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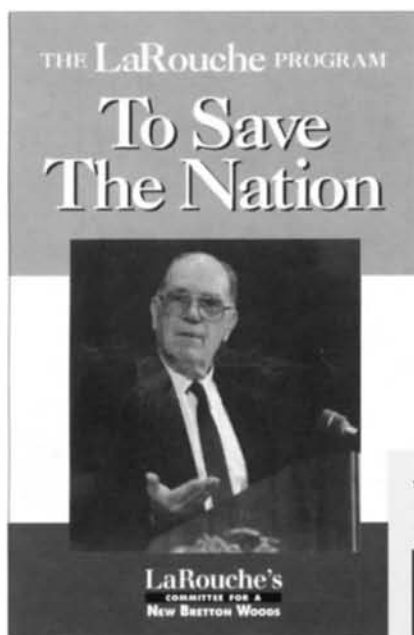
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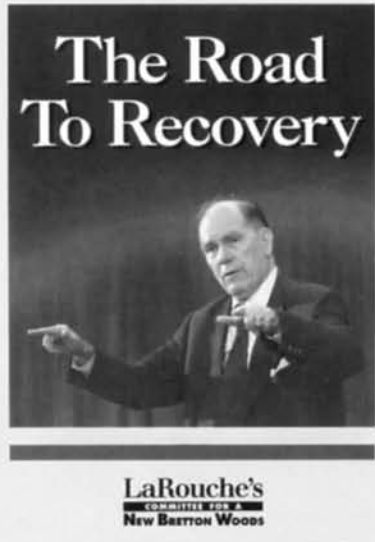
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*World Wide Web site: <http://www.larouchepub.com>
e-mail: eirns@larouchepub.com*

European Headquarters: Executive Intelligence Review Nachrichtenagentur GmbH, Postfach 2308, D-65013 Wiesbaden, Bahnstrasse 9-A, D-65205, Wiesbaden, Federal Republic of Germany
Tel: 49-611-73650. Homepage: <http://www.eirna.com>
E-mail: eirna@eirna.com Executive Directors: Anno Hellenbroich, Michael Liebig

In Denmark: EIR, Post Box 2613, 2100 Copenhagen ØE, Tel. 35-43 60 40

In Mexico: EIR, Río Tiber No. 87, 5o piso, Colonia Cuauhtémoc, México, DF, CP 06500. Tel: 208-3016 y 533-26-43.

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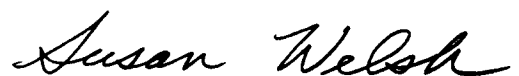
From the Associate Editor

Last week, *EIR* featured the explosive scandal over Al Gore's ties to the corrupt money-laundering apparatus in Russia. Now, peeling a few more layers off the onion, we uncover the deeper story: the Bush connection. As the report in our *National* section documents, the dirty-money operations involving the Bank of New York and assorted Russian mafia figures were all set up under President Bush, and by the Bush apparatus! The brilliant cartoon by Claudio Celani on p. 67 sums it all up.

The key to understanding not only this intelligence picture, but also much of what is going on today, is the 1988-89 strategic conjuncture, which pitted Lyndon H. LaRouche, Jr. against George Bush and his nasty nanny, Margaret Thatcher. As Muriel Mirak-Weissbach writes in her introduction to our *Strategic Studies* package, on Oct. 12, 1988, LaRouche gave a speech in West Berlin, in which he forecast the reunification of Germany and the collapse of the Soviet bloc economies, and elaborated a "Food for Peace" program for changing East-West relations in a positive way. But President Bush, instead of adopting LaRouche's policy, put its author in prison; gangs of thieves and looters—both Republicans and Democrats—flocked to Russia and its former captive nations. When Communism collapsed in Russia as well, in 1991, the financier mafiosi whose names we see in the headlines today were well-positioned to seize control. The result was the heart-rending disaster which the people of Russia have experienced in the past eight years.

The current British-steered operations in Central Asia, which we document in this issue, are a direct outgrowth of that Bush policy. And, as LaRouche underlines, the current actions of Zbigniew Brzezinski and the British oligarchy could take the world straight to nuclear war, if their insane policies are not blocked.

But, note also in this issue some exciting signs from around the world that the Thatcher-Bush legacy is being vigorously rejected: the press conference of noted Russian economist Sergei Glazyev; the spread of LaRouche's ideas in Russia; the Malaysian news service's coverage of LaRouche's call for a class action lawsuit against the International Monetary Fund; and the fight for a successful anti-drug policy, centering around Colombia. We'll have more on retired Colombian Gen. Harold Bedoya's visit to Washington, in our next issue.



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Ecuador defaults on debt; other nations to follow

by Valerie Rush and Marcia Merry Baker

On Aug. 25, President Jamil Mahuad of Ecuador announced that a payment of \$96 million due Aug. 31 — or no later than Sept. 30 — on its \$6 billion in so-called Brady bonds, cannot be paid. There are 18 countries that have issued a total of about \$200 billion of such restructured Brady bond debt, since the time these bonds were devised ten years ago.

Brady bonds are defaulted sovereign country debt, repackaged so they can be resold, with most including U.S. Treasuries as partial collateral. The Bradies, in other words, were supposed to be the “answer” to unpayable debt!

But now, with the world economy in a tailspin, for lack of measures to restore a functioning international financial system serving national economies, it was inevitable that the “Brady” category of debt, like other pyramided categories of debt, would, at some point, become unsupportable. That time is now, and Ecuador is the first nation among the Brady debtors to declare this.

President Mahuad, on announcing the debt payment deferral, was quick to give assurances that his country would work things out with the International Monetary Fund—a bit like Little Red Riding Hood negotiating with the wolf. Mahuad said, “Ecuador is the first country in the world that is doing this. It’s the first country that proposes a restructuring of its debt with international help.” And, he claimed that the IMF and other international lenders accept the plan. “We’re going to tell them this is a serious country, which acts in good faith, which wants to meet its international commitments, but has problems paying, and that as creditors, they should permit us to make payments under conditions that are adaptable and applicable to the size and reality of our country,” he said in his speech.

Ironically, President Mahuad spoke on the eve of the anniversary celebration of Malaysia’s Sept. 1, 1998 initiative to

take financial and economic national-interest measures *to prevent* IMF-sanctioned depredations against the country (see article in this section).

Chain-reaction effects

As of the first of September, chain-reaction effects of the Ecuador announcement—minuscule though the default may be in itself—were already blowing back through the world financial system, most directly through the derivatives bubble. In addition to Ecuador, other government and corporate debt defaults or near-defaults were announced, from South Korea, to Ukraine and Russia, as well as elsewhere in South America.

As a direct consequence of Ecuador’s situation, financial sources reported on Sept. 1 that Merrill Lynch was forced to redeem \$86.5 million in credit-derivatives linked to Ecuador’s Past Due Interest (PDI) Bradies, after the derivatives lost almost all value when the PDIs upon which they were based lost more than 33% of their value the last week in August. That triggered “call” provisions in contracts.

The world market in credit derivatives is estimated at around \$400 billion, and Ecuador’s default can trigger calls on other such Ecuador-linked derivatives, and knock the props out of contracts holding up the derivatives bubble. Lawsuits, such as erupted after the Russian default in August 1998, are now to be expected. The wrangling point will be whether this was a “true” default or not, according to the criteria in definitions of credit derivative contracts. Among those selling such instruments are Crédit Suisse-First Boston, Morgan Stanley Dean Witter & Co., HSBC, and Trinkaus.

Mad scrambles are under way in the City of London and on Wall Street, to try to contain the impact. On Aug. 27, a paper, “Ecuador: Implications of Default on Its Brady

Bonds,” written by George Folsom, was put out by the Forum for International Policy. This Washington, D.C.-based outfit is chaired by former National Security Adviser Brent Scowcroft, and its board includes prominent Bush politicians. (See article in the *National* section.)

‘Skillful debt management’ flops

The Brady bonds were the means by which the bankrupt world financial system was bailed out in 1989, forcing bankers to accept a write-down of the value of their debts, in order to save the system. The architect of this scheme was not George Bush’s Treasury Secretary Nicholas Brady, after whom they are named, but his Deputy Secretary, Crédit Suisse-First Boston’s David Mulford, the mentor of the leading Ibero-American finance ministers of the 1990s, Mexico’s Pedro Aspe and Argentina’s Domingo Cavallo. Mexico, Argentina, and Venezuela are among the biggest Brady bond debtor nations.

The express concern of the Brady bond advocates today, as stated in the Folsom brief, is that somehow, Ecuador’s default must be “skillfully managed” in a way to prevent the entire global Brady “asset category” from going down the drain, along with Ecuador. By the calculation of the Forum for International Policy, Brady bonds made up fully 37% of the turnover in the \$4.2 trillion trade in all types of “emerging market” debt instruments in 1998.

As of Aug. 30, Brazil is paying 20.73% interest on its Brady par bonds, and Argentina, 15.66%. These rates are impossible to honor. Local, state, and national governments are announcing pending or certain defaults, whether or not Brady bonds are involved.

The crisis spreads

In Russia, the region of Nizhni Novgorod, the third largest in the nation, has requested a meeting with bondholders for Sept. 22, to reschedule payments on its outstanding international bonds. This crisis portends default by other Russian regions, including the City of Moscow. To avoid a technical default, Nizhni Novgorod may ask for a two-month delay. At present, the Nizhni Novgorod bond is trading at less than 25% of its nominal value.

Ukrainian President Leonid Kuchma said on Aug. 30, on a campaign swing to the Crimean Peninsula, that money “cannot be found in our budget” for upcoming total government debt payments scheduled ahead for \$3.5 billion due next year, about double the amount due this year. Kuchma added an election-pitch to his we-can’t-pay announcement, saying that if he is re-elected this Oct. 31, foreign creditors would help negotiate a restructuring of this debt, because of their confidence in him. He had better look again; confidence isn’t worth anything anymore.

In East Asia, there is a tidal wave of corporate and banking crises. South Korea’s largest conglomerate, Hyundai, is now following after Daewoo in financial trouble. In early Septem-

ber, Daewoo warned that it may not be able to pay foreign creditors the \$7.7 billion owing. Hyundai was informed by foreign creditors that it has six months to rearrange its debt, or else credit lines will be cut. On Sept. 1, the Seoul government’s Financial Supervisory Committee announced that it is preparing to declare Seoulbank insolvent, and begin take-over arrangements.

In Thailand, the leading banks recorded huge losses for the first half of 1999, led by Krung Thai Bank, the Finance Ministry-run institution which was used to take over non-performing loans of the commercial banks.

In Brazil, Gov. Anthony Garotinho, of Rio de Janeiro, the third-largest state, said that they do not have the means to pay debts owing the federal government due Sept. 30. “The government is driving us toward a moratorium,” he told the daily *O Globo*, in an interview in late August. In turn, without payment from Rio, the federal government will not be able to meet the conditionalities linked to the last IMF \$41.5 billion “rescue” package.

The total debt the Brazilian federal government, the states, and the municipalities owe private and public banks and international institutions, hit 491 billion reals (Brazil’s currency) at the end of May, up by 8 billion reals in May alone. That equals 49.8% of Brazil’s GDP! The federal government and state companies owe 68.8% of the total; the states, another 27%; the towns, 4%.

Brazil has been paying against this impossible debt load, by shorting its population. According to a report by the Institute of Socio-Economic Studies, in the first half of the year, the federal government paid out 56.94% of the total 28.57 billion reals budgeted for debt payments in 1999, but only paid out 8.45% of the measly 8.73 billion reals which they had budgeted for investments in social services.

Revolts, mass strikes

Although Ecuador’s finance experts were scurrying around Washington in early September, claiming to have come up with a deal with the IMF that will enable them to meet the Sept. 30 “last chance” payment deadline, there is one reality factor that cannot be ignored: A revolt in Ecuador against IMF austerity conditionalities is growing, and will likely paralyze or even collapse the government, before it ever gets the chance to implement its new deal. A series of nationwide strikes, begun back in March when President Mahuad attempted the first twist of the IMF tourniquet, has repeatedly forced the government to retreat, while the Congress has refused to rubber-stamp the IMF’s demands.

The Ecuador stand-off takes place in the context of a mass-strike process now ongoing in several other Ibero-American countries, notably Brazil and Colombia. On Aug. 27, an estimated 100,000 Brazilians poured into the streets of the capital, Brasilia, to protest President Fernando Henrique Cardoso’s IMF-modeled economic policies. Some sectors were calling for Cardoso’s ouster, as well. One day earlier,

30,000 debt-burdened farmers had marched on the capital, to demand a turnaround in the government's murderous agricultural policies. Cardoso's blind response was to complain that the protests are part of a conspiracy to overthrow his government. The unions answered with threats of a general strike in September, if the government continues its refusal to listen to them.

Where the crisis could rapidly lead, is best seen in Colombia, whose leadership has in effect abandoned the helm to the narco-terrorist FARC guerrillas. Colombians today are suffering an official 20% unemployment rate, a bankrupt financial system, plummeting industrial production, and an agricultural sector ravaged equally by narco-terror and a flood of cheap imports. The population, fed up with the policies of President Andrés Pastrana, is demanding a complete turnaround in economic policy, and in particular is rejecting Pastrana's would-be submission to the IMF for a promised \$3 billion bailout.

However, poised to capitalize on this popular anger is the FARC, whose drive for power—Pastrana's fantasy about a peace parley notwithstanding—has never been stronger. The country was virtually shut down on Aug. 31, by a "civic strike" called by the leading labor federations, in combination with peasant organizations. Behind the scenes, but fully prepared to take over the action, are the FARC's 15-20,000 heavily armed terrorists.

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Then, just across the border, the Venezuelan Presidency of Hugo Chávez is organizing a Jacobin movement which, in coordination with Colombia's FARC and other terrorist and pro-terrorist movements in other countries, could set the entire continent aflame, while diverting legitimate outrage over IMF looting into outright chaos.

Already, the Chávez dictatorship has shut down the Supreme Court and Congress, replacing them with a "people's assembly." The strategically key national oil company, PDVSA, is being purged, and its director has been replaced by a Chávez loyalist. While Hugo "Robespierre" Chávez screams at every opportunity about cleaning out corruption, his minions are organizing lynch mobs. Federal District Mayor Hernán Gruber, a leading member of the Chávez team, has issued a call for public executions in the plazas of Venezuela, while the governor of the state of Lara, Orlando Fernández, instructed district police to refrain from acting to save "criminals" from lynching. The day after Gruber's calls, someone was lynched in the state of Falcón.

As Chávez proclaimed on Aug. 29: "Order has arrived in Venezuela."

How can we escape a Dark Age?

In the face of this global picture of crisis, Lyndon LaRouche has offered policies that, even at this late date, could turn the situation around. In a speech on July 24 at the Schiller Institute summer academy in Oberwesel, Germany (published in *EIR* on Aug. 6), LaRouche summed up the situation this way:

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

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

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

Malaysia celebrates a year of resistance to the IMF

by Gail G. Billington

August 31 marked the 42nd anniversary of Malaysia's independence from British colonial rule. But, 24 hours later, the country celebrated a second declaration of independence: the first anniversary of the selective capital controls imposed on Sept. 1, 1998, which saved Malaysia from following its neighbors, Thailand, Indonesia, and South Korea, in seeking advice and assistance from the International Monetary Fund (IMF). First Finance Minister and Minister of Special Functions Tun Daim Zainuddin disclosed this year that for months prior to the imposition of the selective capital controls, Prime Minister Datuk Seri Dr. Mahathir bin Mohamad, patiently but stubbornly, countered every single argument *against* capital controls put forward by his cabinet, including, in the last phase, winning over then-Deputy Prime Minister and Finance Minister Anwar Ibrahim.

The howls of protest that erupted in response to Malaysia's move have significantly, but not totally, subsided. IMF Managing Director Michel Camdessus cautiously stated in Hong Kong on May 17, 1999, "Consensus seems to be emerging that controls may have a place when there's risk of a crisis, but only as a breathing space while other fundamental measures can take effect. . . . I praise the way in which Malaysia has been able to adopt a soft system of controls. . . . They've wisely used the breathing space provided by the controls."

On Sept. 1, 1998, the central bank, Bank Negara, fixed the exchange rate of Malaysia's currency, the ringgit, at 3.8 to the U.S. dollar; imposed a one-month deadline to repatriate offshore ringgit; and announced that all trading in Malaysian securities had to be done through the Kuala Lumpur Stock Exchange or an exchange recognized by the KLSE. Directly targeted was the Singapore-based Central Limit Order Book (not recognized by the KLSE), which accounted for \$20-25 billion in offshore ringgit accounts. In addition, the government imposed a one-year moratorium on repatriation of portfolio capital and profits. On Feb. 4, 1999, this investment policy was modified to a graduated levy, depending on how long funds remained in Malaysia. A series of measures were taken to ease credit and direct it into essential infrastructure and social safety spending.

Malaysia has not, and is not, waiting for the approval of others. Prime Minister Dr. Mahathir, Tun Daim Zainuddin, and other members of the national economic team have said repeatedly that the controls will remain in effect until such time as mere talk of "new financial architecture" to protect nations from speculative rampages is translated into deeds. After more than 40 years of averaging more than 6% growth per annum, Malaysia suffered negative 7.5% growth in 1998, followed by negative 1.4% growth in the first quarter of 1999, but, by the second quarter of 1999, there was 4.1% growth. Officials have been careful not to claim that "recovery is here"—a very wise move, given statements made in Tokyo on Sept. 1 by the IMF's Asia operations head, Hubert Neiss, that, at best, the region is experiencing a "precarious recovery."

'Our nation, our responsibility'

On Malaysia's National Day, 1998, Dr. Mahathir titled his televised address "Our Nation, Our Responsibility," and motivated the emergency steps to be taken: "We must strive on our own to revive our nation's economy and defend our sovereignty and independence." He charged that more than \$1 trillion had been stolen from the Asian economies. "Thank God, so far we have managed to defend our country," he said.

This year was a far happier occasion, with an estimated 120,000 Malaysians attempting to crowd into the National Stadium in Kuala Lumpur. In his televised national address, Dr. Mahathir developed a theme that is central to the progress of civilization throughout the ages: that the human species is uniquely able to transform the conditions of its species existence, by rejecting ideas that no longer serve to improve the conditions of mankind, and discover new ideas that do. A second major theme of his address was that, in the course of the economic crisis, Malaysia had come to know its friends and enemies.

Below (see *Documentation*) are extracts from Dr. Mahathir's statements on National Day, and greetings to Malaysia on its "double independence" anniversaries from China's President Jiang Zemin and Premier Zhu Rongji. Also included is the text of an Aug. 26 wire, written by the state news

service Bernama and subsequently posted to the website of the National Economic Action Council, which quotes *EIR* Founder and Democratic Presidential pre-candidate Lyndon LaRouche's call for a class action suit against the IMF.

On Sept. 2, in Kuala Lumpur, Malaysia's premier think-tank, the Institute of Strategic and International Studies, and Mainichi Newspapers of Japan will co-sponsor a one-day symposium on currency controls and Association of South-east Asian Nations monetary cooperation. An announcement written by the ISIS describes Dr. Mahathir's decision to impose the controls as "a decision that was bold in concept, breathtaking in its implications, and ballistic in the reactions evoked." It added, "Dr. Mahathir's epochal decision had prompted Japan and some Asian countries to realize that no single organization has a monopoly on the appropriate response to crisis situations." Speakers will include Dr. Mahathir, Japan's former Deputy Finance Minister Eisuke "Mr. Yen" Sakakibara, Thai Deputy Prime Minister and Commerce Minister (and future World Trade Organization head) Supachai Panitchpakdi, World Bank Senior Adviser Dr. Amar Bhattacharya, Jetro chairman Noboru Hatakeyama, and Supachai adviser Dr. Sura Sanittanont. ISIS CEO Tan Sri Dr. Noordin Sopiee will lead a discussion that will include Sakakibara's proposal for an Asian Monetary Fund, a subject Dr. Sopiee discussed at length in the Sept. 1 *New Straits Times*. In the past year, Malaysia has shown what a nation is capable of to defend its sovereign interests — an idea captured in the new slogan *Malaysia Boleh!*

Documentation

Malaysia adopted 'positive measures'

National Day greetings from China, *New Straits Times*, Aug. 31, 1999.

Chinese President Jiang Zemin sent congratulations to the Yang di-Pertuan Agong Sultan Salahuddin Abdul Aziz, on the occasion of Malaysia's 42nd National Day. In a message issued by the Chinese Embassy in Kuala Lumpur, Jiang took note of the 25th anniversary of diplomatic relations between the two countries, with remarkable progress achieved in various fields, and declared China's willingness to make joint and unremitting efforts with Malaysia to forge a lasting relationship. "Over the past 42 years, Malaysians, with their diligence and wisdom, have continuously made renewed achievements in building their wonderful homeland which have won the deep admiration of the Chinese people."

In Prime Minister Zhu Rongji's message to Dr. Mahathir, he took note of the achievements of Malaysia's people: "Especially when facing the impact of the Asian financial crisis, under the prominent leadership of your Excellency, Malaysia

has adopted a series of positive measures and achieved significant results on which we would like to express our heartfelt delight."

Mahathir: 'We must defend our freedom'

Excerpts from Prime Minister Dr. Mahathir bin Mohamad's 42nd National Day message, as reported by the *Business Times*, Kuala Lumpur, Aug. 31.

"Do not underrate your own capability to think, to come up with constructive ideas. The fact is we are just as good as others, if not better than they are. . . .

"We were colonized for more than 400 years. We have been independent for just 42 years and we are not willing to have our freedom taken away although the era of globalization has arrived. We must defend our freedom. . . .

"Malaysians will be able to defend this beloved country if we recognize the dangers that we face and if we acquire all the necessary knowledge and skills."

