruption of one of their own."

Rubin said that the sum total of potential—not actual—losses to the United States is around \$1 million. "This was not foreign assistance," Rubin said. "And instead, the world continues to be told that a billion dollars of foreign assistance has been lost."

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## Clinton speaks to VFW on how to 'win the peace'

On Aug. 16, speaking before a convention of Veterans of Foreign Wars in Kansas City, Missouri, President Clinton returned to some of the themes, if somewhat muted, of his April 15 San Francisco speech, in which he called for a Marshall Plan approach to rebuilding southeastern Europe. "International engagement costs money," he said, "but the costliest peace is far cheaper than the cheapest war. Ever since I became President, I have been trying hard to convince Congress of that basic truth. It has been a considerable challenge. . . ."

"Today, after the victory in Kosovo, and in Bosnia, we have an opportunity to invest in peace, so that future wars do not occur there. The people of the Balkans have been crippled by conflict, really, since the end of the Cold War. Today we have a chance to integrate them with each other and into the

mainstream of Europe, where they will have strong incentives to maintain democracy and good behavior, and avoid conflict.

"To do this, we don't need anything as ambitious as the Marshall Plan. And whatever is done, we must insist that our European partners carry most of the load and that the Balkan leaders themselves take responsibility for changing their policies.

"Still, the United States should be a part of this process. If we don't, and the effort fails, make no mistake; there will be another bloody war that starts in the Balkans and spreads throughout southeastern Europe, and some day more young Americans may be asked to risk their lives, at far greater cost than our part of the rebuilding of the region."

The President turned to an even larger problem—the wasted manpower of post-Soviet Russia: "Today the Russian economy is struggling, as we all know. The average salary of a highly trained weapons scientist in Russia—listen to this—the average salary of a highly trained weapons scientist in Russia is less than \$100 a month.

"Now, for a small investment, we can help them turn that expertise to peaceful projects that help the world and draw a living wage doing it, or we can do nothing and pray that each and every one of those thousands of scientists will somehow resist the temptation to market their expertise to those who wish to do us and the cause of freedom harm. Common sense says to me that we ought to give them something useful and good to do, and let them make a decent living. . . ."

"The bottom line is this: Today we have a unique opportunity and a real responsibility to advance the values in the world won in the 20th century, over the last hundred years, by America's veterans."

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## Congress probes Sudan factory bombing raid

The House Intelligence Committee is currently investigating the story released in early August by the cable network MSNBC, that the State Department prohibited the FBI from going to Sudan to interrogate two suspects whom the Sudanese government had arrested on Aug. 8, 1998, one day after ter-



**LYNDON LAROUCHE'S** Balkan reconstruction program was reported on in a two-page spread in the August issue of *Conscience International*, a monthly Nigerian magazine that circulates throughout West Africa.

**UAW 'SOLIDARITY,'** the union's monthly magazine, ran a letter in its September issue asking, "Can UAW Survive Gore?" "I fear the next step our union is going to take in national politics is the endorsement of Al Gore for President," writes the unionist. "This man's environmental agenda will do away with the automobile and the factories that produce them, not to mention power plants that produce the affordable electricity. Can the UAW survive this?"

**BUSH'S TEXAS GULAG** was profiled in the Aug. 18 *New York Times*, showing that Gov. George W. Bush's penal system has 545,000 people in prison, jail, probation, or parole, more than any other state. Earlier this year, the Texas Senate passed a bill prohibiting the execution of mentally retarded prisoners. Due to Bush's opposition, the state House rejected the bill.

**FRANCIS ARINZE,** the Nigerian Cardinal who is often mentioned as the next Pope, addressed a Jubilee 2000 event in South Dakota on Aug. 11-13. Arinze stepped on a few corns in one speech, listing three reasons why Christians do not evangelize: unfamiliarity with theology—"flip off the TV and start reading"; unwillingness to intrude on others' privacy; and the feeling that one is not "good enough." He debunked all three.

**THE GOP SENATE MAJORITY** may be in jeopardy in the next general elections, writes the Aug. 22 *Washington Post*, because, for the first time, the Republicans are defending more seats (19) than the Democrats (14), and many GOP seats are held by freshmen who came in in the now-tarnished "Contract on America" sweep in 1994.

rorists bombed the U.S. embassies in Nairobi and Dar es Salaam. In an Aug. 21 followup, MSNBC international editor Michael Moran said that the network had obtained documents, "including a handwritten letter from Sudan's intelligence chief, Gutbi el-Mahdi, to FBI Director Louis Freeh, [which] showed that the two men were arrested, questioned, and held by Sudanese officials for several weeks after the Nairobi bombings. Sudan's ambassador [to Washington], Mahdi Ibrahim Mohamed, said his country repeatedly invited FBI officials to come to Khartoum to interview them.