Dr. Mahathir said the country need not rush to adopt new ideas from the West as history has many examples of ideas, propagated supposedly for the good of mankind, which were later abandoned, as the results were not as expected. The ideologies of communism and socialism are two examples that had destroyed many countries, he said.

"It is not an impossibility if ideas such as liberal democracy, free market, and globalization were to be dropped too.

"We have already seen the destruction that comes with these ideas. That is why we not only need to be careful in adopting Western ideas but also to create our own ideas in trying to improve our lot. . . .

"What has happened during and after the attack on our economy is a calamity arising from the information technology and globalized era. If we allow Western powers to interpret the meaning of globalization, a more severe disaster will befall us.

"It should be remembered that all of today's advanced nations were once backward. These countries and their people progressed because they were able to identify and discard what were obstructing their development. . . .

"There is no need to elaborate here what these obstructions are. What is important is our willingness to do what is required of us. . . .

"The start of the new century and millennium is also an opportune time for us to discard all bad traits that have hindered our development and for us to seriously practice whatever is good for us and our country."

LaRouche: IMF feared that Malaysia would succeed

"IMF Members Feared MSIA's Controls Will Work," Bernama/National Economic Action Council website, Kuala Lumpur, Aug. 26.

American economist and Democrat Presidential candi-

date Lyndon LaRouche has revealed that the greatest fear among International Monetary Fund (IMF) members at their annual meeting in September last year was that Malaysia's radical anti-IMF controls might succeed.

He said attendees to the meeting in Washington last year privately expressed their fear that this would undermine the role of the Fund as the world's debt policeman, a job which has increasingly come under criticism for making things worse for financially troubled countries.

"A country in crisis has little choice but to turn to the painful IMF cure but failure to sign with the IMF threatens all but the most courageous governments with being blacklisted from international credit markets for years," he said.

IMF policies worsen the country's economy at severe social and economic cost, he said in an article entitled "It's Time To Sue the IMF" contained in the *Executive Intelligence Review*, which is based in Washington.

It was issued by the National Economic Action Council here today.

Unlike Thailand, South Korea, and Indonesia which went to the IMF for billions of dollars in financial assistance, Malaysia staged its economic recovery by moving away from the Fund and adhering to expansionist policies while adopting unorthodox selective capital controls.

The move, chastised by many including the IMF, restored stability to the financial system by weeding out volatile speculative funds, leading to Malaysia being able to post a positive growth of 4.1% in the second quarter of this year.

In contrast, when it adopted in late 1997 tight monetary policies prescribed by the IMF in other affected economies, Malaysia slipped into a crippling recession, causing the economy to contract by 7.5% last year.

LaRouche said that few private lenders or governments would lend to a country which has not been "certified" as behaving according to IMF conditionalities after undergoing a crisis, he said.

LaRouche emerged over the course of the 1970s and 1980s to rank among the most controversial international political figures, calling for a "just new world economic order" and the urgency of affording what has sometimes been termed "Third World nations and their full rights to perfect national sovereignty."

He said the Fund's policies aggravated what was originally a serious short-term crisis in Asia since July 1997.

The policies "have resulted in worsening the economic prospects of hundreds of millions of people around the world," he said.

He said that the scale of IMF damage to global real economic growth now is such that it threatens far more than the individual countries involved.

"It is time to end the role of the IMF in this criminal activity before it ruins us all," he said.

In his blunt manner, LaRouche also said that the IMF was

running a swindle on behalf of private banking interests.

Referring to the latest developments between the IMF and Ukraine, he said: "The Ukraine government should sue the IMF and World Bank for damages resulting from following the IMF's advice."

This should be a class-action suit with other nations which have been caught in the same IMF swindle. All these countries are entitled to recover costs and damages from the IMF and World Bank, he said.

LaRouche said despite the appropriate and unprecedented criticism of IMF policy, "nothing has changed for the better."

Since 1977 and the Italian IMF agreement, no Group of Seven (G-7) country has applied for IMF medicine.

"The IMF, has instead, become in effect a weapon against the economies least able to take such medicine — emerging or once developing countries," he said.

East Europe: 'Marshall plan,' or disintegration

by Lothar Komp

At the end of the decade which began with the crumbling of the Iron Curtain, the economic performance of Russia, measured in U.S. dollars, is 50% of what it was in 1989. In Ukraine, there is a residue of a bare one-third of the economic activity that existed in 1989. Over the course of the "shock therapy" experiments carried out by the International Monetary Fund (IMF) and by economists from Harvard University, investments in the modernization of infrastructure and industry in Russia were depressed to below the miserable levels which had prevailed under the communists, and expenditures for health, education, and research have been almost entirely eliminated. At the same time, hundreds of billions of dollars in capital value were extracted from the economy, and these found their way ultimately into the stock-market bubbles of New York, London, and Frankfurt.

Now, both Russia and the Ukraine are in a state of unofficial, sovereign bankruptcy. According to new estimates of the Socio-Economic Institute of the Academy of Sciences, 60 million Russians already live below the poverty level, while overall life expectancy has been lowered within this decade by some five years.

Economic developments in the so-called "reform countries" of eastern Europe have taken a somewhat different course. Some countries, such as Poland, the Czech Republic, and Hungary, managed to attract significant foreign direct investments, with which a few oases of modern industrial production emerged. But, since there was no broad invest-

ment in transportation, energy production, and other infrastructure, there has been no take-off in the direction of a real reconstruction of these economies. In addition, all of these economies are experiencing extreme fragility, because they are dependent on short-term foreign capital flows. Any new tremor in the world financial system, whether it comes from South Korea, Russia, or Brazil, immediately leads to panic reactions among the ranks of foreign investors, and the currencies, stock-markets, and banking systems then go on the skids.

Since the Kosovo war, a dramatic deterioration of the economic situation has set in throughout eastern Europe, leading to a near-standstill in economic activity in some southeastern European countries. Indeed, Europe is at a cross-roads: On the one hand, a Marshall Plan-style program for southeastern Europe could represent the bridge connecting these countries to the immense economic development in Asia, which will determine the dynamic of the world economy in the 21st century.

But, such a Marshall Plan cannot be limited to short-term aid to defray the costs of the war. In order to meet the immense needs for investments in infrastructure and industry, it is necessary to create institutions which channel long-term credit into the most urgent investments, on the model of the German Kreditanstalt für Wiederaufbau (German Reconstruction Bank) in the years immediately following World War II. If this second chance for the reconstruction of the European east is missed, the southeast of Europe will be transformed into a nest of crises, war, waves of refugees, and epidemics, which will sever western Europe from the regions of growth in Asia.

The results of ‘market reform’

Economic storm-flags are also flying in the “model countries” of market-economic reform. In the first five months of this year, Poland’s exports fell 7.3%. Russia, which was still the second-largest export market for Polish agriculture and industry a year ago, has dropped to 12th position as a consequence of the financial crisis and the collapse of the ruble. Agricultural exports to Russia dropped to one-quarter the level of the previous year. Exports to the European Union also dropped significantly. The Polish current account deficit increased in the first seven months of this year to \$6 billion, more than double the deficit of the same period last year. In June, official unemployment in Poland exploded to 11.6%, compared to 9.6% the previous year. The large drop in the mining and steel sectors still lies ahead: Approximately half of the coal mines in the country are scheduled to be closed, and that will require laying off 125,000 of Poland’s 190,000 miners. In addition, some 40,000 jobs are slated to be cut as part of the restructuring of the steel industry.

The Czech economy has been in recession already since the introduction of drastic austerity measures in the spring of

TABLE 1

Foreign debt, year end 1998

(billions \$)

Poland	42.7
Hungary	26.7
Czech Republic	24.0
Slovakia	11.8
Slovenia	4.9
Croatia	8.5
Romania	9.1
Bulgaria	10.1
Russia	145.0
Ukraine	11.5

1997, and the situations has deteriorated recently, due to the crisis in Russia, the Kosovo war, and the drop in demand from western Europe. In the first quarter of the year, Czech industrial production dropped 9.1%. Expectations are that official unemployment will rise over the course of the year, from 7.5% to 10%.

No other country in eastern Europe carried out as radical a privatization as in Hungary. Today, 60% of the Hungarian banking system is foreign-owned. Of the total industrial export of Hungary, 80% comes from firms owned by non-Hungarians. And although the volume of foreign direct investment per capita is several times larger than in the other east European neighbors, the total of these investments has created a mere 60,000 new jobs. The sell-out to foreign investors includes infrastructure. Telecommunication, energy production, and water supplies were sold off to foreigners to an extent which would be inconceivable—still—in nearly all western European countries. New transportation construction was also financed with private, foreign capital, but with meager success: In mid-August, the government had to de facto nationalize the company which had managed the M1 and M15 highways to Austria and Slovakia. Since Hungarian car drivers shied away from paying the excessive tolls, the firm was unable to pay off its creditors.

The effects of the war

In Croatia, the war destroyed tourism, the most important source of foreign exchange, while export income has sufficed to pay for only half of the imports for a number of years now. Croatia has been in a lasting recession over this time in any case. Since the fourth quarter of 1998, economic performance has been negative. Official unemployment reached 19% in June 1999, compared to 16% the previous year. Following the banking crisis of 1996-97, another bank crisis broke out in the spring of 1998, which is still swallowing up considerable volumes of state funds, and is also smothering economic ac-

tivity. More than a dozen banks were either placed under state management or went bankrupt.

The effects of the Kosovo war on Romania and Bulgaria have been disastrous. On account of the economic collapse of Russia and Ukraine, both of these countries oriented themselves increasingly to the West in recent years. But, since the bombing of the Serbian bridges over the Danube and the blockage of the other transit routes through Yugoslavia, the most important transportation routes to the West have been severed, so that trade with the West is now collapsing, just as trade with the East did before. Yugoslavia itself was, in addition, an important trade partner for both countries. Bulgarian exports dropped in the first half-year by 21% with respect to the previous year. Industrial production fell 8.2%, following the drop last year of 12.7%. The government fears that the current account deficit this year could be triple that of last year. Given the deterioration of the Bulgarian economic and financial situation, the flow of foreign capital has slowed to a trickle. Given the mechanisms of the "currency board," introduced following the hyperinflation of 1996-97, this is driving interest rates sky high, and domestic banks are cutting the domestic credit lines to Bulgarian firms.

In the first seven months of this year, Romania had to pay some \$2 billion to its foreign creditors, chiefly the IMF and the World Bank. The country's exchange reserves, which were at \$3.8 billion at the beginning of 1998, and were still \$2 billion a year later, have now been depleted to the grand sum of \$800 million. Sovereign bankruptcy lurks just around the corner. At the beginning of August, Romania concluded a new agreement with the IMF on a short-term standby credit, of which a piddling \$73 billion have been paid out. On Aug. 25, Prime Minister Radu Vasile publicly accused the IMF of exacerbating the economic recession in the country with its conditionalities, which could lead to unrest and demonstrations in the fall. In fact, the economic integrity of the country is disintegrating. It is not unusual for firms to pay interest of over 400% for long-term credit. In a counter-move, state and private enterprises have gone on "strike," i.e., they refuse to pay taxes and social security fees. According to Finance Minister Decebal Traian, tax revenue "has practically reached a standstill."

The years 1997 and 1998 were already economic catastrophes for Romania: Industrial production dwindled by 5.9% and 17.3%, gross capital investments dropped by 15.9% and 18.1%, and gross national product fell by 6.6% and 7.3%, respectively. In the first quarter of 1999, industrial production has again rached downward by 10.5% with respect to the previous year. Official unemployment has risen above 11%, and will increase by year's end to 16%. The national currency has been devalued by another 60%, with the corresponding effect on the purchasing power of families' domestic income.

Following the rapid and unbridled collapse, since 1989,

of the standard of living, epidemics and undernourishment have spread. At the beginning of August, the Health Minister reported the outbreak of a meningitis epidemic in the north of Romania, which followed the cut-off in May of water supplies to the region, because it had not paid its water bills. In the city of Baia Mare, on the border with Ukraine, many cases of hepatitis have turned up, caused by the polluted water. Other diseases, such as typhus and cholera, long thought to be monsters of the past, have suddenly returned.

The only adequate way to characterize the economic situation in Yugoslavia, Bosnia, Macedonia, and Albania, is to say that it is worse than anywhere else. These economies have collapsed. According to an estimate of the London Economist Intelligence Unit, the war damages in Yugoslavia run at 110 billion deutschemarks (roughly \$70 billion). In addition to transportation routes, energy supply, and industrial plant, a large segment of agricultural production was destroyed by the bombing, so that massive flows of refugees into neighboring countries are expected for the winter, when hunger and the cold drive people out of Yugoslavia. The Belgrade Institute for Economy held a press conference on Aug. 28, and said that the Serbian economy is in complete collapse. Industrial production for the first half of the year is 30% lower than last year, which was already 60% below the performance of eight years earlier. Per-capita income is now lower than in Albania, previously taken to be the poorest country in Europe.

Meanwhile, Albania is undergoing a singular experience. Despite its having participated in the Kosovo war and having provided for 450,000 refugees, it is being left in the lurch by NATO members. The most urgent measures necessary to alleviate the economic emergency in Albania are in the area of basic infrastructure. At the end of June, the Albanian government presented a national infrastructure plan at the Balkan Stability Summit, in Sarajevo, which provides for a network of highways and rail lines to be constructed to link Albania with the rest of Europe, with transportation routes to Macedonia, Bulgaria, and Greece. Other parts of the plan foresee natural gas and oil pipelines, the construction of a water management plant, as well as links to the electricity grids of neighboring countries. The investments required would cost an estimated \$3 billion. But the European Union, primarily, is deaf to such plans. In Sarajevo, the Albanians were fed conciliatory phrases, but the European Investment Bank said at the end of August, that it had paid out not one cent of the 40 billion deutschemarks promised in February 1998 for the construction of a road from the port of Durres to the capital, Tirana. This road is part of the priority corridor no. 8, which runs from the Mediterranean through Albania and Macedonia to Istanbul. Then money had not been paid out, the bank claimed—despite the presence of NATO—because no one could be sure where the money would really go.

Business Briefs

Dirty Money

London is the center of money laundering

The City of London, i.e., the financial district, is “the best place to launder money in the world,” the London *Guardian* said on Aug. 22, in an article on the Russia organized crime money-laundering scheme run through banks in London and New York centered around Russian mob figure Semyon Mogilevich.

The *Guardian* cited author Jeffrey Robinson, author of *The Merger*, as saying that organized crime leaders such as Mogilevich are enjoying massive success using Harvard Business School techniques.

“Mogilevich typifies the new global criminal,” says Robinson. “These men don’t rob banks, they buy them. They take full advantage of globalization, ill-equipped law enforcement, and lax money-laundering laws — especially in Britain — using the City of London as their onshore gateway to the offshore world.”

Robinson says, “This case is the tip of the iceberg. The City is an absolute cesspool and it will remain a cesspool because the people in charge don’t care. Mogilevich is not the only one, the Bank of New York is not the only place. London is the best place to launder money in the world. Since the money-laundering regulations were introduced in this country four years ago, there have been thousands of reports but only one successful prosecution.”

Finance

Japan, S. Korea, China to monitor capital flow

Japan, South Korea, and China have set up a working group composed of their Vice Finance Ministers for International Finance, to exchange information about hedge funds and flight capital, Nikkei reported on Aug. 23, citing Japanese government sources. The working group will analyze the investment patterns followed by foreign sharks such as hedge funds, leading up to and during the

global financial crisis which broke out in Asia in summer 1997.

Information to be exchanged includes amounts owed by Japanese, South Korean, and Chinese domestic companies to foreign banks, as well as levels of short- and long-term debts and data on the ratio of securities holdings by foreign investors in their markets.

The group will also discuss reforms of the International Monetary Fund, and hold seminars sponsored by government research institutes, at least once a year, aimed at preventing currency or financial crises. The next seminar is to be held in Japan by spring 2000.

Banking

Sakakibara: Japan could become financial colony

More mergers among major Japanese banks, such as that of Fuji, Dai-Ichi Kangyo, and Industrial Bank of Japan, which will form a \$1.3 trillion bank next year, will be forthcoming, said Japanese former Deputy Finance Minister Eisuke Sakakibara, in an interview with Nikkei on Aug. 20. Otherwise, “Japan will become a financial colony” of the Western mega-banks. The current top four banks worldwide are Deutsche Bank, Union Bank of Switzerland, Citigroup, and Bank of America, with \$611 billion to \$735 billion in assets.

In several interviews with Nikkei, Sakakibara criticized what he calls “market fundamentalism.” He said that he opposes excessive deregulation in Japan. “I think the limits and errors of neo-classical economics are becoming more and more noticeable as the revolution of information technology proceeds in the 1990s. The financial crises that hit the world last year provided evidence of this,” he said.

Sakakibara makes clear that the Japanese Ministry of Finance is behind the pending merger of the three Japanese banks. Shortly after the merger was announced, Moody’s Investors Service put the long-term credit ratings of the three banks on review for a possible upgrade.

Japanese Finance Minister Kiichi Miyazawa told NHK-TV on Aug. 22 that the Fuji

group’s proposed alliance means a reemergence of Japanese banks on the world stage, Nikkei reported.

The next merger may be between Tokai Bank Ltd. and Asahi Bank, which have been in talks on forming a joint holding company and integrating their offices. The new bank would have combined assets of \$527 billion, which would make it the seventh-largest financial institution in the world. Sanwa Bank and Sakura Bank, Japan’s fourth- and fifth-largest banks, are also seeking merger partners. Analysts say any combination is possible, even Bank of Tokyo-Mitsubishi and Sumitomo Bank, until recently Japan’s first- and third-largest banks; combined they would have \$1.2 trillion in assets.

Mental Health

Psychiatrists focus on speculation psychosis

The Eleventh World Congress of Psychiatry took up the mass psychosis among Western populations who are engaging in stock market speculation, day trading, and compulsive casino gambling. At the Congress, held in Hamburg, Germany on Aug. 6-11, German economics professor Wilhelm Hankel spoke on the “irrational” structure of global stock market operations; and Prof. Peter A. Henning elaborated on stock gambling fever as a new kind of “cultish” behavior. Several U.S. psychiatric specialists presented new medications for gambling addicts.

The program was organized by Prof. Iver Hand, head of the psychiatric department of the Hamburg-Eppendorf University Clinic. Hand stated that his clinic is filled with patients who have developed their “little magic philosophy,” and have discovered a “perfect system” for their gambling strategies. The only reason for their losses, these patients believe, is that they have “not yet fully mastered” their perfect systems. Hand emphasized that casino gambling and stock market speculation, are pathologically “twin sisters.”

Stock markets are becoming more and more controlled by speculators, whose reasoning no longer has any connection to the real economy, and who just make “psycho-

NIGERIAN President Olusegun Obasanjo attacked globalization, in a speech in Abuja, wire services reported on Aug. 19. "Poverty alleviation and eradication is a difficult task if policies are entirely based on market forces and macroeconomic stability [is seen] as an end to itself. Globalization with a human face cannot be a substitute for a solid national foundation based on good governance and human-centered development," he said.

KAZAKHSTAN and India agreed in New Delhi on Aug. 18 to work to improve cooperation in the field of oil and natural gas exploration. On Aug. 17, two agreements were signed providing legal assistance to each other on criminal matters and setting up a visa-free regime, and discussed prospects of joint production and processing of oil and gas.

KYRGYZSTAN and China discussed joint infrastructure projects, including in the spheres of transport, communications, trade, and the construction of railways, and the opening of an air corridor, in Bishkek, the capital of Kyrgyzstan, Kyrgyzstan's Kabar news agency reported on Aug. 26.

ICO GLOBAL Communications, which aimed to provide global phone service through a network of 12 satellites that would be sent into orbit, filed for Chapter 11 bankruptcy protection on Aug. 27. The London-based firm failed to gain \$600 million in financing that it was seeking. ICO ran into resistance from its bondholders in its efforts to raise funds through "strategic investors."

TURKMENISTAN and Iran officials discussed hurdles in the way of expanding transit of goods and road transportation, and agreed to boost transport cooperation, in talks in Ashkhabad on Aug. 25. They also discussed construction of a rail line connecting Ashkhabad, Sarakh, and Mashhad, and agreed that the heads of their rail systems would meet together with their Uzbekistan and Kazakhstan counterparts by year-end.

logical guesses" about the future actions of other speculators, Hand said. The stock markets have been turned into an "ideal playground for emotionalism." And, entire national economies have become dependent on them. He warned that the long-term stability of nations is threatened when the commonly perceived value of labor becomes downgraded, while personal wealth is being turned into a question of "good luck or bad luck." If world stock markets are not "regulated by reason," there will brew, among the population, "extreme fears for the future and, as a consequence, dangerous aggressions."

China

Let finance serve scientific progress

An agreement for "comprehensive cooperation" was announced in late August, between the Bank of China and Qinghua University, where the top elite of China's scientists and engineers are trained, to place finance at the service of scientific progress. This decision indicates that the Chinese government means business with the policy announced by President Jiang Zemin and Prime Minister Zhu Rongji, emphasizing scientific and technological progress. Here are excerpts from coverage in the Aug. 27 *Guang Ming Daily*:

"A three-year agreement was signed, according to which the Bank of China will provide direct support to Qinghua University to improve education and create new high-technology industries, providing financial services, information and counselling appropriate to a world-class university in the 21st century, supporting development of the university campus facilities, granting student loans, providing financial support and loans for development of the advanced science and technology industrial park belonging to the university. Up to the year 2002, the Bank of China promises to provide to Qinghua University support in the amount of 1 billion RMB [renminbi, China's currency]. The Bank of China will also exploit the superiority of an investment bank to give financial support, counselling, fund management, risk capital and other services to promote rapid commercialization of scientific and techno-

logical achievements made at Qinghua University, and to launch, incubate and mature new, small-sized high-technology industries.

"For its part, Qinghua University will recommend outstanding graduates for positions in the Bank of China, and provide talent training and continuous education to high-level officers and employees of the Bank. At the same time, the University will give advice, resources and technological cooperation to the Bank in fields such as information technology, economics and financial research, research on industrial development, etc.

"Some specialists believe that this new type of cooperative relationship represents a new creative attempt toward forging a synthesis of financial and intellectual capital in our country."

Telecommunications

Iran bolsters ties, cooperation with China

Iran is increasing cooperation with China in the telecommunications arena. Meeting with Iranian Minister of Post, Telegraph and Telephone Mohammad Reza Aref, who was in China to participate in the 22nd World Congress on Post, Chinese Minister of Post and Telecommunications Wu Jichaun called for development of Iran-China cooperation in postal, telecommunications, and software industries, the Iranian News Agency reported on Aug. 26.

Wu Jichaun welcomed promotion of technical cooperation between the two countries, especially in regional markets. He stressed that technical development and globalization of the economy require research cooperation among different countries.

Aref said that the two countries' leaderships favor bolstering ties. Referring to their ample capabilities, he said that Iran and China can establish favorable cooperation in production and export of technical services and telecommunications equipment to regional countries. Aref added that Iran is determined to launch the Zohreh satellite, and will cooperate with China.

Brzezinski plays Britain's 'Great Game' in Central Asia

by Muriel Mirak-Weissbach

War is raging in Russia.

Fools will protest that this is a gross overstatement and exaggeration. They will pathetically cling to their media-nurtured illusions, that the fighting which has gripped the autonomous republic of Dagestan since Aug. 7, is some local, internal affair, just one more instance of the chronic in-fighting and ethnic conflict which has characterized the Caucasus since time immemorial. This is no war, they will say, but merely an ethnic revolt, like so many others we have seen, and in the future will see.

With not-so-veiled glee at Russia's discomfort in this affair, some are saying that this is but one further step in the inevitable process of dissolution of the Russian Federation, following the disintegration of the Soviet Union but eight years ago. In the end, they say, the various autonomous republics will gain their independence, and Russia will break up into so many single entities, each ethnically, culturally, and linguistically defined (as indeed is only just and proper, they will add). What, they ask ingenuously, is all the fuss? Look at Kosovo, Kashmir, and East Timor: Is this not the wave of the future?

There is only one leading political figure outside Russia, who has had the knowledge and courage to rip through these lies and illusions, to state the painful truth of the matter. In an internationally distributed statement issued on Aug. 11, Lyndon LaRouche bluntly posed the question, "Is World War III Coming?" Asserting emphatically that he believed, that with his leadership, the otherwise inevitable process toward war could be reversed, LaRouche went through the steps of the process currently leading toward strategic confrontation and world war.

LaRouche wrote, "The drive toward a nuclear world war comes from the British monarchy, as the policies of the

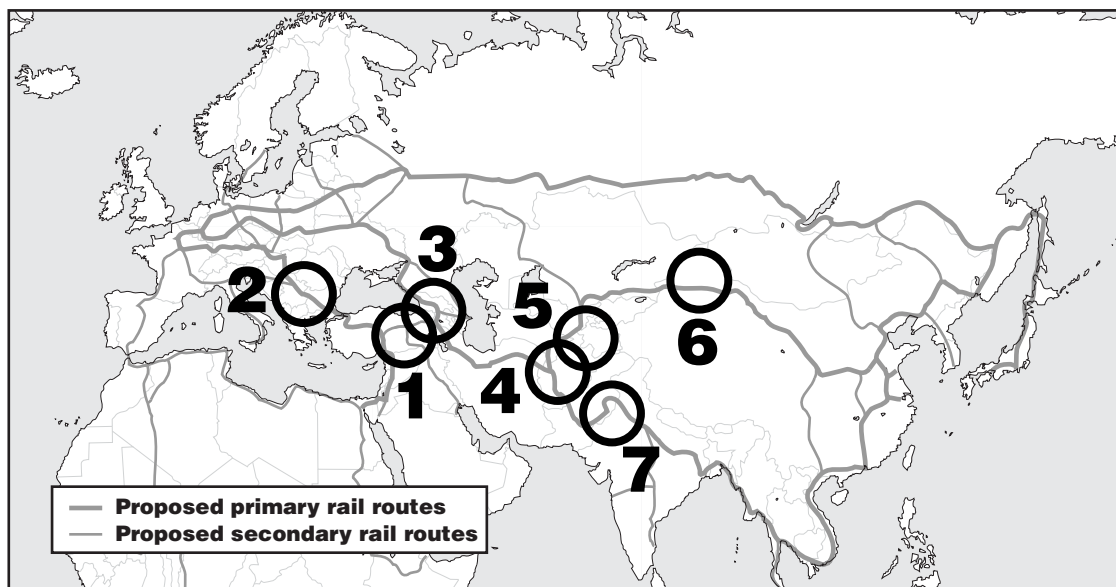
current Prime Minister and 1931 Ramsay MacDonald look-alike Tony Blair typify this impulse. However, although the British monarchy is by far the world's dominant financial power, and also the world's presently leading political power, the thrust for war depends upon that monarchy's ability to push the world's leading military power, the U.S.A., into adopting London's current geopolitical adventurism."

He continued: "It is from this standpoint, that we must understand the significance of madman Zbigniew Brzezinski's current policies, which are more or less identical to those of Brzezinski crony and U.S. Secretary of State Madeleine Albright. For maniacs such as British Prime Minister Blair, Brzezinski, and Albright, the orchestration of the recent war against Yugoslavia was only the prelude to a nuclear confrontation with Russia, in Transcaucasia and Central Asia more widely. Blair, Brzezinski, Albright et al., are depending upon their belief that this drive toward a nuclear confrontation with Russia is a strategic bluff, to which they are confident that Russia will back down. London's attempt to orchestrate a nuclear attack on India, by London-controlled assets in the Pakistan military, is part of the same post-Balkan-War thrust. There, in brief, lies the risk of an actual nuclear World War III."

The point which LaRouche has driven home, is that the flare-up of so-called ethnic conflict in the northern Caucasus republic of Dagestan, is but the most recent in a series of provocations mounted by the political forces of the British-American-Commonwealth (BAC) faction, who are committed to a strategic showdown with Russia. The aim of this faction, is to use such insurgencies to ignite a global confrontation which they, the BAC maniacs, foolishly believe they can win.

FIGURE 1

Caucasus, Central Asian conflict zones



Instigated conflicts, or potential conflicts, have succeeded in putting a “lock” on Central Asia’s development as the crossroads for Asia and Europe, as conceived in LaRouche’s concept for a new Silk Route. The 1991 war in Iraq and the Kurdish conflict (1) blocked one European route to the Mideast and Asia. The Balkans wars (2) disrupted river transport along the Danube, and prevented rail line development through southeastern Europe into Turkey and beyond. The conflicts in the Caucasian region (3) blocked the needed rail lines linking Europe and European Russia to the Mideast, and cut off the flow of oil from Baku through Russia westward. The continuing war in Afghanistan (4), the ongoing and threatened civil war in Tajikistan and conflicts elsewhere in Central Asia (5), and potential insurgency in Xinjiang Province, China (6), block the main required rail-development corridors linking China to the Mideast and Europe through Central Asia. The threatened India-Pakistan conflict (7) would impede the development of rail lines along the southern Silk Route.

The contours of the gameplan

The contours of their gameplan are by now obvious: Dagestani rebels—who are, in reality, British-backed Wahhabite insurgents moving from Chechen territory—are to challenge the central authority of Moscow, engaging the thousands of troops deployed by the Interior Ministry, in an impossible guerrilla warfare scenario. As the conflict inevitably drags on, the Russian military leadership will find itself confronted with the repetition of the tragedy of its unsuccessful war against the Chechen insurgency in 1994-96, and will face the option of escalating to tactical nuclear weapons, as its only recourse. Were the Russians to succeed in driving out Dagestani rebels from their positions, in the difficult mountainous terrain, said rebels could move into neighboring Azerbaijan or Georgia.

Their presence in either of the former Soviet republics, now internationally recognized as sovereign, independent nations, would provide the pretext for their Presidents, Heidar Aliyev of Azerbaijan or Eduard Shevardnadze of Georgia, to launch an impassioned appeal to the “international community” to send in a “neutral” force of peacekeeping troops to guarantee their national sovereignty, territorial integrity, and

so forth. The peacekeeping force in question would be composed of NATO troops, but from the Turkish military, so as to cast it in a less Western garb, and present it under the more attractive dress of “our Turkic brothers” coming in defense of the Motherland.

In 1998, Aliyev, a career KGB operative who sold himself and his country to the Western oil interests after independence, publicly called for a NATO base to be built on the territory of Azerbaijan. On June 29, 1999, Murtuz Aleskerov, Azerbaijan’s Speaker of Parliament, stated, “Our country seeks to become a NATO member-state.”

On July 1, Georgian Deputy Foreign Minister Giga Burduli announced that Georgia had requested “NATO membership.” Georgian President Shevardnadze, also a graduate of the KGB, discussed the perspective with visiting U.S. Secretary of Defense William Cohen, in late July. Georgia signed an agreement with the United States, on security cooperation and aid. On the issue of Russian bases in Georgia, the press reported that “if there is a prospect of them being replaced with American ones, [Cohen] said that it was up to the Georgian authorities to decide whether the independent state of Georgia should have foreign military

bases on its territory. It is also up to the Georgian authorities to decide if the current bases are to be replaced with American ones.”

Both Azerbaijan and Georgia have called for NATO troops to replace those of the Commonwealth of Independent States (CIS), in the Georgian republics of Abkhazia and South Ossetia, and in and around the Armenian region of Karabakh.

There is no need to speculate on the Russian view of these developments. In July 1998, Russia responded to the idea, promoted by Turkey, of setting up “special peacekeeping forces” for the Caucasus region within the framework of the Partnership for Peace program. Foreign Ministry spokesman Vladimir Rakhmanin said that Turkey’s initiative implied an intention to expand the NATO sphere of activity to encompass the Caucasus, that is, beyond the boundaries of the North Atlantic treaty. “This has nothing in common with the task of stabilizing the situation in the region, nor with the specific needs for the settlement of the conflicts existing here,” Rakhmanin said.

Once such a “peacekeeping force,” no matter how small or symbolic, were to be deployed on Azeri or Georgian territory, the “red line” drawn by the Russian military establishment would have been crossed. At that point, whoever may be in charge in Moscow at the time—and this is a question which will be decided in the course of these events—may very well determine that there were no other recourse, than to escalate to the deployment of tactical nuclear weapons. Were Moscow to deploy these weapons in the Dagestan-Chechnya theatre, there is no doubt the next step would be global confrontation.

In short, World War III.

British geopolitical insanity

There is nothing coincidental about this, nothing “organic” or “sociological” in the process leading to catastrophe. In essence, this confrontation is the strategic goal which the forces of the BAC have been pursuing relentlessly since 1989, when the Berlin Wall came down.

At that time, there were two radically opposed views in the West, as to what the post-communist world should look like. On the one hand, there were the voices of reason, those of Deutsche Bank chairman Alfred Herrhausen in Germany, and Lyndon LaRouche, who both urged the adoption of a development perspective for the East. Herrhausen had prepared a detailed plan for the extension of long-term, low-interest credits to the East, to generate massive technology transfer to Poland, for instance, and develop its economy along the lines that similar methods had generated the economic recovery and boom of post-World War II West Germany. Herrhausen was to deliver a speech on his project, in New York, on Dec. 4, 1989.

Instead, on Nov. 30 he was assassinated in an extraordinarily sophisticated terrorist attack, which was attributed to the Red Army Faction, a British front terrorist operation ac-

tive in the 1970s. The defunct terrorist capability had miraculously come alive, to intimidate anyone merely thinking along the lines of Herrhausen, in a post-communist Europe.

LaRouche was targetted as well. Earlier, on Oct. 12, 1988, LaRouche had delivered a speech in West Berlin, in which he forecast the fall of the Berlin Wall, and outlined his ideas for what a reunified Germany could accomplish, in developing the East. This later evolved into his “Productive Triangle” program and “Eurasian Land-Bridge” proposal. In a televised broadcast that same year, LaRouche identified the danger of war in Europe, specifically in Yugoslavia, were such a perspective for development not embraced.

The fact that LaRouche was campaigning for this approach, and was gaining support internationally, as well as among his Democratic Party base inside the United States, marked him as a target for political elimination, by the BAC. Thus, in 1988-89, President George Bush, in league with Henry Kissinger et al., launched a witch-hunt against LaRouche and his associates, to silence them as a political voice.

Once LaRouche was considered neutralized, through imprisonment, the BAC moved aggressively to utterly eliminate any potential for Germany to fulfill the mission which LaRouche and Herrhausen had identified, in extending economic progress to Eurasia. Instead of economic development, the nations of eastern Europe, and, after 1991-92, the Newly Independent States of the former Soviet republics, were forced to accept the economic recipes of the International Monetary Fund, which gutted their countries. At the same time, outright aggression was organized. As if working from a map of the continent, the British-based oligarchy proceeded systematically, to set fires leading to regional and international conflicts on the continent, many of which have continued to the present day.

A decade of wars

In 1990-91, the British orchestrated the precedent-setting war against Iraq, which diverted precious financial, economic, and political resources away from the historic task of Eurasian development, especially from Germany, which was the logistical launching pad for the “splendid little colonial war” of Margaret Thatcher and George Bush. No sooner had the aggression against Iraq ended, than the war in Yugoslavia broke out, laying waste to the region in southeastern Europe, which is the natural corridor along which infrastructure lines should extend into Turkey, the Persian Gulf, and beyond (see **Figure 1**).

The conflict in the Armenian enclave of Nagorno-Karabakh through 1993, was fuelled from abroad, parallel to the Chechen insurgency, which generated civil war inside the autonomous republic of the Russian Federation, until 1996. Conflict in the northern Caucasus region ensured that pipeline transportation and other infrastructure routes would be blocked. The war in Afghanistan was escalated through the creation in 1994 of the Taliban, supported by British, Paki-

stani, and Saudi forces, and their drive for total military conquest, from 1996 into the present. The Afghan war has not only ravaged the country, but has effectively cut off access through it for the newly independent Central Asian Republics, to Iranian and Pakistani ports. The massive drug cultivation and trafficking which has fed the Taliban war effort, has radiated throughout the region, threatening the stability of all central Asia, and even China, through Xinjiang province. The so-called “Islamist” insurgencies, both from the northern Caucasus and Afghanistan, have generated continuing civil war inside Tajikistan, and are spilling over into Kyrgyzstan and Uzbekistan.

The post-crash strategy

It was in autumn 1998, in the wake of the Russian default of Aug. 17, that the BAC refined its Eurasian strategy, to opt for a military solution. With the onset of the Russia crisis, the financial oligarchy had to acknowledge the imminent collapse of the entire monetary and financial system, on which its power had rested. In the post-crash strategy which the London-centered oligarchy designed, the primary focus was to target Russia and China directly, in the context of breaking up the “strategic triangle” of cooperation among China, Russia, and India—what LaRouche called the “Survivors’ Club”—which threatened BAC hegemony. At the same time, the BAC forces intended to seize control over all raw materials, minerals, energy resources and gold, worldwide, emphatically including the immense riches in the Caucasus, Caspian Sea, and Central Asian regions. In a world in which paper titles had become worthless, it would be those who held raw materials, who would prevail. Militarily, these goals were to be pursued through implementation of what was to become known as the “new NATO doctrine.”

The new phase of BAC assault was inaugurated on the ground, in December 1998, when the British government of Blair, Foreign Secretary Robin Cook, and Defense Secretary George Robertson arranged with members of the Principals Committee in the U.S. government—Secretary of State Madeleine Albright, Defense Secretary Cohen, Vice President Al Gore, and others—to launch an undeclared war against Iraq. Using the phony report penned by UN Special Commission (UNSCOM) director and British intelligence agent Richard Butler, the cabal determined, in the absence of President Clinton, to “punish” Baghdad. What was significant about the military action, was that it established the precedent of U.K.-U.S. unilateral aggression, without the figleaf of the United Nations Security Council.

Later, at the Feb. 5-7, 1999 meeting of the Munich Conference on Security Policy, Cohen announced that the United States would feel free in the future to utilize whatever weapons it chose, to ward off the threat of biological, nuclear, or chemical weapons wielded by “rogue nations,” such as Iraq. When questioned as to the constraints on the United States in deciding such strikes, Cohen answered, that the December action against Iraq had proven, that the United States and

its “British friends” had the right to attack, even without an official UN Security Council mandate. He argued that the United States and Great Britain would not allow themselves to be handcuffed by dissenting opinions in the UN Security Council. The new NATO doctrine was formally under discussion at the NATO summit in Washington, in April, as three new members of NATO were welcomed, in the military alliance’s relentless expansion eastwards (see *EIR*, May 7, 1999, p. 64).

The March 1999 war in Yugoslavia was the next step in the BAC assault. As LaRouche laid out in a policy statement on Aug. 18 (see p. 34, this issue), the Balkans war was planned as a stepping-stone to confrontation with Russia and China. The manner in which the BAC ignored Russian considerations in the UN Security Council, and sabotaged diplomatic efforts undertaken by Yevgeni Primakov to prevent and, later, to end the war, sent a clear message to Moscow, that the real target of the Yugoslav air war, was not Serbian strongman Slobodan Milosevic, but the Russian Federation. When, on May 7, the Chinese Embassy in Belgrade was bombed, any lingering doubts in Beijing swiftly vanished, as to who the other main target of the war was. As Michael Liebig reported to a recent conference in India (see *EIR*, Sept. 3, 1999, p. 50), the air war against Serbia, conducted under the rubric of the new NATO doctrine, aimed to eliminate Russian influence in the region; exclude China as a partner in Security Council deliberations; batter a weakened Western Europe into submission; and, open up the route to the expansion of NATO into the Transcaucasus-Central Asian region.

Then came the “sudden” eruption of military activity in Dagestan, in early August, which brought the conflict onto the territory of the Russian Federation. British-backed Wahabite rebels, operating from Chechen territory, crossed into Dagestan in the first week of August, and started their “rebellion.” An estimated force of 1,200 fighters, from Dagestan and Chechnya, and including Arab and Afghan elements, moved to occupy positions in the mountains. On Aug. 9, they issued a statement: “We, the Muslims of Dagestan, officially declare the restoration of independence to the Islamic State of Dagestan,” and appealed to Chechen terrorist Shamil Basayev to be their leader. They called on “all Muslims” to contribute to the battle for Dagestani liberation from Russian “occupation.”

The Dagestan rebellion, like the Chechen war of 1994-96, erupted in the strategically crucial region of the Russian Federation, bordering on Azerbaijan, Georgia, and the Caspian Sea. Were the rebels to succeed in establishing “independence” in the Dagestan-Chechnya region, this would cut Russia’s access to the Caspian Sea raw materials down to a pittance. All pipelines running through the northern Caucasus region would be wrested from Russian control.

Just days later, Taliban-allied “Islamist” insurgents escalated activities in Tajikistan, and staged a kidnapping in Kyrgyzstan.

The stage was set.

War against Russia

On Aug. 17, the Russian Federation Acting Minister for Nationalities, Ramazan Abdulatipov, minced no words in characterizing what was happening. "A war against Russia is going on in Dagestan," he declared. He was echoed later by former Prime Minister Yevgeni Primakov, who said, "There is aggression directly against Russia. An attempt is being made to take away from Russia a vital part of it, which adjoins the Caspian Sea. If this were to happen, God forbid, it would entail great unpleasantness for the northern Caucasus as a whole."

Within days, the conflict had escalated, as Russian Interior Ministry troops faced the insurgents. Russian military leaders referenced the use of "special weapons" being deployed against the guerrillas.

More significantly, changes were being made in Russian military doctrine, apparently unnoticed, or cheerfully ignored, by those figures, like Brzezinski, Albright, and new NATO Secretary General George Robertson, who have promoted the policy leading to showdown.

Already following the December U.K.-U.S. war against Iraq, Russia and China had not only loudly protested, but had moved closer in military and strategic cooperation. Defense Minister Igor Sergeev had addressed a meeting of the CIS states in December, urging that, in light of the "unpredictable" nature of U.S. behavior, they reach "a common understanding of the military-political problems arising, and work out common views on prospects for developing military cooperation." It was in the wake of the Iraq war, in fact, that Primakov, then Prime Minister, had launched his idea of a "strategic triangle" with China and India.

But it was following the Balkans war, that news of a fundamental shift in Russian strategic posture was made public. Significantly, it was in the Beijing *People's Daily*, on Aug. 4, that the changes in Russian military policy were identified. "On March 12 NATO was expanded to include eastern European nations. . . . On March 24 NATO brazenly attacked Yugoslavia, ignoring Russia's strong opposition. . . . On April 24 the NATO heads met in Washington to establish a new strategy for the twenty-first century," which in essence provides for "armed intervention anywhere in the world, beyond the defensive territory of NATO itself." These events have provoked "extreme resentment and vigilance" in Russia, the paper wrote. It continued, that Russia would adopt new measures, to counter the NATO challenge, including a revision of military strategy, whereby NATO would be declared the "prime potential war enemy of Russia." In addition, military expenditures would be increased. The paper reported, "Russia plans to build 10,000 miniaturized and super-miniaturized nuclear warheads. . . . Using these types of 'miniaturized' and 'super-miniaturized' nuclear weapons, Russia could attack military targets at any point on the Earth in a 'precision attack' which would not trigger an all-out nuclear war."