"The two men, Sayyid Nazir Abbass and Sayyid Iskandar Sayyid, were travelling on what Sudan assumed were forged Pakistani passports. They were handed over to Pakistan's notorious internal security service, the ISI. . . . However, both FBI and intelligence sources dispute the State Department official's claim that the two men were determined to be uninvolved."

The Senate Intelligence Committee probe is reportedly broader, and concerns the question as to whether the U.S. bombing of the Al-Shifa pharmaceutical plant in Khartoum on Aug. 20, 1998, was a mistake.

Both hearings are behind closed doors.

## Judges split over continuing Starr probe

The three-judge panel which appoints independent counsels, which now contains a Democrat-appointed judge, split on Aug. 18 over whether to authorize Kenneth Starr to continue his British-instigated witch-hunt against President Clinton, which began with Whitewater and then spread into the Lewinsky case and the President's impeachment. Judges David Sentelle and Peter Fay noted that, although the now-expired independent counsel law directs them to reauthorize the investigation each year, they do not interpret the law to mean that they can supervise the independent counsel. The dissenting judge, Peter Cudahy, ridiculed their reasoning, saying that their approach "is in stark contrast to the aggressive performance of this Division in *In re. North*," when it issued an Order

to Show Cause to Iran-Contra independent counsel Lawrence Walsh, demanding that Walsh show "why his investigation should not be terminated."

Cudahy also referenced the "informal contacts" which have taken place between Starr and Sentelle, and otherwise insisted that Starr should wrap up his probe and submit a final report.

The *New York Times* reported, also on Aug. 18, that Starr plans to quit as independent counsel as early as October. He reportedly asked that one of his top deputies be allowed to take over and continue the probe. The *Times* and other media report that he is still considering issuing new indictments, despite his recent setbacks.

## Warren Beatty: Dems should stop being GOP

"It's Time For America's Democrats to Stop Being Republicans," was the headline on an Aug. 24 *New York Times* commentary by actor Warren Beatty, in response to calls that he run for President. Referring to himself as a "Roosevelt-Truman-Stevenson-Kennedy Democrat," Beatty rakes the party over the coals, writing, "To serve Rockefeller Republican leadership in the Democratic Party is an unacceptable option for me." Instead, he would "try to persuade the slightly more liberal of the two accounting firms that we Americans call our major parties to return to the principles of the Democratic Party of my youth." If he does enter the race, he would use it "to challenge the present party to admit its timidity in protecting those who need help most and to acknowledge the undeniable."

Alluding to Bill Bradley versus Al Gore, he writes, "When will our centrist challenger sufficiently differentiate himself from the centrist front-runner to justify his insurgency? . . . Do we continue to wait in suspense . . . until it is too late for a progressive challenge? Do we wait for Jackson? For Kennedy? For Wellstone? For Mario Cuomo? For a crash in the market?" He concludes, "In the disparity of our prosperity, someone must rise to honor the historic mission of the Democratic Party."

### *Will you reject market psychosis?*

If you are one of the millions of Americans or other individuals who are still hooked into gambling on the “markets,” one who has ignored the continuous warnings by this magazine, it’s time to listen again. The wild party is coming to an end, a very nasty end.

Everyone has noticed the instability factor, of course. Some even see that as another way to “make money.” But what is looming is something qualitatively different. Note, for example, the first declaration of default on Brady bonds (which were the remnants of a previous debt write-down from a decade ago) in Ecuador, an event that is sending shivers down bankers’ spines internationally. Note the sheer social-political-economic disintegration engulfing more and more sections of the world.

Pay attention to what the Swiss bankers, among others, are saying about the results and future of their policies. An article in the *Neue Zürcher Zeitung* of Aug. 26 describing a study by a Vienna research institute for eastern European economies, should provide a shock.

After describing the best-off Central and East European countries—Poland, Hungary, and Slovenia—as showing “stagnation with a negative trend”; then, next, the Czech Republic and Slovakia, with 4-5% negative GDP growth; then, another level down, Croatia, as in “very bad recession”; and, then, Romania and Bulgaria as “catastrophic,” the Swiss financial daily moves to the fifth and worst level of disaster, as follows:

“Still far more grave, so grave that simple economic calculations make little sense, is the situation in Yugoslavia, in Albania, in Bosnia, and in Macedonia. In these Balkan countries, organized and measurable economic activities are hardly taking place any longer, but rather, unemployment is reaching sky-high levels, and hunger is spreading.”

This paragraph from this institute, in this newspaper, in their bankers’ language, tells you everything. When they write in this way, you *know* that those nations on the edge of a New Dark Age.

The market suckers in the United States are generally not privy to this information. They should open their eyes.

Also indicative of the looming disintegration and chaos is a report *EIR* received on Aug. 26 from a senior banker who has stayed in touch with *EIR* over the years. This banker said that he had submitted his resignation because it was no longer possible for him, as an old-style banker (with some standards), to systematically lie to clients, engaging in de facto criminal activity, by telling them to continue investing in stocks and other such paper. What does this man know that you refuse to face?

The rumor that Federal Reserve Chairman Alan Greenspan is considering resigning his post should also be taken as indicative of this pattern.

The reality is clear for all who dare to face it. The current financial system is leading the entire world into chaos and barbarism, just as *EIR*’s Founder Lyndon LaRouche has warned. The horrors the Swiss newspaper is describing in eastern Europe correspond precisely to what LaRouche said would happen. Why didn’t you listen then?

LaRouche, of course, also put some alternatives on the table, starting back in the early 1970s. As each of his plans was rejected, the prospects for survival got worse and worse. Those in positions of power were consumed with maintaining their own power and skin, regardless of global consequences. The little suckers, who were promised quick money in the markets, didn’t want to think beyond the next rally on Wall Street.

Archaeology today is consumed with the remnants of those civilizations which were dominated by suckers who refused to correct those fatal flaws dooming their populations to extinction. That thought should jolt you out of your day-to-day perspective of hoping against hope that “they” will save you, and us, from the already visible consequences of insanity. There is still time to stop being a sucker, and to become part of the solution.

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- MANHATTAN—MNN  
T/W Ch. 34; RCN Ch. 109  
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- 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
- ROCHESTER—GRC Ch. 15  
Fri.—11 p.m.; Sun.—11 a.m.
- ROCKLAND—T/W Ch. 27  
Wednesdays—5:30 p.m.
- SCHENECTADY—SACC Ch. 16  
Tuesdays—10 p.m.
- STATEN ISL.—CTV Ch. 57  
Wed.—11 p.m.; Sat.—7 a.m.
- SUFFOLK, L.I.—Ch. 25  
2nd & 4th Mondays—10 p.m.
- SYRACUSE—T/W  
City: Ch. 3; Burbs: Ch. 13  
Fridays—8 p.m.
- UTICA—Harron Ch. 3  
Thursdays—6 p.m.
- WATERTOWN—T/W Ch. 2  
Tue: between Noon & 5 p.m.
- WEBSTER—WCA-TV Ch. 12  
Wednesdays—8:30 p.m.
- WESTFIELD—Ch. 21  
Mondays—12 Noon  
Wed. & Sat.—10 a.m.  
Sundays—11 a.m.
- WEST SENECA—Ch. 68  
Thursdays—10:30 p.m.
- YONKERS—Ch. 37  
Saturdays—3:30 p.m.
- YORKTOWN—Ch. 34  
Thursdays—3 p.m.

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- IRONDEQUOIT—Ch. 15  
Mon. & Thurs.—7 p.m.
- ITHACA—Pegasys Ch. 78  
Mon.—8 pm; Thu.—9:30 pm  
Saturdays—4 p.m.
- JOHNSTOWN—Ch. 7  
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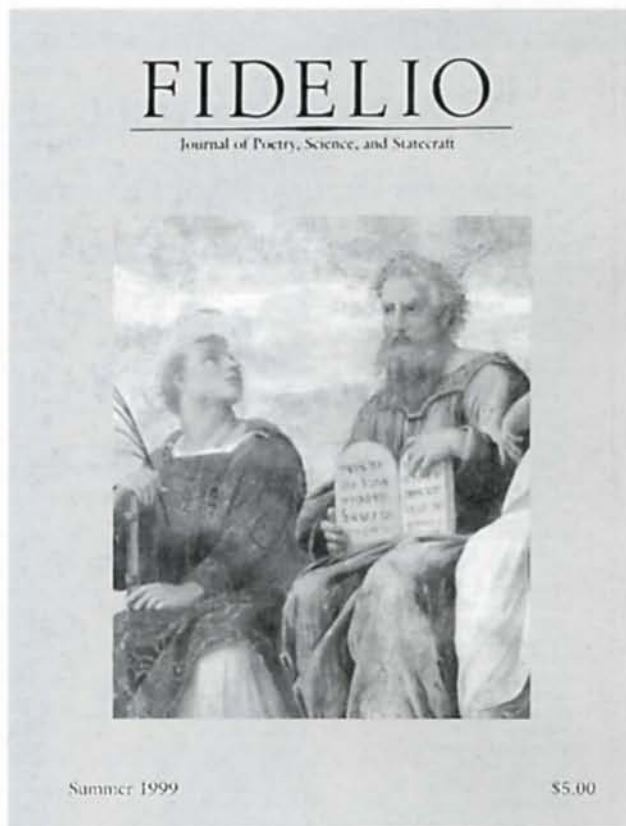
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