And, following the outbreak of war in Dagestan, Russia

and China moved to consolidate cooperation, including military defense cooperation, with three Central Asian Republics—Kyrgyzstan, Kazakhstan, and Tajikistan—which are also targeted for destabilization. At a summit meeting in Bishkek on Aug. 24-26, they pledged to support the "diplomacy of the Silk Road Doctrine," to revive "international cooperation and economic development," and strengthen peace and stability in the region." Their resolution specifically stated their commitment to "fight international terrorism, illegal drug trade, arms trafficking, illegal migration, and other forms of trans-border crime, separatism, and religious extremism," i.e., in short, to fight against the Taliban and related "Islamist" insurgencies being centrally deployed against them all.

All these clear signals have been cheerfully ignored by the BAC crowd, which prefers to believe that "their man in Moscow," Yeltsin, and his coterie of compradors, has the situation completely under control. The recent money-laundering scandal, which has exposed the Yeltsin extended "family" and its partners in the West—headed up by George Bush and Al Gore—should be read as another clear signal, that "their man in Moscow" may not be there for long.

Instead, the momentum toward confrontation is being escalated.

The British 'Great Game'

When Russian Federation Minister Abdulatipov announced that there was a war against Russia unfolding in Dagestan, he spoke from an informed, historical perspective. Abdulatipov stressed that the insurgents were a group of criminals, organized and financed by powerful international forces, through "foundations in various countries, including Arab countries, including various sects." The guerrilla force shows "the presence of people from Pakistan and Afghanistan," he stressed. He pointed to their affiliation with the Wahhabite sect, but quickly differentiated between these insurgents and true believers in Islam. "I stress," he said, "that these people have nothing to do with either Islam or Allah. They call themselves the warriors of Allah, but in reality they have gone against the fundamental tents of the Holy Koran."

Furthermore, he explained how Wahhabism, as a sect based in Saudi Arabia, "appeared as a trend which was imposed, first of all, by British colonizers on Arab countries." At the dawn of the present century, he said, "94% of the world's Islamic, Muslim population lived in colonies. Any fight by Muslims against colonizers was automatically declared as Islamism or something like that." The central point is the following: "This is why this trend was created, in order to divide the Arab world. The Arab world, with the same language, the same culture and the same religion, consisted of more than 20 states." In another setting, he said, "Wahhabism was originally introduced to Arab lands by the British colonizers in order to divide the Arabs. And thus to rule them." This ideology, he said, "has been extended to the Caucasus. Why?

Because it is important to take over Russia from the point of view of Islamic fundamentalism as was attempted in the nineteenth century.”

The Minister of Nationalities hit the nail on the head. “You may remember,” he told the press, “al-Afghani who, supported financially from Britain and America, also launched this work.”

The reference is to Jamal ad-Deen Al-Afghani, who was a Persian, picked up in the later 1870s by the British, and deployed to organize “an Islamic revolutionary alliance with the British Empire.” The purpose of the operation, which was run by the notorious Arab Bureau of Wilfred Scawen Blunt, was to mobilize “Islamic” forces, to strike an alliance among Britain, Turkey, Persia, and Afghanistan, against Russia. Al-Afghani was one among legions of “native rebels” dancing to the tune of British imperial music.

At the time, the struggle of the British Empire to stop Russia’s influence in Central Asia and the Caucasus, was known as the “Great Game,” and it was waged through manipulation of ethnic and religious ideologies. The imperial method of ethnic-religious manipulation, championed by Lord Palmerston, was practiced by David Urquhart, alias “Daud Bey,” of British intelligence, and perfected later in the nineteenth century, by the Arab Bureau.

The stakes in the Great Game, were those most coveted by British geopolitics from the earliest phase of imperialism: Control over Eurasia, or what this century’s geopolitical thinkers called the “Eurasian heartland.”

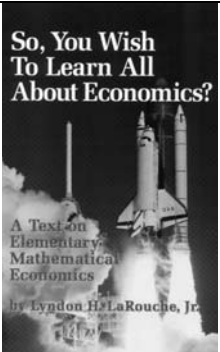
In an Aug. 14 interview with *Rossiskaya Gazeta*, Abdulatipov indicated his knowledge of the matter: Characterizing the war in Dagestan as a “large-scale operation coordinated and agreed at a relatively high international level,” he specified, “It is aimed primarily against Russia, at expelling it from the Caucasus. The choice of location was no accident. . . . Back in the eighteenth century, it was said that whoever controls Avaristan [where heaviest fighting is going on] controls Dagestan, and whoever controls Dagestan controls the Caucasus. Everything has been calculated to remove Russia from control of the resources of the Caspian Sea and of the Caspian Basin in general.”

“For centuries,” he went on, “Russia fought for control over the Caucasus. . . . Today there are forces which want to turn the clock back. To cut the Caucasus off from Russia. But we have grown up with Russia, and it is impossible to detach Dagestan from Russia.”

No difference, essentially, exists, between the aims and methods of the British during last century’s Great Game, and those of today’s. As the leading ideologues of geopolitics, like the psychologically disturbed Zbigniew Brzezinski or the megalomaniacal Samuel Huntington will readily admit, their “analyses” and “strategies” to use the “Islamic” card, in the “arc of crisis” or “zone of instability,” to re-draw the maps of the world, have been inspired by centuries of British machinations.

Now, as then, the name of the game is to manipulate ethnic and religious ideologies, to direct groups of insurgents against major powers, to destroy the nation-state. Now, as then, the primary target is Russia, then China, within the broader alliance of nations, including India, Iran, and the Central Asian Republics, which are collaborating in the construction of the new Silk Route across the continent. Now, as then, the vehicle selected to lead the infiltration into the Caucasus and Central Asia, is the pan-Turkic ideology, which today the “new NATO” would like to deploy into Turkic-speaking regions. Although the devastating earthquake which hit Turkey has forced certain rethinking of military considerations, nonetheless, the concept of pan-Turkism as an ideological tool, has been maintained from earlier centuries.

What is different now, is that the name of the game is known. Not only among Russian political figures, but also among the elite in China, India, Uzbekistan, Kazakstan, Kyrgyzstan, and other targetted nations like Iran, there is a growing awareness of the strategic insanity currently gripping policy made in the name of “the West.” What is more, these same nations have been carefully weaving a fabric of cooperation for mutual economic development, as well as self-defense. Several of these nations are nuclear powers. Finally, the voice of sanity represented by LaRouche, is being heard, loud and clear in this area of the world.



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FIGURE 2

The Caucasus chessboard



Key to Figure 2

The Caucasus area under Soviet rule had been divided into several ethnically delineated autonomous republics and regions within the Russian Federation, Georgia, and Azerbaijan. The borders of these autonomous republics and regions were often arbitrarily drawn.

Given the history of intense ethnic rivalry, and increasing poverty, it wasn't difficult to provoke wars.

Russia

Dagestan: 50,000 square kilometers; 1.8 million inhabitants. The republic is composed of a dozen tribes of Turkic and indigenous origin, with no one tribe predominating. The population is almost entirely organized into Sufi orders; clan structure remains especially strong. Dagestan is currently the main target of NATO-directed Islamic insurgents deployed out of Chechnya, and funded out of Saudi Arabia. Successful insurrection

in Dagestan would drive Russia out of most of what little remains of its old Soviet Caspian Sea coast.

Chechnya: The Chechen-Ingush republic was 19,000 square kilometers in 1989, before the republic split in 1991. The Chechens were deported to Central Asia by Stalin in 1943, for alleged collaboration with the German Army, and only returned in the 1950s. The republic's population as of 1989 was 1.25 million, of whom 735,000 were Chechens and 165,000 Ingush. Since the war, some 400,000 people have fled. The Chechens are dominated by Sufi orders, and entirely organized into clans.

Ingushetia: 2,000 square kilometers. There were 215,000 Ingush in the former Chechen-Ingush republic in 1989. The Ingush formed their own autonomous republic (within Russia) in 1991, after the Chechens declared independence. During World War II, the Ingush were deported to Central Asia, while the Ossetians, who were not, were given the Prigorodny district that had been Ingush land. Competition over this district, which has never been returned, led to an Ingush-Ossete war in October 1992, and the flight of the 30,000 Ingush living there.

North Ossetia: 8,000 square kilometers; 630,000 inhabitants, of whom 60% were Ossetes, 30% Russians, and 10% Ingush, as of 1989. The Ossetes are the most russified population in the region, and are Orthodox Christians. Since the Georgian invasion of South Ossetia, virtually the entire Ossetian population of Georgia, approximately 100,000, fled to North Ossetia. South Ossetians are demanding reunification with North Ossetia.

Kabardo-Balkar: 12,500 square kilometers; 750,000 inhabitants, of whom 49% are Kabard, 32% Russian, and 11% Balkar, as of the 1989 census. The Kabards are an eastern branch of the Circassians, which includes the Adigai and Cherkess, and are cousins of the Abkhazians. The Balkars are a Turkic people, closely related to the Karachai. The Balkars were deported to Central Asia during World War II, while the Kabards were not. The Balkars have begun demanding the restoration of pre-deportation territorial districts that had been given to the Kabards. Foreign-based Circassian organizations are active among the Kabards.

Karachai-Cherkess: 14,000 square kilometers; 415,000 inhabitants, of whom 42% are Russian (mostly Cossacks), 32% Karachai, and 9% Cherkess, as of 1989. The Karachai are Turkic cousins of the neighboring Balkars; the Cherkess are Circassian cousins of the neighboring Kabards. The Karachai were deported to Central Asia in World War II and now claim full rehabilitation, including territory now held by the Cossacks. Some Karachai movements insist on a separate republic. The Cossacks, on the other hand, have reportedly advocated secession from the republic, to join the Kuban Cossacks of the neighboring Krasnodar district.

Adigai: 7,600 square kilometers; 430,000 inhabitants, of whom 68% are Russia and 22% Adigai. The Adigai are Circassian. The republic is an enclave with the Krasnodar Krai. De-

spite their tiny population within the republic, the Adigai are calling for self-determination.

Georgia

Georgia is 70,000 square kilometers in extent, and as of 1989, its population was 5.45 million. Georgians accounted for 70% of the total population. It had three autonomous areas: South Ossetia, Abkhazia, and Adjara. The Georgians and Abkhazians are indigenous peoples. The Ossetians are Iranian. Virtually all of these populations are Christian.

South Ossetia: 3,900 square kilometers. In 1989, its population was 99,000 inhabitants, of whom 66% were Ossetians and 29% Georgians. Today, almost the entire Ossetian population has fled to North Ossetia, Russia. In 1989, the South Ossetian Popular Front called for reunification with North Ossetia, triggering martial law and the 1991-92 Georgian-Ossetian war.

Abkhazia: 8,600 square kilometers. In 1989, its population was 540,000, of whom 44% were Georgian, 16% Russian, and 17% Abkhazians. Since the Georgian-Abkhazian war, the Georgian population has fled. The Abkhazians are part of the Circassian group also including the Adigai, Cherkess, and Kabardians.

Adjara: 1,100 square kilometers; 140,000 population: 80% Georgian, 10% Russian, and 5% Armenia.

Azerbaijan

Azerbaijan is 87,000 square kilometers in extent. As of 1989, it had a population of 7 million, of whom 78% were Azeri, 8% Russian, and 8% Armenian (including the Armenian enclave of Karabakh). The Azeris are a Turkic Muslim population. Azerbaijan has huge petroleum deposits, especially in the Caspian Sea.

The British have skillfully used the various proposed, conflicting pipelines to transport this oil, as an added factor in provoking wars in the region. The entire region is desperately impoverished, and industry has collapsed. Oil extraction, transport, and refining are commonly considered to be the only means of short-term economic improvement.

Nagorno-Karabakh: 4,400 square kilometers. As of 1989, its population was 190,000, of whom 80% were Armenian and the rest Azeri. Since that time, the Azeri population has fled. Armenian agitation for the inclusion of Karabakh into Armenia in 1988 triggered ongoing Armenian-Azerbaijan conflict, resulting in each minority fleeing the other's state (with the exception of Karabakh). Armenian forces now occupy one-sixth of Azeri territory, including virtually all of Karabakh.

Armenia

Armenia is 30,000 square kilometers, with a population in 1989 of 3.3 million, of whom 90% were Armenian and 5% Azeri. The Armenians are Christian, mostly Armenian Orthodox, and indigenous to the region.

FIGURE 3

The Central Asian cauldron



Key to Figure 3

Kazakstan: 2,720,000 square kilometers; 16.5 million population as of 1989, of whom 40% were Kazaks and 38% Russians, along with 950,000 Germans and 900,000 Ukrainians. The Russian population, which until recently was the largest ethnic group, primarily resides in the north, bordering Russia. An ethnic-based formal division of the country remains a possibility.

The Kazaks were nomadic until the Soviet sedentization programs in the 1930s, and remain predominantly rural. The population is divided into three rival hordes, which further subdivided into tribes and clans. The population only became Islamic in the eighteenth century; Sufi orders predominate.

The country shares a long border with Xinjiang province, China, the home of some 8 million Uighur Turks. The province had been almost entirely Turkic until the 1949 Maoist revolution; subsequent Han colonization has made the Uighurs a minority. Over a half-million Uighurs now live in exile in Kazakstan and Kyrgyzstan.

Kazakstan has huge, untapped, oil and natural gas deposits, notably the Tengiz field near the Caspian Sea. Conflict over the exploitation of these deposits, and over alternative pipeline routes, is one of the primary means through which British interests are fueling war in the region. As of 1990, it had 90% of the Soviet Union's proven reserves of chrome, and 50% of its lead, tungsten, copper, and zinc. It produced 80% of the Soviet Union's phosphate, and 15% of its gold.

Kyrgyzstan: 200,000 square kilometers; 4.26 million population, of which 52% are Kyrgyz and 22% Russian, and there are 550,000 Uzbeks.

Only 7% of Kyrgyzstan is arable. Its population, until Soviet sedentization programs in the 1930s, was nomadic. The Kyrgyz remain rural; its cities are dominated by Russians and Uzbeks. The population is divided into two great tribal federations. The population only became Islamic in the eighteenth century, and is religiously dominated by the Sufi orders.

Kyrgyzstan is the primary base of efforts to raise revolt in neighboring Xinjiang, China. However, the greatest threat to the State, appears to be the opium and heroin trade, largely grown and processed in Afghanistan, but increasingly grown and processed in Kyrgyzstan. The Osh region bordering Uzbekistan is the center of the trade.

Kyrgyzstan's economy is primarily agricultural. It also has significant uranium deposits.

Tajikistan: 140,000 square kilometers; 5.1 million population as of 1989 census, of whom 62% were Tajiks and 24% Uzbeks, and there were 388,000 Russians.

The Tajiks are ethnically Iranian, and speak Farsi, the language of Iran. They are the only non-Turkic population in the region. But, like the Turkic population of the region, and unlike the Iranians, they are Sunni rather than Shiite. Unlike their nomadic neighbors, the Tajiks and Uzbeks have been rela-

tively highly urbanized. Historically, they were the merchants and other urban dwellers who ran the various oases on the Silk Route to China.

Nonetheless, Tajikistan was the poorest republic in the former Soviet Union, with an economy based on cotton production. Since independence, it has plunged into a clan-based civil war. Competition over drug trade routes from neighboring Afghanistan, and competition over massively increasing opium cultivation in Tajikistan itself, have fueled the civil war.

Tajikistan has been much affected by the arbitrary way it has been ethnically divided. The 1884 Anglo-Russian treaty, placed a large number of Tajiks in neighboring northern Afghanistan, which remains ethnically Tajik.

During the 1920s, the Soviets arbitrarily divided up the Central Asian region into five republics, creating new problems. The region had been administered as one entity under the czars. One major effect of the division was to pit Tajiks and Uzbeks against each other. Under the new division, only 65% of all Tajiks were included within Tajikistan. The Tajiks' main urban centers, and the center of their culture, Samarkand and Bukhara, were lost to Uzbekistan, as were the remaining 35% of the Tajik people. Bukhara is also the headquarters of the Naqshbandi Sufi order, which plays a dominant role in the Caucasus today.

Turkmenistan: 490,000 square kilometers; 3.525 million population, of which 72% are Turkmens and 9% Russian, and there are 320,000 Uzbeks. The Turkmen population is the most undeveloped of all the former Soviet Central Asian republics, and was, until Soviet sedentization programs, entirely nomadic. The Turkmen population is divided into 31 tribes.

The country is the site of huge untapped natural gas deposits now targeted for exploitation by competing foreign interests.

Uzbekistan: 450,000 square kilometers; 20 million population as of 1989, of which 71% are Uzbeks, 8% Russian, and 5% Tajik, and there are 800,000 Kazaks.

The arbitrary Soviet border division of the region in the 1920s left many Uzbeks outside its borders, and over a quarter of the Tajik population within its borders. There are some 1.25 million Uzbeks in Tajikistan today, constituting 25% of Tajikistan's population. There are also over 300,000 Uzbeks in Turkmenistan, (9% of the population), and a half-million Uzbeks in Kyrgyzstan, (13% of the population). Moreover, there are at least 2 million Uzbeks in neighboring Afghanistan, who are under the effective rule of the ethnic Uzbek-Afghan warlord Gen. Rashid Dostum. Uzbekistan is the militarily strongest State in the region. It has also played a major role in the Tajik civil war, and has allowed Tajik rebel leaders to reside there.

A Greater Uzbek movement has surfaced in Osh, Kyrgyzstan, an ethnic Uzbek city on the border with Uzbekistan, that is a regional center of the opium trade.

Uzbekistan's economy has been dependent on cotton production, which has comprised 40% of its total agricultural production. It has large reserves of petroleum and natural gas.

David Urquhart's holy war

by Joseph Brewda and Linda de Hoyos

In 1785, a Chechen leader, Naqshbandi Sufi Sheikh Mansur, raised the Chechen, Ingush, Ossetes, Kabard, Circassian, and Dagestani tribes in revolt against the steady advance of the Russian Empire into the Caucasus Mountains. Before 1774, the Caucasus and Transcaucasus region, now embracing Armenia, Azerbaijan, and Georgia, had been loosely ruled by the Persian and Ottoman empires. After Russia's victory over the Ottoman Empire in the war of 1768-74, the Russian military moved in on the Caucasus. Sheikh Mansur raised the flag of the "Mountain Peoples" against the czar. Although Mansur's 20,000-man force was crushed by the Russian onslaught in 1791, Sheikh Mansur became the hero of the Mountain Peoples, his revolt the inspiration for the uprisings in the Caucasus today.

Strangely, Sheikh Mansur was not a Chechen. He had been born Giovanni Battista Boetti, and had been a Dominican monk before his conversion to Islam. Although Boetti's direct ties to Venice and London are not known, his rebellion served their geopolitical aims.

Years later, another hero of the Mountain Peoples emerged. In 1837, James Bell, an agent of the British secret

services who was touring the Caucasus, wrote in his memoirs that "a Circassian prince pointed out [to me] the sacred spot (as they justly esteem it) where Daud Bey had held (just three years ago) his meeting with the chieftains of this neighborhood, and first inspired them with the idea of combining themselves with the other inhabitants of the mountain provinces as a nation, under one government and standard." Daud Bey had penned the declaration of independence of Circassia and designed its flag.

Daud Bey was not a native of the Caucasus either. His name was David Urquhart, and he had been sent into the region on a special mission in 1834 by British intelligence. Urquhart had been a protégé of Jeremy Bentham, the founder and head of the newly organized British secret services in the aftermath of the American Revolution. At the point that he was posted to the Ottoman Empire in 1833, Urquhart reported directly to Sir Herbert Taylor, private secretary to King William IV, as well as to Foreign Minister Lord Palmerston.

The occasion of Urquhart's first trip to Turkey was the 1833 Russo-Turkish treaty, through which Russia had virtu-



In the nineteenth century, Britain's Lord Palmerston (left) employed such agents as Giuseppe Mazzini (above) to create a veritable zoo of ethnic and other insurgencies. One of his principal operatives was David Urquhart (right).

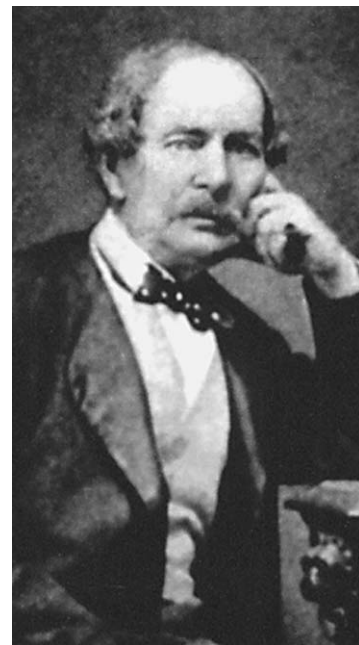
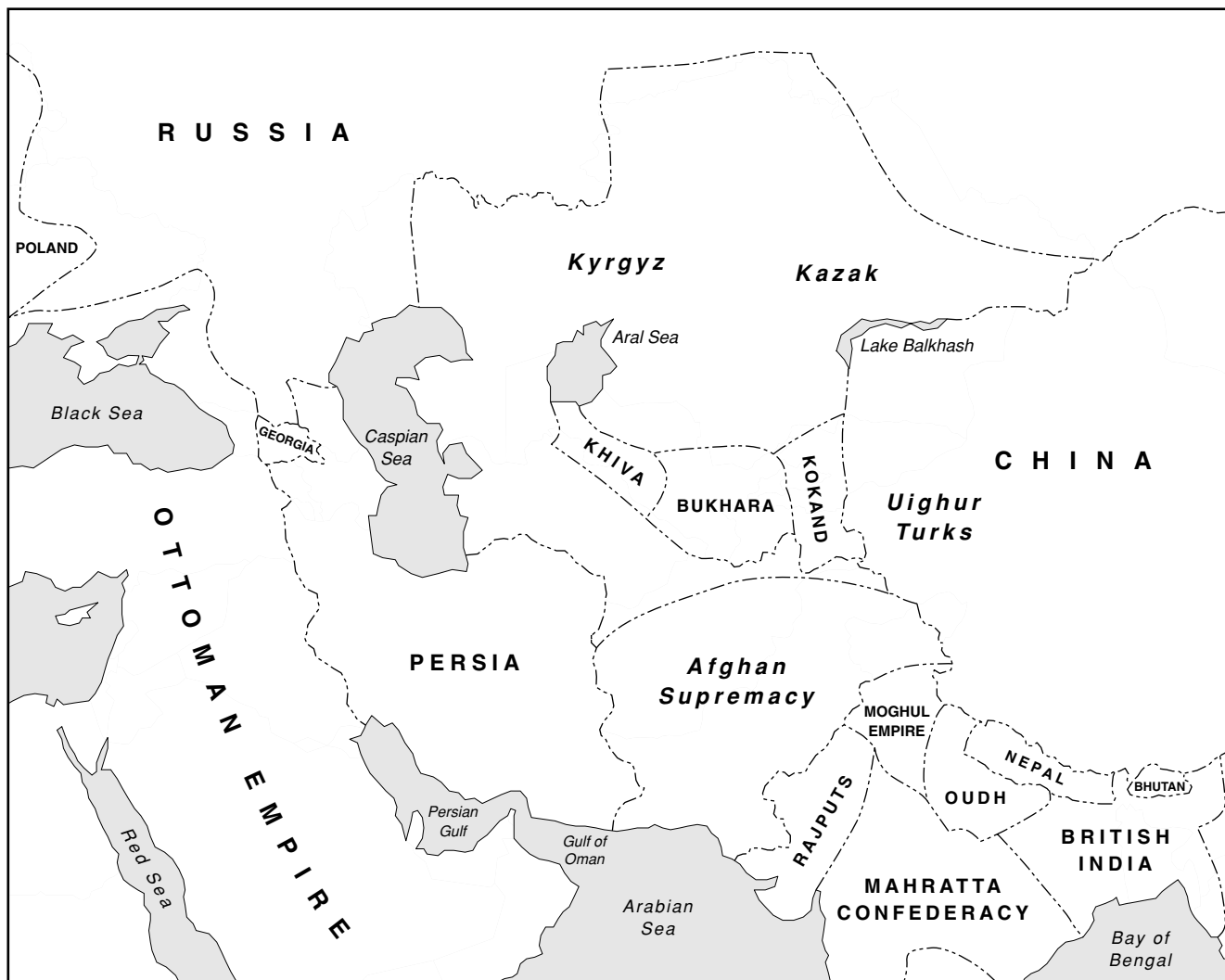


FIGURE 4
The Caucasus and Central Asia in 1763



Key to Figure 4:

The Seven Years' War between the British and French empires ended in 1763, with Britain victorious. France was finished as a naval power. Britain was poised to expand its presence throughout Asia and elsewhere. In its aftermath, France abandoned India, where it had been the dominant European power a decade earlier. British-controlled Bengal became the base through which Britain took over the entire subcontinent. French domination of the Ottoman Empire began to come to

an end; British influence there was at a take-off point. China, while not yet under British control, was weak.

The vast region between Russia, China, and what became British India, was inhabited by Turkic nomads and Afghan tribes, and the three oasis khanates of Khiva, Bukhara, and Kokand. Russia was the only major, nearby land power. Further west, Russia was situated to take over the entire Caucasus region between the Black and Caspian seas. Control over these regions was later dubbed the "Great Game."

ally won control of the strategic Dardenelles. As Urquhart wrote in a memorandum, his mission was: "by obtaining the information necessary, to suggest measures of internal organization if the British government takes Turkey under its protection, or for meeting . . . the disorganizing influence

of Russia in the contrary sense."

Urquhart's mentor in instigating revolt in the Caucasus was Prince Adam Czartoryski, an ethnic Pole who had been a Russian foreign minister during the Napoleonic wars, and who later helped lead the failed 1830 Polish rebellion

FIGURE 5
The Caucasus in 1763



FIGURE 7
The Caucasus in 1864

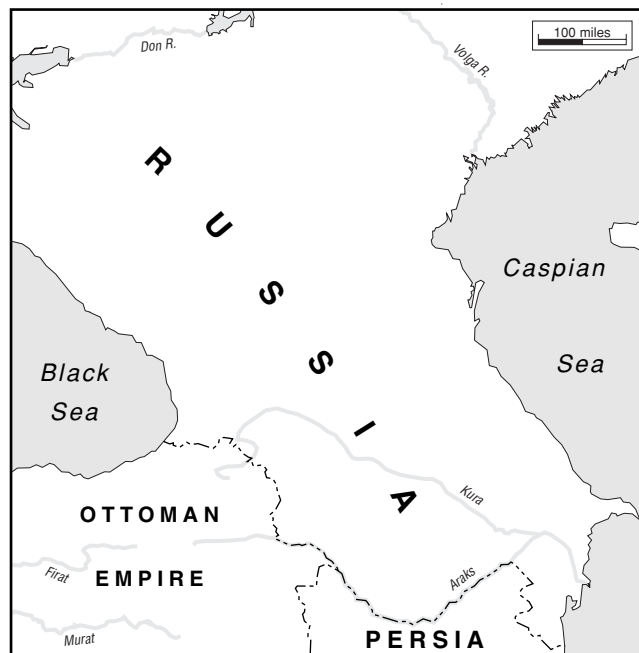


FIGURE 6
The Caucasus in 1830



Key to Figures 5-7:

Russia expanded into the Caucasus in the 16th century, but did not complete its subjugation of the region until the mid-19th century. This expansion was not a simple north-south movement, due to the difficulty of subduing the backward mountain tribes. Most of the region was then squabbling emirates dominated or part of the rival Ottoman and Persian empires, with Georgia having some degree of semi-independence. By 1763, Russia had taken over much of the northern flanks of the Caucasian mountain range, and the strategic Dar-yal Gorge, the passageway into Georgia and the entire Transcaucasus. Russia took over most of Georgia in 1783, annexing it in 1805-10. It crushed a mountain tribe revolt in the 1780s in the Caucasus.

Russia took control of the northeastern Black Sea coast after the 1787-91 Russian-Ottoman war, most of the Caspian Sea coast by 1796, formally annexing it in 1805. It dominated the Black Sea coast by the end of the Napoleonic wars, and following the 1828-29 Russian-Ottoman war, forced the Ottomans to cede all their Caucasian lands. Russia took formal possession of the entire region by 1830.

But two enclaves remained outside of Russian control: a Circassian tribal enclave on the Black Sea coast, and an eastern mountainous enclave inhabited by Dagestanis, Chechens, and Ingush. It was only in 1864, after 30 years of brutal guerrilla warfare, that Russia finally subdued these regions.

against Russia.

After that venture, Prince Czartoryski fled to Britain, where he was inducted into the British Foreign Ministry, with the mission of organizing insurrections against the Russian Empire, becoming a patron of the Caucasus tribes and of Urquhart.

Full British support

During July and August 1834, Urquhart, posing as a businessman, toured the eastern shores of the Russian-controlled Black Sea. Landing near the Anapa fortress, he met some 15 Circassian beys and 200 village chiefs, offering them salt, gunpowder, lead, and, eventually, full British support for revolt against Russia.

Urquhart's mission was made all the easier by Russia's murderous oppression of the Caucasus people, zealously carried out by First Viceroy Mikhail Vorontsov. As Prince Kochubey explained to an American visitor at the time: "The Circassians are like your American Indians—as untamable and uncivilized. . . . And owing to their natural energy or character, extermination only would keep them quiet."

"Daud Bey" was good to his word, as supplies and aid flowed into the Caucasus.

In 1834, Urquhart published a pamphlet, *England, Russia and Turkey*, to drum up support for his developing rebellion. He argued that it was necessary for Britain and France to check Russia's advance in the Caucasus in order to secure Turkey. In 1835, Urquhart formed *Portfolio*, a publication dedicated to the "Eastern Question." His first issue published Russian secret dispatches allegedly confirming Russia's ambitions. A later issue featured his Circassian declaration of independence.

In 1836, Urquhart returned to Istanbul as secretary at the British embassy. Toward the end of October, he outfitted a private schooner, the *Vixen*, to trade with the Circassians, in defiance of Russian trade restrictions. In early April 1837, the Russians seized the ship; the British ambassador to Turkey called on Palmerston to send a fleet, but Palmerston decided to avert a crisis at that time.

By 1840, Circassian guerrilla actions against Russian forces finally succeeded in sparking a general insurrection of all the Mountain Peoples—the Chechens, Ingush, Dagestanis, and Kabardians. The insurrection was led by Sheikh Shamil of Dagestan, who, like the former Dominican monk Sheikh Mansur, was a leader of the Naqshbandi Sufi order. Shamil created an Imamate which ruled the region with an iron fist.

During the 1853-56 Crimean War between Russia and Britain, Britain considered invading the Caucasian Black Sea coast with the help of the Circassians, but scotched the option. At the 1856 Paris peace conference, London failed in its bid to create a Circassian buffer state between Russia and Turkey.

Even after the Crimean War, London continued to aid the Caucasus rebellion. Circassian chiefs traveled to Istanbul to meet the British ambassador, Sir Henry Bulwer, to plan opera-

tions. But Russian response to the rebellion became increasingly brutal. By the time the revolt was finally crushed in 1864, more than 1 million Caucasians had either been killed, or deported to the Ottoman Empire.

"Daud Bey" had left the mountains long before. After the *Vixen* incident, Urquhart officially left British government service, insinuating himself as an adviser to the sultan of the Ottoman Empire.

General Thomson's little war

by Joseph Brewda and Linda de Hoyos

The next occasion for British interference in the Caucasus was World War I. This time the intervention was not disguised. In the aftermath of the March 1917 Menshevik revolution in Russia, Armenia, Azerbaijan, and Georgia declared themselves independent from Russian rule. The Chechens, Dagestanis, and other mountain tribes also declared independence from Russia, and formed a Mountaineers Republic.

But independence was short-lived. In November 1918, a 23,000-man British expeditionary force led by Gen. William Thomson invaded the Caucasus region via Persia. Thomson's force occupied the Batumi, Georgia-Baku, Azerbaijan railway and other strategic points of what had been Russia, establishing military governorships in Batumi, Baku, and other areas in Georgia, Armenia, and Azerbaijan. Direct military occupation continued until their recapture by Russia in 1920.

In 1919, a British Foreign Office memorandum stressed the necessity for Britain to design a flexible policy: "If Russia recovers rapidly, they [Armenia, Azerbaijan, Georgia, and the mountain tribes] might conceivably rejoin her in some federal relation; if the anarchy in Russia lasts many years, their present separation from her will probably be permanent. Our policy toward the Caucasus should be framed to meet either eventuality."

In reality, this meant pursuing different options simultaneously, all of them mutually exclusive (see **Figure 8**), under Lord Palmerston's dictum "no permanent allies, only permanent interests."

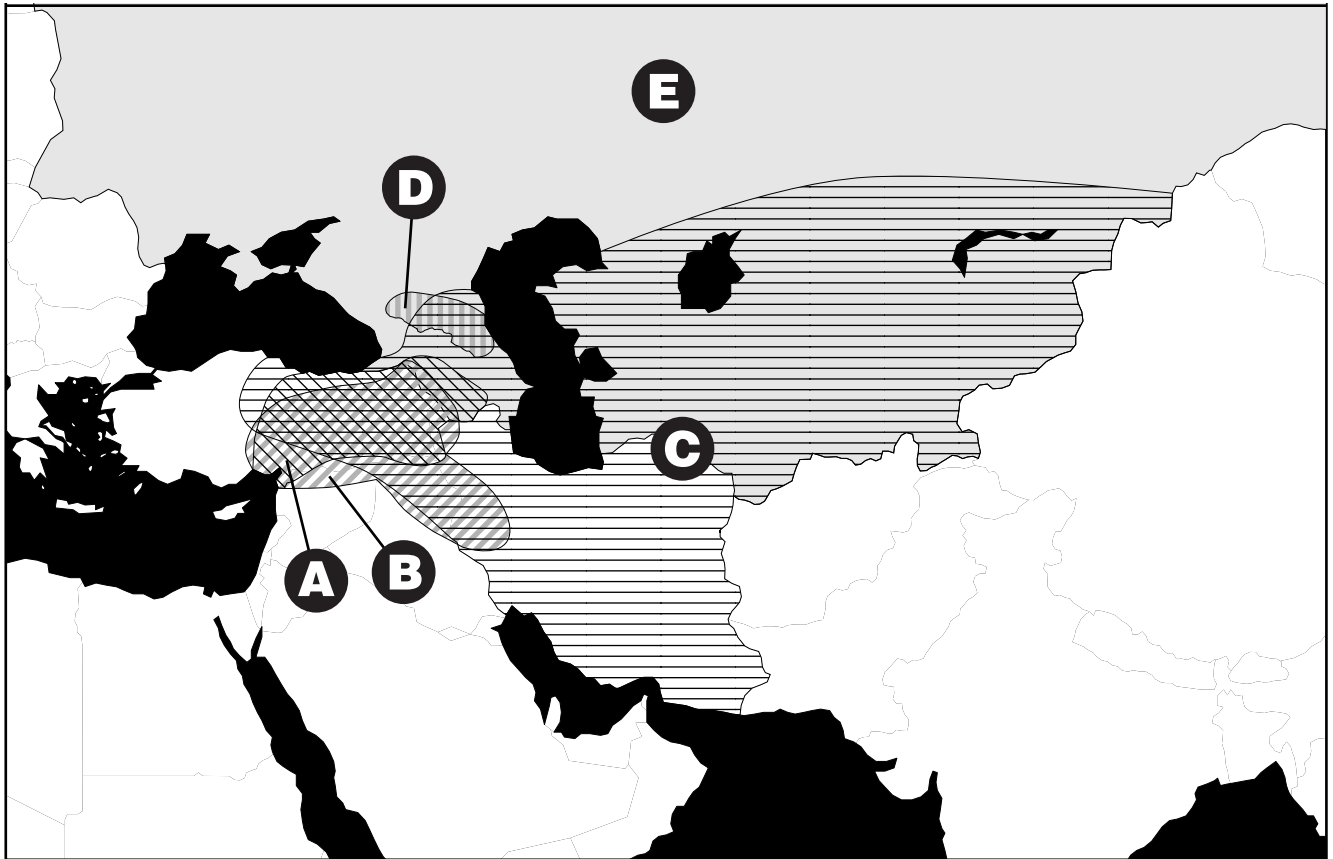
For instance, in 1919, General Denikin's White Russian Army, heavily backed by the British, invaded the Mountaineers Republic in Dagestan, whose primary patron was Lord Curzon.

And, London fostered a constant state of conflict between its dependents Armenia and Azerbaijan, the center of which was the tug of war over the status of Karabakh.

The Karabakh region had been an ancient Armenian center, but under the Mongols had been populated by the Azeris.

FIGURE 8

British play ‘Greater This’ versus ‘Greater That’



Key to Figure 8

In the aftermath of World War I, the British simultaneously fostered several irreconcilable territorial schemes—all involving different groups of people, or conflicting lines of organization for the same people—in the Mideast, the Caucasus, and Central Asia. British sponsorship of these geopolitical entities laid the basis for conflicts for years to come, up through today.

A: “Greater Armenia.” This impossible scheme was floated by Britain at the Versailles Peace Conference. In much of the area, either Armenians had ceased living there centuries before, or the Armenian population had been lost in the 1915 slaughter of Armenians by the Young Turk regime in Istanbul, itself dominated by British intelligence (see “Lord Palmerston’s Multicultural Human Zoo,” *EIR*, April 15, 1994). The idea of a Greater Armenia had first been concocted in the 1890s by former British Prime Minister William Gladstone and Foreign Minister Lord Salisbury, as a way to dismantle the Ottoman Empire. During World War I, the primary British case officers for the project were Sir Mark Sykes, who supervised plans to divide the Ottoman Empire with France and Russia, and Lord Noel Buxton, from the powerful Quaker family that controls Barclays Bank.

The geopolitical purpose of Greater Armenia was to drive

a wedge between Turkic Central Asia and Turkey, and to lay the seeds for continuing Armenian-Turkish conflict, and continuing Armenian-Kurdish conflict. As Sykes noted at the time, “The Armenian question is the real answer to Pan-Turanisms, just as free Arabia is the answer to Turkish pan-Islamism.”

B: “Greater Kurdistan.” London had also promoted the creation of this entity at Versailles. Kurds had never occupied most of these lands. Kurdish nationalism had also come into being through British sponsorship in the 1890s. During World War I, the British case-officer for Greater Kurdistan was Lord Cornwallis (a descendant of the general who surrendered to George Washington at Yorktown).

The geopolitical purpose of Greater Kurdistan was also to drive a wedge between Turkic Central Asia and Turkey, and to sow the seeds for both continuing Kurdish-Turkish conflict, and Kurdish-Armenian conflict.

C: The Muslim buffer state. The project to create a vast Muslim buffer state between Russia and British India and the British Mideast, had been first championed by Lord Lytton, the Viceroy of India, in the 1870s, and his uncle, Sir Henry Bulwer, ambassador to the Ottoman Empire. The ideological basis for this buffer state was the Pan-Islamic movement. In the immediate aftermath of World War I, the idea was advocated by Col.

After Russia seized the region in the early nineteenth century, Karabakh was repopulated by Armenians, becoming an Armenian enclave in the Azeri-populated czarist district of Baku.

Jurisdiction over the enclave had become a heated emotional issue for both Azeris and Armenians. General Thomson deliberately intensified the problem.

While Thomson dished out military aid to Armenia and Georgia, but *not* Azerbaijan, he decreed that Karabakh remain under Azeri administration, and appointed an Azeri governor general for Karabakh, who was notorious for his massacring of Armenians. Thomson gave the nod to Azeri repression of Karabakh Armenians.

Thomson armed the Armenians, albeit inadequately. In August 1919, the outgunned Armenians of Karabakh finally accepted Azeri jurisdiction.

The same month, the British began their withdrawal from the Transcaucasus, deliberately paving the way for chaos. "I am fully aware that the withdrawal of the British troops would probably lead to anarchy," wrote General Milne, commander in chief of the Army of the Black Sea, "but I cannot see that the world would lose much if the whole of the inhabitants of the country cut each others' throats."

Stalin in charge

The return of Russian rule to the region, in 1920-21, however, did not bring peace. Joseph V. Stalin was Soviet Commissioner for Nationalities Affairs (an organization he headed

Claude Stokes, the British High Commissioner in Transcaucasia, with the quiet support of Lord Curzon, then British foreign minister. This state, he asserted, "would lean upon Great Britain and provide a buffer between Russia and the British Asiatic possessions."

The additional geopolitical purpose of this plan was to instigate Russian-Turkish and Turkic conflict.

D: The Mountaineer Republic. The idea of creating a Caucasian mountain state separating Russia from the Transcaucasus and Mideast, was first advanced by David Urquhart, an agent of British Prime Minister Lord Palmerston, in the 1830s. After World War I, it was revived as policy by Lord Curzon.

The geopolitical purpose of this republic was to foment Russian-Turkish conflict.

E: The Russian Empire. In 1919, Britain proposed two conflicting schemes to preserve the territory of the collapsed Russian Empire. One was the creation of a new Bolshevik form of the old empire, based on the doctrine of Karl Marx, a political dependent of David Urquhart. The second was the restoration of monarchist or anti-Bolshevik "White" forces led by General Denikin, among others. The case of British intelligence agent Alexander Helphand Parvus, who patronized both sides, exemplifies British operations in this theater.

from its inception in 1917 through its dissolution in 1924). A son of neighboring Georgia, Stalin had served the Bolshevik underground in Baku, Azerbaijan, where, in the words of one Azeri historian, "he witnessed the outbreaks of violence between Azeri Turks and Armenians as well as the methods used by czarist agents and police to ensure rivalry which could deflect deep-seated anti-Russian resentment." Stalin employed the same methods.

Under his direction, the Azerbaijan presidium formed a Central Commission on Nagorno-Karabakh affairs, which decreed that an autonomous Armenian enclave, only a dozen miles from Armenia itself, be created within Azerbaijan. The decision satisfied none of the parties.

Thus, Stalin continued the same geopolitical machinations in the region, played by the czar and British General Thomson, before him. But as the events of the 1990s have shown, once a region is locked into a geopolitical chessboard, anyone can play.

David Urquhart's Ottoman legions

by Joseph Brewda

After fomenting the Caucasian Mountain Peoples' uprising, David Urquhart returned to England in the 1830s, intent on rallying public feeling for a war with Russia. His "Foreign Affairs Committees," and their organ *Portfolio*, were dedicated to raising public awareness of the "Eastern Question." Urquhart's answer to this question was to take the Ottoman Empire under London's protection, and arrange the collision, and mutual destruction, of the Ottoman and Russian empires.

Hurling Turkey at Russia required urgent reform of the Ottoman State bureaucracy and modernization of its army. It also required the creation of a new imperial, anti-Russian ideology. Lord Palmerston himself supervised the reforms of the Ottoman Empire in the 1840s, and the expansion of a civil service bureaucracy educated and indoctrinated in Paris and London. In 1864, Giuseppe Mazzini, one of Palmerston's agents, provided the cadre for the new ideology by forming the Young Ottomans in Paris, largely administered by his Young Poland organization, and dedicated to forming a Turkish-Eastern European-Transcaucasian alliance against Russia.

Urquhart was the chief British case officer of the Young Ottoman movement, having from the 1830s worked for Turkish-Polish collaboration against Russia. Until 1876, when the Young Ottomans succeeded in seizing power in Istanbul for one year, Urquhart served as their adviser. Among other duties, he was paymaster for Young Ottoman

FIGURE 9

Central Asia in 1855



FIGURE 10

Central Asia in 1885



Key to Figures 9-10

Russia gained control over the northern region of what became Kazakstan by 1855. The area was then inhabited by Kazak and Kyrgyz nomads. It completed the conquest of what became Russian Central Asia in 1885.

As a result, the Russian Empire came into direct contact and conflict with the khanates of Khiva, Bukhara, and Kokand, for the first time. The khanates were based on a string of oasis cities on the Silk Route to China, in present day Uzbekistan and Tajikistan. Because much of the area was desert wasteland, it

was necessary for Russia to establish forward-bases, before attempting to conquer the three states. Tashkent, the capital of Kokand, was finally seized in 1865. Russia conquered Bukhara in 1868, and Khiva in 1873. It did not completely conquer all of the region, however, until 1885.

Russia's advance led to negotiations with British India on turning Afghanistan into a buffer state between the two empires. An 1884 agreement between Russia and Britain secured a Russian-Afghan border, which has remained essentially the same since.

leader Ali Sauvi, a dominant figure in their Paris-based exile publication, *Hurriyet*.

Orchestrating a showdown

There were two ideological movements the British created in the mid-nineteenth century to motivate Ottoman imperial wars with Russia. One was the Pan-Islamic movement. The other was the Pan-Turkic movement. The Young Ottomans proselytized both.

Pan-Turkism, the mission to unite all Turkic peoples based on their common ethnic origin, and antipathy to Russia, was concocted by Urquhart's crony Arminius Vambery, a Hungarian Jewish emigré also in the pay of Lord Palmerston.

Disguised as a Turkish dervish, Vambery traveled throughout Central Asia in the 1860s to investigate possibilities for creating a Pan-Turkic, anti-Russian, identity, unified around the sultan of the Ottoman Empire. His conclusion was optimistic, even though Central Asia had never been under Ottoman rule.

Vambery's Ottoman imperial vision was proclaimed in his 1865 *Travels in Central Asia*: "In its character of Turkish dynasty, the house of Osman might, out of the different kindred elements with which it is connected by the bond of a common language, religion, and history, have founded an empire extending from the shore of the Adriatic far into China, an empire mightier than that which the great Romanoff was

FIGURE 11

The Caucasus and Central Asia in 1923



Key to Figure 11

The end of World War I resulted in a dramatic expansion of the British Empire, through its takeover of almost all of the Mideast, serving as a flank to British India, from which Britain controlled

the entire subcontinent and also Burma. The British-sponsored Russian revolution and civil war savagely reduced Russian military power. The Ottoman Empire was also finished, but the unexpected creation of the Turkish Republic by Mustapha Kemal Ataturk upset some of Britain's plans.

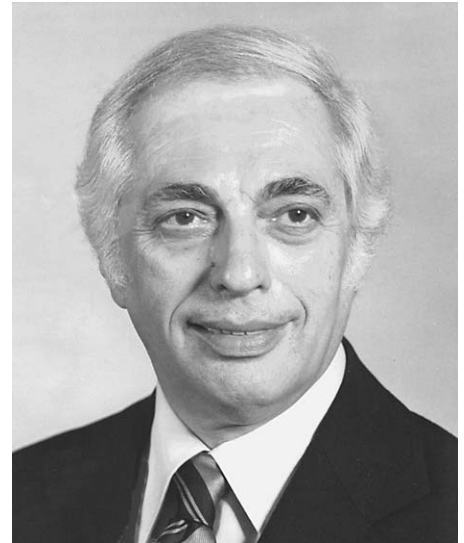
obliged to employ not only force, but cunning, to put together, out of the most discordant and heterogeneous materials. Anatolians, Azerbaydjanes, Turkomans, Özbegs, Kirghis, and Tartars are the respective members, out of which a mighty Turkish Colossus might have arisen, certainly better capable of measuring itself with its great northern competitor than Turkey such as we see it in the present day."

In its more extravagant form, Vambery's doctrine was known as "Pan-Turanianism," and sought to ally the Turkic peoples with the Hungarians, Finns, and Mongols.

The man who emerged as the leader of the Pan-Turkic movement was Urquhart's protégé Ali Suavi, who had trav-

eled to Britain under Urquhart's sponsorship. In his writings in *Hurriyet* and other locations, Suavi argued that the movement was necessary to mobilize the Ottomans in defense of the Central Asian Khans, then under military threat by the expanding Russian Empire. Suavi was the first to use the term "Turk" to describe the "Ottomans," which in previous usage had been an Ottoman pejorative term for their backward Central Asian cousins. Suavi was killed in an aborted effort to depose the sultan in 1876, sponsored by British Prime Minister Benjamin Disraeli.

Pan-Islamism, which advanced the idea that Istanbul was the natural center of the entire Islamic world, and not just the



British intelligence officer Bernard Lewis (above) is determined to bury the legacy of Turkish nationalist leader Mustafa Kemal Atatürk (left), who blocked British plans to completely destroy the Mideast after World War I.

Turkic peoples, was a brother-doctrine of the same British mother. It, too, sought to turn the Ottoman sultan into the rallying point for a struggle against Russia, this time robed in religious garb. The British myth-spinners of pan-Islamism were the family of cult novelist Edmund Bulwer-Lytton, and Wilfred Scawen Blunt, the 1870s founder of the British Arab Bureau.

The birth announcement of the pan-Islamic movement appeared first in 1869, in the pages of the Young Ottomans' Paris-based *Hurriyet*. It castigated the Ottoman Empire for its non-committal attitude toward the Central Asian Khanates under Russian attack. But rather than appealing to ethnic solidarity, it avowed that the sultan, as caliph—the defender of the faith—was responsible for defending Central Asia. The pan-Islamic proselytizer for the Young Ottomans was Tahsin Efendi, who, after studying in Paris in the 1850s, returned to form the Sufi “Society for the Study of Geography in Islamic Lands,” a geographical pan-Islamic organizing society.

The Young Ottomans' revival

For one brief year, 1876, the Young Ottomans ruled in Istanbul, with their leader, Midhat Pasha, replacing the grand vizier. But in 1877, they were ousted, driven underground, and forced into exile. With succor offered by London, however, the movement did not die. By 1896, the Young Ottomans were resuscitated as the “Young Turks,” who seized power over the Ottoman Empire in a British-sponsored coup in 1908. Evidently lacking self-confidence, the Young Turks appointed a British general as chief of staff of the Turkish Army.

The Young Turks' ideology, Pan-Turkism, put Turkey on a collision course with its Slavic neighbors. By 1912, the Young Turks had instigated the first Balkan war, unleashing the events that led to World War I.

The mastermind of the Young Turk regime was Emmanuel Carasso, an Italian Jew and grand master of the “Macedonia Resurrected” freemasonic Lodge of Salonika, which had plotted the 1908 coup. Carasso had supervised the procurement of Turkey's food supplies, in league with the international arms trafficker, grain speculator, Bolshevik financial patron, and British super-agent, Alexander Helphand Parvus.

Just as Urquhart had been the mentor for Karl Marx's crusade against Russia, so Parvus had spent a lifetime logistically facilitating the Marxist movement that would ultimately bring down the Russian Empire. Taking advantage of the shattering effects of the 1902 Russo-Japanese War, Parvus funded and oversaw the 1905 Russian Revolution. His agent had been Leon Trotsky, whom he had drilled in the doctrine of “permanent revolution,” leading to Trotsky's book on the theme.

From Russia, Parvus arrived in Turkey soon after the 1908 Young Turk revolution. To grease the wheels of his various political operations, he joined with Carasso to become the top grain speculator in Turkey. He also became financial editor of the Young Turk newspaper, *Türk Yurdu*.

Later, Parvus took some of the money he had acquired in Turkey, and gold from the German General Staff, to finance the 1917 Russian Revolution and arrange for Vladimir Lenin's triumphant return to Russia.

Another foreign mentor of the Young Turk regime was

the Polish Jew Vladimir Jabotinsky, who became editor of the newspaper, *Young Turk*. Jabotinsky would later become the founder of the branch of the Zionist movement that spawned the Likud Party of Israel and its offshoots, those Zionists attempting to block the Middle East peace process today.

The Young Turk regime did not last. The tables were turned with the rise of Turkish nationalist leader Mustapha Kemal Ataturk and the founding of the Turkish Republic, in the aftermath of World War I. The Young Turk leadership fled Turkey again, this time to Azerbaijan and Central Asia. Today, in the wake of the collapse of the Soviet Union, it has been called into action — again.

London's 'Afghansi' in the nineteenth century

by Joseph Brewda

In June 1877, two months into the Russo-Turkish war, Turkish Sultan Abdul Hamid sent a mission to the Emir of Afghanistan seeking to enlist the Emir's support against Russia.

Between 1869 and 1876, Russia had been steadily encroaching on Central Asia, annexing or reducing to dependency Bukhara, Khiva, and Kokand, and advancing toward Afghanistan, and British India. In 1876, London devised its counterstrategy. Prime Minister Benjamin Disraeli appointed Lord Lytton viceroy of India, to inaugurate a "forward policy" of seizing southern Afghanistan. The same year, Disraeli sent Austen Henry Layard to Istanbul, to induce the Sultan to join with Britain against the Russian advance. Layard took credit for the Sultan's mission to Kabul, reporting to Disraeli that he had "induced the Sultan to send an envoy to Afghanistan to counteract the Russian policy of the Ameer and to promote that of England. . . . The Turkish Govt, is, no doubt, trying to get up a kind of Mohammedan league or confederation of states in defence of Islam and against Russia."

In a follow-up communiqué, Layard emphasized that "the Sultan still exercises a very great influence over the Mohammedan world and it is greatly to the interest of a government that has some 40 or 50 million of Mussulman subjects to be well with him. We should have no difficulty in making him understand that we have common interests in C. Asia and we have in him a very useful and valuable ally."

Although the Turkish mission failed to win concrete results, it was enough to cause concern in the Russian Foreign Ministry, which complained to the British Ambassador to St. Petersburg, Lord Loftus, that Britain seemed intent on organizing a religious crusade of the Muslim population of Central Asia against Russia. As one Russian strategist voiced his worry, "If, for instance it were possible for any individual

to stand at the head of a Mahomedan confederation, such an individual is to be found in the person of the Sultan of Turkey alone, and the existing alliance and cordial agreement over which indissolubly bind Turkey and England, render a protectorate of these powers a serious menace to Russia."

In 1877, simultaneous with the Sultan's mission to Afghanistan, an Ottoman official received a letter from a Persian adventurer named Jamal ad-Deen al-Afghani proposing that he go to Central Asia to incite revolt against Russia.

Al-Afghani promised his Ottoman addressee that he would "emphasize Russia's aims and convey with an eloquent tongue, that if, God forbid, a calamity befalls the Ottoman government, neither will permanence remain to Mecca, nor majesty to Medina, and not even the name of Islam or a rite of the faith will survive. . . . I will call them to revenge and incite the pride of their Turkish race and carry the banner of the Unity of Islam on my shoulder into those regions also and call to religious war, and as usual not overlook any strategem or ruse, and plant the seed of ardor and zeal within them, always working with the wisest ulama. I have no doubt that all the Muslims will attack the Russians enthusiastically."

Al-Afghani may have been taking dictation, however. At the time he sent this letter, he was living in Egypt, where he was on extremely close terms with the British vice-consul in Cairo, Raphael Borg, who inducted him into the Eastern Star lodge in Cairo, a branch of the United Grand Lodge of England. Only a year after his attempt to put himself at the services of the Ottoman Empire, Al-Afghani was made Grandmaster of the Eastern Star lodge. In 1883, Al-Afghani went on the personal payroll of Wilfred Scawen Blunt, a descendant of a founder of the Bank of England, a political crony of "forward strategist" Lord Lytton, Viceroy of India, and the first chief of the "Arab Bureau," created in 1882 for the purpose of dismantling the Ottoman Empire.

In 1885, Blunt dispatched al-Afghani on a six-month tour of Britain. The purpose of al-Afghani's tour, the Arab Bureau chief wrote, was "to organize an Islamic revolutionary alliance with the British Empire." Al-Afghani's first meeting was with Randolph Churchill, then secretary of state for India and father of the future Prime Minister Winston Churchill. Blunt reports in his diaries that al-Afghani proposed to the elder Churchill: "You must make an alliance with Islam, with the Afghans, the Persians, the Turks, the Egyptians, the Arabs; you must drive Russia back out of Merv to the Caspian sea. . . . You should attack them [Russians] not through Afghanistan but by the other side [i.e., Persia]; then the Mollahs would preach a jihad to join you against the Russians."

Churchill agreed, and al-Afghani was detailed to accompany Sir Henry Drummond Wolff on a special mission to Turkey "with a view," Blunt wrote, "to his exercising his influence with the Pan-Islamic entourage of [Sultan] Abdul Hamid in favour of a settlement which should include the evacuation of Egypt, and an English alliance against Russia with Turkey, Persia, and Afghanistan."

Brzezinski's role in the nuclear-war potential

by Lyndon H. LaRouche, Jr.

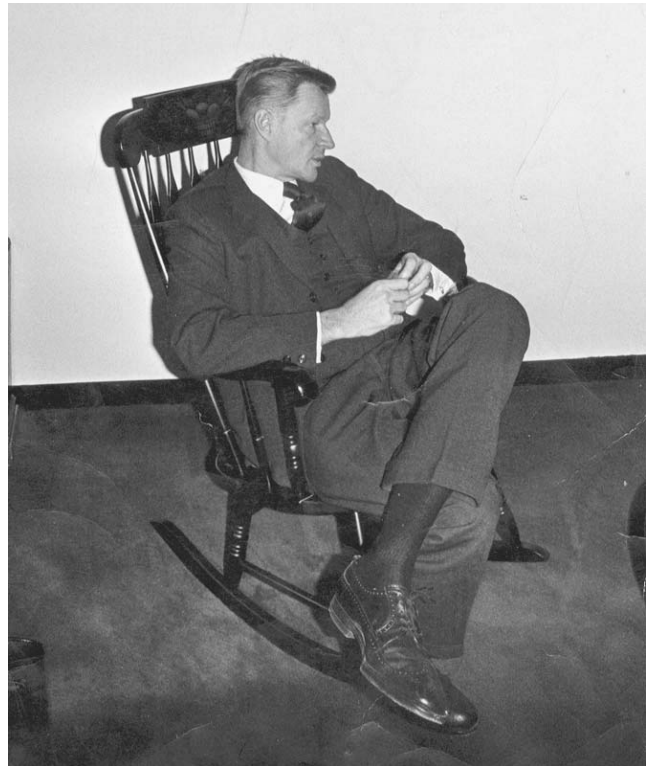
August 18, 1999

The present NATO operations targetting Transcaucasia and Central Asia for a potential nuclear war with Russia, are modelled upon the 1988 plans of the Thatcher government for what became the 1990-1991 luring of Iraq's President Saddam Hussein into the incoming Bush Administration's role in that NATO "out-of-area deployment" known as "Desert Storm."

A working, high-level, British-directed group within NATO, the same package which created all of the Balkans crises of 1988-1999, has assigned a Turkey flanked by long-standing British relics of the Nineteenth-Century "Great Game" operations in Central Asia, to continue London's NATO operations in the 1999 Balkan war into direct attacks on Russia in Transcaucasia and Central Asia. It is typical of Zbigniew Brzezinski's earlier roles, that he and his extended family connections, including Secretary Madeleine Albright, should be playing key supporting roles for the British monarchy's staging of the potential nuclear war over games currently played in Transcaucasia and Central Asia.

In an October 1988 TV broadcast, I first referenced the building threat of Balkan wars. I have been informed of the fact that the 1999 NATO Balkan war was launched by London, with aid of London's asset Albright, with the intent of using that war as a stepping-stone to a nuclear showdown with Russia in the Transcaucasus and Central Asia. The NATO assumption has been, that a weakened Russia must back down to such a show of force directed against it by NATO-coordinated military forces. The agencies behind this calculated nuclear strategic bluff have certain inside information which assures them that they will have assistance from inside Russia in bringing about the strategic capitulation leading to the total fragmentation of Russia as it exists now. Theirs is an hysterical folly, which could possibly have no result but nuclear war with Russia.

For the purposes of such a potential nuclear war, the British monarchy and its assets within NATO, have relied chiefly upon Turkey as the key strategic player against Russia in both the Transcaucasus and Central Asia. However, the British monarchy has reactivated all of its Transcaucasus and Central



Zbigniew Brzezinski is playing a key supporting role for the British monarchy's staging of potential nuclear war, over games in Transcaucasia and Central Asia.

Asia ethnic and religious-factional assets from the days of Al-Afghani, back in the Nineteenth Century. The Arab factions thus used by the British monarchy are merely auxiliary to the principal military responsibility for the targetted pan-Turkic region. It is NATO member Turkey's projected deployment of ground forces into the region, which is the on-the-ground NATO capability assigned to occupy the oil-bearing region centered around the Caspian Sea. It is the British monarchy's putting Turkey in the line of fire, in this way, which shows how foolish the relevant NATO planners have been in relying over-much on pinpointed British assets within Russia's ruling structures.

To understand the complexities of this situation, one must go back to no later than the strategic conflict between me and Vice-President George Bush, during the interval 1986-1988, especially during the period of October-November 1988,

when I issued my televised address on the prospects for the impending reunification of Germany.

In reading Scott Thompson's report, that follows, these background considerations must be borne in mind.

An oily family: the Brzezinskis and the 'Great Game' in Transcaucasus

by Scott Thompson

In his book *The Grand Chessboard*, and in recent pieces in *Foreign Affairs*, former Carter National Security Adviser Zbigniew Brzezinski has transformed geography into a religion known as "geopolitics." He has been propounding the same geopolitical doctrine as that of Britain's Halford Mackinder and Germany's Karl Haushofer, which was the figleaf for British orchestration of World Wars I and II to halt Eurasian economic integration. In his book and in his business dealings, Brzezinski is promoting the idea that there is a "zone of instability" that encompasses the Transcaucasus and Central Asia—in which his Hobbesian approach toward manipulating tribal and ethnic instabilities dating back to Lord Palmerston and the Oxford University-educated founder of the Muslim Brotherhood, Al-Afghani, might be the trigger for World War III.

Brzezinski has resurrected the "Great Game," which pitted, notably, Britain, Russia, and the declining Ottoman Empire in continual warfare against one another for control of this region. At the same time, Brzezinski and family have joined with Anglo-American oil interests for a Cecil Rhodes-style grab of the significant raw materials, including oil, natural gas, and gold, that the region offers. One of the central themes of Brzezinski's geopolitics is to deny any influence whatsoever over this former region of the Soviet Union to newly emergent Russia—no matter what the consequences are militarily.

For a more comprehensive treatment of the geopolitical lunacy of the Brzezinski doctrine outside the region of Transcaucasia and Central Asia, see Lyndon H. LaRouche, Jr., "Mad Brzezinski's Chessboard," *EIR*, April 2, 1999, and an article by this author, "A Lexicon of 'Brzezinskisms': Brzezinski Testifies Against Himself," *EIR*, April 9, 1999.

Both articles make clear that Brzezinski, who was known to some in the Carter administration as "Woody the Woodpecker," followed that school of British geopolitics identified with King Edward VII's soulmate, Halford Mackinder, which was designed to block the integration of the Eurasian landmass into an engine of scientific and technological develop-

ment. In *The Grand Chessboard*, Brzezinski praises the geopolitics of Karl Haushofer, the Anglophile Thule Society mystic who personally conducted his idea of "*Drang nach Osten*" ("Drive to the East") into Adolf Hitler's *Mein Kampf*, where it was intended to pit Hitler's Germany as a marcher lord against the Soviet Union, in a drive for what Hitler called "*Lebensraum*" ("living space"). Once again, the geopolitical goal was to halt the unified development of the Eurasian landmass.

In *The Grand Chessboard*, Brzezinski addresses, from the same geopolitical standpoint as that which underlay World Wars I and II, how to keep Russia from re-exerting hegemony over the Transcaucasus and Central Asia, while keeping the region destabilized and grabbing its raw materials.

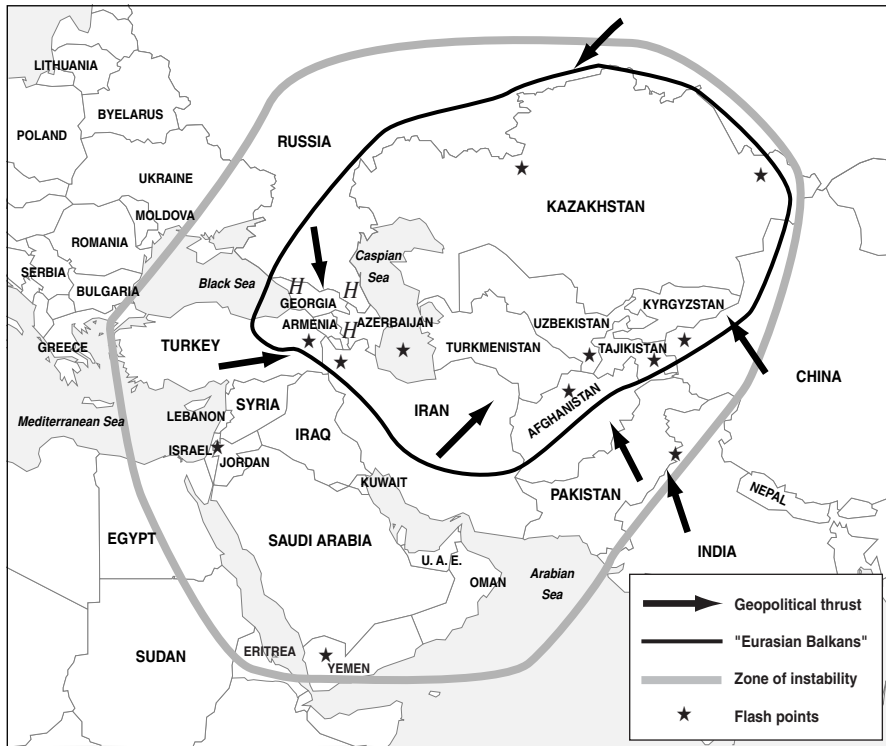
'The Eurasian Balkans'

In *The Grand Chessboard*, Brzezinski writes: "Russia's loss of its dominant position on the Baltic Sea was replicated on the Black Sea not only because of Ukraine's independence, but also because the newly independent Caucasian states—Georgia, Armenia, and Azerbaijan—enhanced the opportunities for Turkey to reestablish its once-lost influence in the region. . . . The emergence of the independent Central Asian states meant that in some places Russia's southeastern frontier had been pushed back northward more than one thousand miles. The new states now controlled vast mineral and energy deposits that were bound to attract foreign interests. . . . Supported from the outside by Turkey, Iran, Pakistan, and Saudi Arabia, the Central Asian states have not been inclined to trade their new political sovereignty even for the sake of beneficial economic integration with Russia, as many Russians continued to hope they would. . . . For the Russians, the specter of a potential conflict with the Islamic states along Russia's entire southern flank (which, adding in Turkey, Iran, and Pakistan, account for more than 300 million people) has to be a source of serious concern."

According to Brzezinski, the Transcaucasus and Central Asia are, for Russia, the equivalent of the Balkan tinderbox for

FIGURE 1

Brzezinski's view of 'The Eurasian Balkans'



Source: *The Grand Chessboard*.

western Europe. In a chapter entitled “The Eurasian Balkans,” Brzezinski discusses their volatility:

“In Europe, the word ‘Balkans’ conjures up images of ethnic conflicts and great-power regional rivalries. Eurasia, too, has its ‘Balkans,’ but the Eurasian Balkans are much larger, more populated, even more religiously and ethnically heterogeneous. They are located within that large geographic oblong that demarcates the central zone of instability . . . and that embraces portions of southeastern Europe, Central Asia and parts of South Asia, the Persian Gulf area, and the Middle East. [See **Figure 1**.]

“The Eurasian Balkans form the inner core of that oblong . . . and they differ from its outer zone in one particularly significant way: they are a power vacuum. Although most of the states located in the Persian Gulf and the Middle East are also unstable, American power is that region’s ultimate arbiter. The unstable region in the outer zone is thus an area of single power hegemony and is tempered by that hegemony. In contrast, the Eurasian Balkans are truly reminiscent of the older, more familiar Balkans of southeastern Europe: not only are its political entities unstable, but they tempt and invite the intrusion of more powerful neighbors, each of whom is deter-

mined to oppose the region’s domination by another. It is this familiar combination of a power vacuum and power suction that justifies the appellation ‘Eurasian Balkans.’ . . .

“The Eurasian Balkans . . . are of importance from the standpoint of security and historical ambitions to at least three of their most immediate and more powerful neighbors, namely, Russia, Turkey and Iran, with China also signaling an increasing political interest in the region. But the Eurasian Balkans are infinitely more important as a potential economic prize: an enormous concentration of natural gas and oil reserves is located in the region, in addition to important minerals, including gold.”

The race for ‘black gold’

At the time that he wrote *The Grand Chessboard*, Brzezinski was a consultant on Caspian Sea oil matters for the oil giant Amoco. (He remained a consultant, for a fee that he will not disclose, at least until Amoco became the victim of a hostile takeover by British Petroleum last year.)

Amoco had played a major role in the formation of the Azerbaijan International Operating Co. (AIOC) consortium, set up after Heidar Aliyev took power in June 1993 after an armed insurrection had ousted the country’s elected President, Abulfaz Elchibey. Aliyev was a 70-year-old former KGB chief who had served on the Soviet Politburo during the Leonid Brezhnev regime.

Starting on Oct. 4, 1998, the *Washington Post* began a three-part series entitled “Pipe Dreams—The Struggle for Caspian Oil.” The first article, by Dan Morgan and David B. Ottaway, “Azerbaijan’s Riches Alter the Chessboard,” discusses Brzezinski’s and Amoco’s role in Azerbaijan. According to the *Post*, despite initial suspicions that Moscow was behind the Aliyev coup, Western oil companies soon learned that Aliyev was the leader they had been waiting for.

Aliyev himself directed his minions to pursue a deal with Amoco’s office in Houston, the heart of the U.S. oil industry, and he put in his son, Ilham Aliyev, as vice president of Azerbaijan’s state oil company.

On Sept. 20, 1994, Aliyev and oil company executives gathered in Baku for the signing of what the Azerbaijani President called “the deal of a century.” The AIOC consortium

agreed to spend \$7.4 billion to develop three major oil fields: Azeri, Chirag, and an adjacent patch, Guneshli. The avowed goal was to produce 800,000 to 1 million barrels a day by 2010.

Amoco (now British Petroleum) had been a major partner in the AIOC with McDermott, Unocal, and Pennzoil, which collectively held more than 40% of AIOC, by far the largest bloc. Exxon Corp. joined the consortium a year later. And, even before its takeover of Amoco, British Petroleum held a 17% share, through a deal apparently brokered by former British Prime Minister Lady Margaret Thatcher. The rest was divided up among the Azeri oil company and a variety of smaller foreign concessions, including a 10% share owned by the private Russian oil company, Lukoil.

By early 1995, the U.S. oil companies operating in Azerbaijan had set up a Foreign Oil Companies group, based in Washington. It met with National Security Council energy expert Sheila Heslin, and later with an interagency committee headed by her boss, National Security Adviser Sandy Berger. These meetings had to do with what routes pipelines and ships would take to get the oil out of Azerbaijan and the Caspian Sea basin. Although a Russian pipeline could be cheaply upgraded and expanded, allowing oil to be pumped out of Azerbaijan, such an arrangement would allow Russia in on the AIOC commercial dealings to an extent that Brzezinski and some people in the Clinton administration did not want.

Again, according to the *Washington Post*, Berger met with the AIOC companies twice in 1995, and he worked to convince Terry Adams, a BP executive who served as AIOC president, of the need for a new \$250 million pipeline that would export oil west, from Baku, to Georgia's Black Sea port of Supsa, free of Russian control. BP favored the cheaper solution, of spending \$50 million to fix the pipeline through Russia. In September 1995, the AIOC agreed to use both the Russian line and to construct the new U.S.-backed western route.

Soon after the AIOC decision, then-National Security Adviser Anthony Lake privately asked Brzezinski to carry a letter from President Clinton to Aliyev. The letter stressed the U.S. preference for two pipelines, and, as an incentive, offered Washington's help in resolving Azerbaijan's dispute with Armenia over Nagorno-Karabakh.

Brzezinski, who became a consultant with Amoco on Caspian Sea oil shortly after this mission, said that at the time he was motivated by anxiety over Russian intentions in the Transcaucasus. Brzezinski carried the letter suggesting the two routes to Aliyev, and he spent the next several days in protracted talks. The Russians, Brzezinski learned, had demanded that all Azerbaijani oil go through Russia, and that Russian troops be based in Azerbaijan.

In October 1995, President Clinton, who had been won over to the perspective by Amoco's head of Eurasian operations, T. Don Stacy, called Aliyev to lobby for the double-

route plan; Aliyev gave his approval a week later. (According to the *Post*, President Clinton promised Aliyev that he would seek to lift the Section 907 sanctions that the U.S. Congress had imposed against Azerbaijan because of its war with Armenia over Nagorno-Karabakh, at the instigation of the Armenian-American lobby.) By early 1996, the Russians folded their hand, concluding that control over one of two pipelines was better than none at all.

In *The Grand Chessboard*, Brzezinski is quite clear about his reasons for trying to keep Russia out of Azerbaijan oil and gas development:

"In the Caucasus, Armenia's less than 4 million people and Azerbaijan's more than 8 million promptly became embroiled in open warfare over the status of Nagorno-Karabakh, a largely Armenian-populated enclave within Azerbaijan. The conflict generated large-scale ethnic cleansings, with hundreds of thousands of refugees and expellees fleeing in both directions. Given the fact that Armenia is Christian and Azerbaijan Muslim, the war had some overtones of religious conflict. The economically devastating war made it much more difficult for either country to establish itself as stably independent. Armenia was driven to rely more on Russia, which provided significant military help, while Azerbaijan's new independence and internal stability were compromised by the loss of Nagorno-Karabakh.

"Azerbaijan's vulnerability has wider regional implications because the country's location makes it a geopolitical pivot. It can be described as the vitally important 'cork' controlling access to the 'bottle' that contains the riches of the Caspian Sea basin and Central Asia. An independent, Turkic-speaking Azerbaijan, with pipelines running from it to the ethnically related and politically supportive Turkey, would prevent Russia from exercising a monopoly on access to the region and would thus also deprive Russia of decisive political leverage over the politics of the new Central Asian states. Yet Azerbaijan is very vulnerable to pressures from powerful Russia to the north and from Iran to the south. There are twice as many Azeris—some estimate as many as 20 million—living in northwestern Iran as in Azerbaijan proper. That reality makes Iran fearful of potential separatism among its Azeris and hence quite ambivalent regarding Azerbaijan's sovereign status, despite the two nations' shared Muslim faith. As a result, Azerbaijan has become the object of combined Russian and Iranian pressures to restrict its dealing with the West."

Although Amoco (with Brzezinski as its consultant) had emerged as the number-one foreign institution in Azerbaijan, working out of a converted mansion in the old section of Baku, once Amoco was taken over by British Petroleum, the British emerged openly as the preeminent power there, just as they had been in September 1992 when BP sent Lady Thatcher with two checks totalling \$30 million, as a down payment on the proven field called Chirag, and for an unproven one known as Shak-Deniz.

Bush family and Al Gore's ties to the pipeline wars

In January 1999, the London-based firm Enron International, a subsidiary of Enron Corp. in Houston, Texas that has \$13.5 billion in assets, undertook a feasibility study for the Turkmenistan government on the proposed Trans-Caspian gas pipeline project. In July, Turkmenistan awarded Enron International a Trans-Caspian feasibility study, and in the same month it awarded Enron a feasibility study for the Georgian section of the Trans-Caspian pipeline.

Enron boasts of its ties to Prince Charles, who is heir apparent to the British throne. In March 1999, Enron contributed £300,000 to the Prince of Wales Trust, European Program, and its total funding of the Prince of Wales Trust since it was inaugurated in 1991 approaches £1 million.

However, Enron has been aided in its search for new business by its connections to President Sir George Bush.

After Bush's electoral defeat in 1992, Enron brought former Bush administration officials onto its board, to assist the company's international grab for gas and electricity resources. These included former Secretary of State James Baker III, and former Bush-Quayle campaign chairman Robert Mosbacher, both tightly connected to Texas energy and banking. During 1991-93, Lt. Gen. Thomas Kelly (ret.), who had served as director of operations for the Joint Chiefs of Staff during Bush's Persian Gulf War, was on Enron's board.

These three men, according to journalist Seymour

Hersh, accompanied Sir George Bush on a trip to Kuwait in 1993, to help Enron secure a contract to rebuild energy plants that had been destroyed in the Gulf War. Not a bad "spoil of war," as Hersh describes it.

Gore and the Baku-Ceyhan pipeline

Vice President Al Gore, Jr. has also gotten involved in the pipeline wars, through his role as U.S. head of the U.S.-Kazakhstan Joint Commission, which he co-chairs with Kazakhstan President Nursultan Nazarbayev. This is one of five binational commissions to which President Bill Clinton appointed Gore. Perhaps the foremost emphasis of the U.S.-Kazakhstan Joint Commission has been energy resources, which Kazakhstan has in abundance.

The inaugural session of the Joint Commission occurred in the capital, Almaty, in November 1994. Whereas President Nazarbayev has no political bias against where a multiplicity of pipelines would go—including potentially to Russia, China, and Iran—Gore has apparently tried to armtwist the Kazakhstan President into accepting a route that would bypass Russia and Iran, which is known as the Baku-Ceyhan pipeline. This pipeline, which would be laid under the Caspian Sea, as would Enron's proposed Trans-Caspian gas pipeline, would cost \$4 billion and add an additional \$4 per barrel for oil shipped through it.

The Baku-Ceyhan pipeline is also a pet project of Commerce Department counselor and administration ombudsman for energy and commercial cooperation in the Newly Independent States Jan Kalicki, who is Gore's chief adviser on this matter, along with Gore's National Security Adviser Leon Fuerth. In the May 17, 1999 edition of *Oil & Gas Journal*, Kalicki pushes for the Baku-Ceyhan pipeline as the principal one to be built.—*Scott Thompson*

This British takeover did not upset Brzezinski in the least. This British asset, the "Tweedledee" to Sir Henry Kissinger's "Tweedledum," goes to great lengths in *The Grand Chessboard* to protect ongoing British manipulations, by portraying the British empire as a "retired geostrategic player." "It [the British Commonwealth Empire] is America's key supporter, a very loyal ally, a vital military base, and a close partner in critically important intelligence activities," he writes.

All in the family

On May 18, 1998, Brzezinski's son, Mark, wrote an article for the *Washington Times*, entitled "The Future of Azerbaijan," in which he makes a plea for the repeal of Section 907. Mark Brzezinski works for the law firm of Hogan & Hartson, which, he states, has major dealings (which he says he cannot reveal because of attorney-client privilege) in the Caspian Sea oil and gas basin. In his article, he contrasts the \$600 million

in foreign aid that the United States gives to the 4 million Armenians, to the \$100 million in foreign aid it gives to the 8 million people in Azerbaijan, while it is Azerbaijan that possesses the oil and gas riches to be tapped.

Mark Brzezinski writes, "Despite Section 907, the Azeri President, Heidar Aliyev, is pro-American, mainly because he is counting on the U.S. to protect him from pressures from powerful Russia to the north and from Iran to the south to restrict Azerbaijan's dealings with the West. Russian control of Azerbaijan would enable it to seal off Central Asia from the West, in particular from Turkey, thereby further increasing Russia's control over the oil-rich Central Asian states. Russian control of Azerbaijan would also guarantee Russian predominance of other states of the Caucasus, especially Armenia and Georgia."

He concludes: "Azerbaijan's location makes it a vitally important transportation corridor controlling access to the

riches of the Caspian Sea basin and Central Asia. A strong and autonomous Azerbaijan, with pipelines running from it to Turkey, would guarantee Western access to the region and would deprive Russia and Iran of decisive political leverage over the policies of the new Central Asian states. Because of this and its highly pro-American foreign policy, Azerbaijan is one of the states deserving America's support. A first good step would be to repeal Section 907, and President Clinton should have the political courage and strategic vision to request such a repeal."

In a conversation with this author in July, Mark Brzezinski said that Sen. Sam Brownback (R-Kan.) had an amendment in the Silk Road Act that would have revoked Section 907, but it failed to pass. The amendment would have provided both "aid for a humanitarian disaster, plus infrastructure for oil and gas, particularly transportation."

Asked whether, like his father, he favored the Chinese becoming involved in Caspian Sea basin oil and gas exploitation, as a further buffer against Russia, Mark Brzezinski indicated that he approved of such a development so long as it was for this purpose:

"China has become a major investor in energy development [in the Silk Road region of the Transcaucasus and Central Asia] through its purchase of major exploration rights in several fields in Kazakstan. And, the idea now is to build a

pipeline to eastern China which would be a major 2,600 mile-plus pipeline, which would be just astronomical. But, the Chinese are serious about that. The Kazakstan Foreign Minister was in China last week talking with the Chinese President about this, and they appear to be still seriously discussing it. Now, Nursultan Nazarbayev, the President of Kazakstan, will be going to China in October. . . .

"Any development that can give a multiplicity of selling points for Central Asian energy and oil is a good thing, because at this point the only access is to Russia. And, Russia has shown itself not really to be a reliable partner in this regard. In other words, it will take and transport Central Asian gas and oil, but it won't give market value for that gas and oil, and these countries need more hard capital than that. Russia has been not exactly cooperative in transporting oil and gas from Baku to Novorossiysk."

The view that China could be allowed, according to the the British-Commonwealth-American financial oligarchy's view, to become a major power in Eurasia, so long as it follows Anglo-American rules, but not a global power, is congruent with the view put forward by Zbigniew Brzezinski in *The Grand Chessboard*:

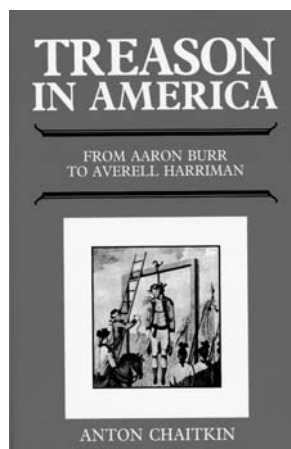
"A geostrategic issue of crucial importance is posed by China's emergence as a major power. The most appealing outcome would be to co-opt a democratising and free-marketing China into a larger Asian framework of cooperation. . . . Potentially, the most dangerous scenario would be a grand coalition of China, Russia, and perhaps Iran, an 'anti-hegemonic coalition' united not by ideology but by complementary grievances. It would be reminiscent in scale and scope of the challenge posed by the Sino-Soviet bloc, though this time China would likely be the leader and Russia the follower. Averting this contingency, however remote it may be, will require a display of U.S. geostrategic skill on the western, eastern and southern perimeters of Eurasia simultaneously."

Interestingly, Zbigniew Brzezinski's nephew, Matthew Brzezinski, until recently a staff writer with the *Wall Street Journal*, wrote paeans about British-style, liberal free market reformers such as Anatoli Chubais, and about oil development in the former Soviet Union. He wrote about the privatization of the Russian oil and gas industry, as well as the potential alliances of privatized firms, such as Russian oligarch Boris Berezovsky's Sibneft, to form one of the world's largest oil companies, AO Yuksi, an oil company with audited reserves larger than both Exxon and the Royal Dutch Shell Group [combined]. He also monitored efforts by such British-centered firms as British Petroleum and Royal Dutch/Shell, and the French firm Elf Aquitaine, to buy up Russian oil and gas assets on the cheap. And, he wrote frequently about Lukoil, which is the sole Russian partner with the British Petroleum-dominated AIOC in Azerbaijan.

Clearly, the Brzezinskis have found the oil to lubricate their geopolitical lunacy, especially in the Caucasus and Central Asia.

Treason in America

From Aaron Burr To Averell Harriman



By Anton Chaitkin

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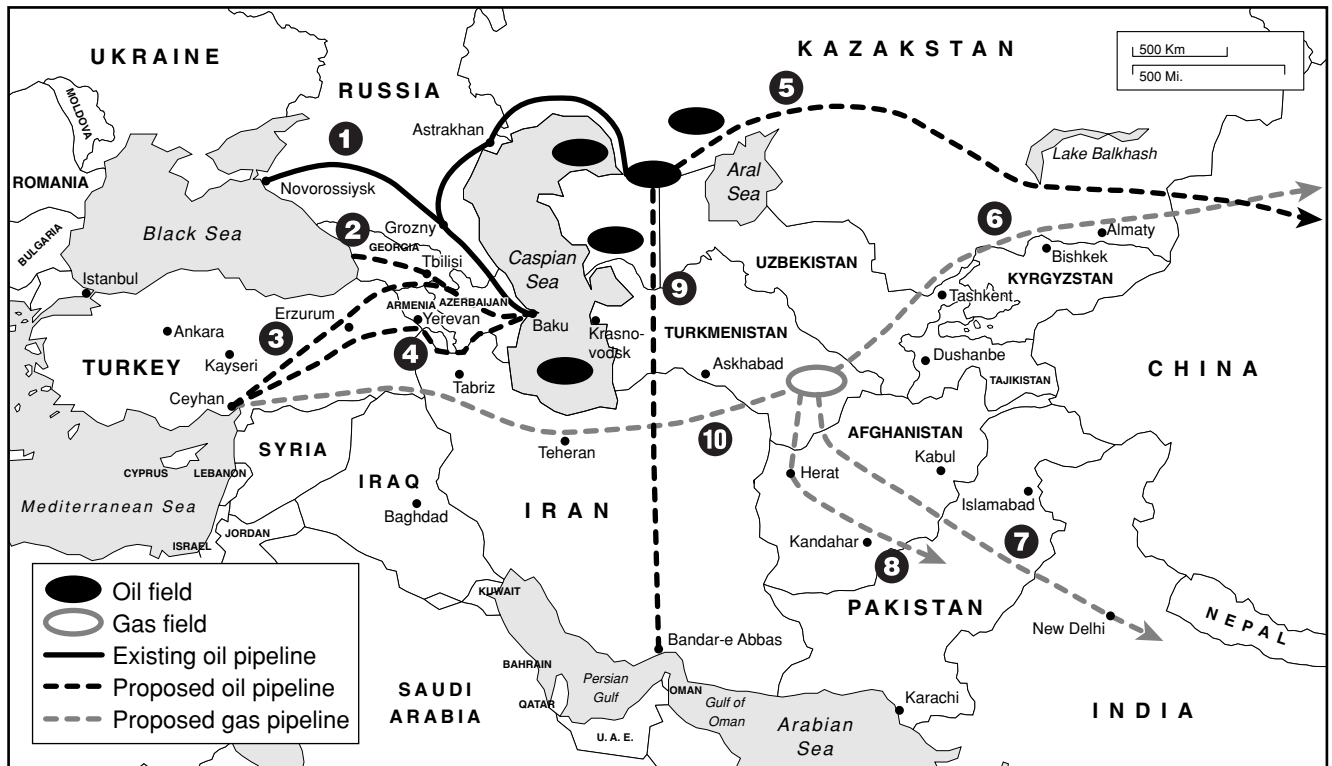
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FIGURE 12

The contesting oil and gas pipelines



Key to Figure 12

Conflicting schemes of oil and gas development of the Caucasus and Central Asia have been astutely used by the British to manipulate and enflame ethnic conflict. The basic thrust of British geopolitical strategy, is to ensure that both Russia and Iran be deprived of influence over oil and gas pipeline projects.

Line 1 is an existing oil pipeline from the Baku Caspian oil fields, and the Tengiz fields in Kazakstan to Novorossiysk. A proposal is being studied by the Caspian Oil Consortium, which is developing the Tengiz, for possible construction of a \$2 billion 1,500 kilometer parallel new pipeline from Tengiz to Tihoretsk to Novorossiysk. The 1994-96 conflict in Chechnya, through which the Baku-Novorossiysk pipeline runs, made this route impracticable. What was considered an alternative route, from Baku through Dagestan, has been jeopardized by the ongoing Dagestani insurrection.

Line 2 is a pipeline running through Azerbaijan and Georgia, to the port city of Supsa. In April of this year, the first oil began flowing through the reworked Baku-Supsa pipeline, with Azerbaijan International Operating Co. (AIOC) reporting a flow of 115,000 barrels per day. The Supsa line was opened by SOCAR, the Azeri state oil company run by Aliyev's son, and AIOC, after the Grozny route had been sabotaged by warfare.

Lines 3 and 4 are two proposed pipelines pumping Baku oil to the Turkish port of Ceyhan, viewed as alternatives to the existing line through Russia. Turkey wants a pipeline, which will cost \$3-4 billion, from Baku via Georgia to the Black Sea and then via a pipeline under the Black Sea to Turkey (not shown on the map), and across Turkey to Ceyhan. The Aliyev government in Azerbaijan also favors this route, because it outflanks Russia.

Line 5 is a pipeline to pump natural gas from the Tengiz field in Kazakstan to Japan, via China. Another possible pipeline would go from Kazakstan's Uzen oil field on the east coast of the Caspian Sea, its second-largest field after Tengiz, believed to hold reserves comparable to the North Sea's largest field, Brent, of some 200 million tons. In August 1997, the Kazak government signed an exclusive contract with the China National Petroleum Corp. to develop the field. At the same time, China's CNPC signed a preliminary agreement to build a 1,300 mile pipeline to carry the Kazak oil to China across the formidable Tianshan mountain range, and through the Xinjiang province. This is where the Uighur insurgency would threaten the pipeline.

Line 6 is a proposed pipeline which would pump natural gas from Turkmenistan via Central Asia and Xinjiang province. It is vulnerable to the same insurgencies.

Lines 7 and 8 would pump natural gas from Turkmenistan

Russia's North Caucasus republics: flashpoint for world war

by EIR Staff

In *EIR*'s cover story of April 12, 1996, "Britain Rapes the Caucasus, Again," the North Caucasus republic of Chechnya figured as one of the main, British-ignited detonators of military-political crisis in the south of Russia. Ex-Soviet general Jokhar Dudayev had proclaimed the independence of Chechnya in 1991, just as the Soviet Union broke up. At the end of 1994, Russian military forces were sent to force Chechnya into compliance with federal rule. The resulting conflict brought casualties in excess of 80,000. It ended in a truce in the summer of 1996, negotiated by then-Security Council official Gen. Alexander Lebed. Resolution of Chechnya's political status within the Russian Federation was deferred for five years, until 2001.

It was clear from the outset, that Dudayev was a pawn in a British geopolitical game, played out on the same terrain as the decades-long North Caucasus agitation against the Rus-

to Pakistan and India. Continuing conflict in Afghanistan makes this line impossible. Turkmenistan's President Saparmurad Niyazov and the head of Unocal (U.S.) signed an agreement on Oct. 27, 1996, giving Unocal exclusive power to form the consortium for this project, projected to make annual deliveries of natural gas of up to 40 billion cubic meters by the year 2002—if the \$2 billion new pipeline can pass safely through Afghanistan and Pakistan to the Indian Ocean. Unocal and the Saudi Delta Oil have backed the Taliban insurgency, arguing that if it controlled the entire country, the pipeline could be constructed. Turkmenistan, which is neutral, has a policy of seeking pipeline routes in any and all directions.

Lines 9 and 10, running through Iran, are being blocked by political pressure. A tripartite agreement among Turkmenistan, Iran, and Turkey was signed in August 1996, for a \$20 billion deal over 23 years, whereby Turkmenistan and Iran would supply Turkey with gas. In December 1997, the pipeline was opened by Iranian President Seyyed Mohammad Khatami and Turkmenistan's President Niyazov, for the flow of natural gas from western Turkmenistan to Kord Koy in Iran. The energy ministers of Turkmenistan, Iran, and Turkey signed an energy agreement at the same time for a pipeline, whose route was unclear. Anti-Iranian interests in the BAC promote the more expensive pipeline, from Turkmenistan under the Caspian Sea to Baku (not shown on the map).

sian Empire in the nineteenth century. For years, analysts and profilers orbiting around British intelligence had predicted a Caucasus revolt that would destroy the Soviet Union. The chief propagandist for this was Prof. Alexandre Bennigsen of the Sorbonne, in Paris, where he was the protégé of the Sorbonne dean of orientology and a Sufi mystic, Louis Massignon. Bennigsen's daughter, Marie Bennigsen Broxup, has followed in his footsteps and is now editor of the British quarterly *Central Asian Survey*.

The "Chechen Republic" was accepted in August 1991 as a full member of the Unrepresented People's Organization, the key UN-approved non-governmental organization for British insurgencies aimed at fragmenting large nations. In October 1991, the UNPO sent a team to monitor the "elections" in Chechnya. The team's report was printed in full in Broxup's *Central Asian Survey*.

Dudayev received encouragement and patronage from former British Prime Minister Margaret Thatcher, her ally Lord McAlpine, who conceived the project for a "Caucasus Common Market," and the Minority Rights Group of Britain, chaired by Sir John Thomson, former British ambassador to India and then to the United Nations. So did Dudayev's successor (Dudayev was killed by a remote-controlled missile strike in April 1996), Gen. Aslan Maskhadov. Today, however, even Maskhadov says openly that unrest in the North Caucasus is being directed by foreign powers, interested in destabilizing Russia. The main operational force is a radical wing of the Chechen independence movement, led by Shamil Basayev and the Jordanian-national Commander Khattab (Hottab)—both of them operatives of the British-run international "Afghansi" terrorist capability (see two-part *EIR Feature* on "The New International Terrorism," Oct. 13 and Nov. 10, 1995). They operate out of areas in Chechnya that are not even under Maskhadov's control, but are power-domains of the "Wahhabite" factional movement. Their main target in 1998 has been Dagestan, the linchpin of the Russian North Caucasus. Not only is Dagestan strategically crucial because of its size, its Caspian Sea coastline, and its potential as an oil pipeline route, but the geographical placement of some of the 23 ethnic groups in Dagestan threatens to make any conflict there into an international one. The Lezgins, who inhabit southern Dagestan, overlap the border with northern Azerbaijan.

Dudayev's rise to power

Dudayev's rise did not match the democratic rhetoric of his foreign supporters. In November 1990, the Chechen Popular Congress, whose members largely favored autonomy within Russia, was formed, with Dudayev among its leaders. In June 1991, he was elected its head. The Congress called for complete independence from Russia; those nationalists who favored less drastic steps were purged. On Sept. 1, 1991, Dudayev condemned the Chechen Supreme Soviet as illegitimate, and declared himself Chechnya's ruler. His followers stormed the parliament building that day, and seized control of the Chechen Soviet later that week.

When Russian Vice President Aleksandr Rutskoy called for disarming Dudayev's militias on Oct. 9, 1991, Dudayev ordered a mobilization of all Chechens against Russia, and his allied Vaynakh Democratic Party called for "holy war." A "general election" in Chechnya on Oct. 27 brought Dudayev 90% of the vote, and Dudayev was quickly granted emergency powers by his rubber-stamp parliament. At the same time, Dudayev declared full Chechen independence. No state formally recognized the entity, but various countries did sign treaties with Dudayev — Turkey, Germany, Japan, the Baltic states, Ukraine, and Kazakstan.

Dudayev was plagued by challenges from various Chechen clans and parties. In April 1993, he summarily shut down parliament and the constitutional court. Rebellious Chechen forces withdrew to the northwest, where they began receiving aid and supplies from Moscow. Civil war ensued. In June 1994, the Chechen opposition launched an unsuccessful bid to seize Grozny, a failure that soon led to direct Russian military intervention.

In early December 1994, Russian aircraft began bombing airfields and army camps in Chechnya. On Dec. 11, some 40,000 Russian troops entered Chechnya, but were badly defeated when they tried to take the capital in January. The Russian Air Force then began carpet-bombing Grozny, razing the city and killing close to 25,000 civilians. The Russians finally took the ruined city and three others, as the war shifted to the mountains.

Despite a cease-fire in June 1995, and the Russian installation of a new government supplanting Dudayev as President in December, the war in Chechnya continued until the summer of 1996, characterized by bombings of Chechen villages by the Russian Air Force, in retaliation for guerrilla assaults on occupying Russian troops.

London's staging ground

Russia's war in Chechnya officially ended in 1996 with the capture and devastation of Grozny, capital of Chechnya. That war, and the lack of immediate economic reconstruction of the area, led to the conditions that have allowed terrorism to flourish in the region, and have allowed British-American-Commonwealth agents-of-influence to buy up the services of particularly Chechen-based guerrilla commanders.

London already had extensive capabilities in place, as *EIR* documented on Dec. 5, 1997, in the article "British 'Do Business' in the Caucasus." The British capabilities, we reported, comprise "business projects, cultivation of political assets, and irregular warfare." Besides the ongoing maneuvers by ex-KGB officer and longtime British crony Haidar Aliyev, President of Azerbaijan, we pointed to the role of Lord McAlpine, formerly a director of his father's engineering and construction firm, Sir Robert McAlpine & Sons, and a vice president of the European League for Economic Cooperation. Usually resident in Venice, Lord McAlpine was instrumental in bringing Britain's current New Age eco-fascist Tony Blair regime into office. A close friend of Lady Thatcher, and a top Tory Party fundraiser for 15 years, he McAlpine defected to the late financier Jimmy Goldsmith's Reform Party in 1996.

McAlpine's business partner Hozhahmed Nukhayevev, president of the Caucasus Common Market Closed Share Society, worked in 1997 to get the franchise to operate the Chechen segment of the Baku-Novorossiysk pipeline. Nukhayevev and McAlpine launched the Caucasus Investment Fund and Caucasus Common Market scheme with billionaire Saudi arms dealer Adnan Khashoggi; McAlpine was a partner in the pipeline venture, as well. *Nezavisimaya Gazeta* reported in 1997 that these deals were facilitated by one "Mansur" Jahimczyk, executive vice president of the Caucasus-American International Chamber of Commerce, a shady Polish-born operator, who styles himself after one of the nineteenth-century leaders of anti-Russian guerrilla warfare in the Caucasus (who was, in turn an intelligence operative from Italy). As a student in London, Jahimczyk converted to Sufism, preparatory to launching his North Caucasus career.

In 1996, the year of the truce in Chechnya, Marie Broxup undertook a fact-finding mission to the North Caucasus. Her message was: Dagestan is next. The Dagestan project has been kept at a boil in British geopolitical circles, ever since. Typical is a feature in *The Economist* of July 18, 1998, titled "Russia and Dagestan: Losing Control?" The commentary suggested, "Add Dagestan to the list of unruly statelets that threaten to tear up Russia's southern rim."

The means for blowing up Dagestan is an insurgency that has next to no basis within that multi-ethnic district: the Wahhabite sect of Islam. Sufism is the traditional religion in Dagestan, not Wahhabism, which is a tiny minority.

Shamil Basayev is the Chechnya-based guerrilla commander most active in keeping tensions high in Chechnya, and launching Wahhabite operations into Dagestan. His closest allies have been Commander Khattab and the mysterious terrorist Salman Raduyev, who is sometimes called, with quotation marks, "Salman Raduyev," on account of the possible death of the original Salman Raduyev in a bombing some years ago. Basayev burst onto the scene in June 1995, when he and 100 of his men seized a hospital and took hostages in Budyonnovsk, Dagestan. Throughout Russia,

the violent Budyonovsk raid hit hard psychologically; it was seen as the expansion of the Chechen war against the rest of Russia.

Shamil Basayev wears his “British pawn” credentials on full display. He trained for his *jihad* in the Afghansi camps, as he said in July 1995: “I was preparing for war with Russia a long time before the aggression against Chechnya began. Together with fighters from my Abkhazian [separatists within Georgia] battalion, I paid three visits to Afghan mujahideen camps, where I learned the tactics of guerrilla warfare.”

In July 1998, as acting Prime Minister of Chechnya, Basayev situated his operations within the “Ring around China” geopolitical offensive of the British-American-Commonwealth forces, when he sent an open letter to Chinese Prime Minister Zhu Rongji. According to *Moskovsky Komsomolets*, Basayev gave Zhu an ultimatum, that if China once more referred to Chechnya as part of Russia, Chechnya would launch support actions for the Uighur population of northwest China to split off as an independent state.

British irregular warfare

At the end of 1997, just when Zbigniew Brzezinski’s *The Grand Chessboard* design for the fragmentation of Russia was published in translation, thereby provoking a furious reaction from leading political figures in and outside of government in Moscow, the combined political and business offensive from Britain into the North Caucasus stepped up. In March 1998, Chechen leader Maskhadov visited London. He claimed that Baroness Thatcher was going to visit Chechnya as soon as two British citizens, detained by a Chechen gang, were released, but Thatcher’s office denied the visit plans, as well as Maskhadov’s claim that Thatcher was going to head up a commission of experts to analyze relations between Russia and Chechnya.

It was evident, that other assets than General Maskhadov were being cultivated. It is useful to look at 1997-98 developments through the eyes of a Russian investigative report, published by Shamsuddin Mamyev and Pyotr Ivanov in *Kommer-sant-Vlast*, on Feb. 10, 1998. We do not vouch for the accuracy of details contained therein, but the report indicates how London was perceived in Moscow as fanning the flames in the North Caucasus.

The *Vlast* report said that a British delegation, arriving in Grozny on Oct. 13, 1997, represented “the financial group of [the late] Jimmy Goldsmith,” together with “his son-in-law, Pakistani playboy Imran Khan,” and Lord Alistair McAlpine, “Goldsmith’s political ally for many years.” They were dealing with the Chechens for the right to rent the Chechnya segment of the Baku-Novorossiysk oil pipeline, in exchange for investment in reconstructing the Chechen economy.

“Two weeks later, a day before the first Azeri crude oil reached Chechnya, Khozhahmed Yarikhanov was removed from leadership of the Southern Oil Company (YUNKO), and the company as such was dissolved. With this dissolution,

the Moscow-Grozny oil agreement lost its grounds. The financial genius of the dead Sir Goldsmith was preferred by the Chechen powers to [Russian auto and oil magnate] Boris Berezovsky’s shuttle diplomacy. Soon, on Nov. 5, Berezovsky was removed from the post of Deputy Secretary of Russia’s Security Council. The same day, *Nezavisimaya Gazeta* published the text of the British-Chechen contract, provided to the newspaper by Maczej “Mansur” Jachimczyk.”

Vlast went on to review the history of the Caucasus Common Market and Caucasus Investment Bank, and suggested that these commercial dealings fold seamlessly into the arrival of British irregular warfare capabilities in the region:

“In late November, the investment fund, promised by the British, was presented in London. On the eve of this event, Goldsmith’s heir Lord McAlpine introduced Nukhayev to Margaret Thatcher. . . . Goldsmith’s group was not going to limit its activity to Chechnya. The game was spreading to Dagestan, where a new political forces, the Wahhabites, were activating.

“On December 10, a tender for the development of Russia’s (including Dagestan’s) oil deposits was held in Moscow. Twelve days later, the Wahhabites, trained by a citizen of Jordan along with Chechens, attacked the Russian garrison in Buinaksk. The terrorist group that destroyed a regular tank unit, questioned the guarantees of oil transit, previously given by Russia.

“To make sure the oil company representatives understood who was behind this armed attack, Goldsmith’s group dropped several hints. On Nov. 14, Lord McAlpine declared his intention to send a squad of former British commandos to Chechnya under the pretext of an operation to save two ethnic British [hostages], but also with a plan to ‘train the (Chechen) government’s troops.’ Nukhayev promised to earmark \$400,000 for these purposes. In December, Imran Khan was going to visit Chechnya. In mid-January, Jachimczyk and Nukhayev initiated sending a group of Polish commandos to Chechnya.”

The *Vlast* authors suggested that Goldsmith’s group was not only “outflanking Russia,” but, by establishing itself in the North Caucasus, had “*challenged the United States*.”

Chechnya and Dagestan

There was a summit of leaders of the North Caucasus republics of the Russian Federation, plus the adjacent territories of Stavropol and Krasnodar, held in Grozny, Chechnya in April 1998. It was the initiative of Russian Vice Premier Ramazan Abdulatipov, who is originally from Dagestan. By the time of the meeting, however, the entire Chernomyrdin government had been dismissed by President Yeltsin, so Abdulatipov presided with diminished authority. While he argued for economic reconstruction and other measures to prevent the further fragmentation of the region and its division from Russia, Nukhayev of the British-run Caucasus Common Market showed up and gave a speech that became the confer-

ence keynote. Immediately after that summit, Maskhadov made a statement echoing Nukhayev: Chechnya had already effectively separated from Russia, and could restore its economy without Russian assistance. "All the neighbors have understood this," said Maskhadov, and "the future of the Caucasus is a confederation."

Coverage of the April 1998 meeting in *Moskovskiy Novosti* makes clear that Maskhadov's strongest opponent on this issue was Magomedali Magomadov, head of Dagestan's State Council, who said that "Dagestan has remained, remains, and will remain part of the Russian Federation."

On April 26, Chechen Deputy Premier Movladi Udugov, leader of the Islamic Nation party, held a "Congress of the Chechen and Dagestani Peoples" in Grozny. Magomadov declined to attend. The Congress declared itself "permanent," and Shamil Basayev was elected its head.

Almost immediately, there was an escalation of kidnappings, raids, and assassination attempts, inside Chechnya and then, increasingly often, in Dagestan. The targets were key Russian officials, foreigners, and Dagestani political and religious leaders, opposed to the separatist plot.

Kidnappings: In May 1998, Russian Presidential envoy Valentin Vlasov was abducted outside the village of Assinovskaya, Ingushetia near the Chechen border. The place was close to where an NTV television crew from Moscow was captured

in 1996. The area around Assinovskaya is described by Russian media as a sort of "well," under control of neither the Chechen nor the Ingushi authorities, but of the Wahhabites. Udugov denied that Grozny was involved.

There had already been 200 kidnappings in and around Chechnya in 1997. There are kidnappings for ransom, and politically targetted kidnappings. Chechen police who attempted to stop the guerrillas' activities were kidnapped. Dagestani security official Magomed Tolboyev said in May 1998 that there were "Dagestanis operating between the two republics under the guise of being Chechens. International groups have been formed. An entire network of 'spotters,' kidnappers, middlemen, negotiators, etc., is in operation."

On Dec. 21, former Chechen Prime Minister Salambek Khadzhiyev, who had resigned in October 1995, was abducted.

The origins of the Chechen kidnapping industry and its interface with drug- and gun-running in the region, were traced in Roman Bessonov's series, "Chechnya: the Russian Sicily," (*EIR*, April 28 and May 5, 1995). North Caucasus kidnappings are unpredictable and often barbaric, as in the highly publicized cases of the detention, rape, and release of British citizens Jon James and Camilla Carr in 1997-98, and the capture and beheading of five British and New Zealand electronic communications technicians, accused by Chechen gangs of being spies. Boris Berezovsky, the Russian financial and political operator close to Yeltsin's family, has made a business of arranging for kidnap victims in Chechnya to be freed, often behind the back of a federal government policy of paying no ransom.

Assassination attempts and bombings: In January 1998, federal security forces in Dagestan neutralized explosives in a car placed in front of the House of Parliament in Dagestan's capital city, Makhachkala.

On April 28, 1998, a car loaded with explosives blew up in Makhachkala, just when the car of Dagestan Deputy Prime Minister Ilyas Umakhanov was to pass by. There were several attempts on the life of the anti-separatist Mayor of Makhachkala, Sayid Amirov, during the year. Mufti Sayid-Magomed Abubakarov of Dagestan, a vocal opponent of the Wahhabites, was murdered by car-bomb in Makhachkala in August 1998, after previous unsuccessful attempts.

Akmal Sayidov, Russia's deputy representative in Chechnya, was kidnapped on Sept. 29, 1998 and murdered. Shagid Bargishev, head of Chechnya's Department for the Prevention of Human Abduction, was murdered in Grozny on Oct. 25, 1998. On the same day, an assault on Chechnya's Mufti, Ahmadhadji Kadyrov, destroyed three houses.

Escalation to war

In December 1998, Chechnya's Shariah Court attempted to dissolve the parliament and seize the reins of power in Chechnya. Maskhadov beat back the attack, but his authority has weakened, while Basayev's rose. The tempo of attacks

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on the Russian military stepped up, in parallel, until the outbreak of full-scale combat.

The most serious fighting since 1996 occurred after Wahhabite forces from Chechnya seized villages in Dagestan. Maskhadov himself charged that the Wahhabites were financed from abroad for the purpose of destroying the North Caucasus, as well as Russia. He was seconded by Ingushetian President Gen. Ruslan Aushev, who told *Moskovskie Novosti* on Aug. 24, "It is not a secret that the bandits [in Dagestan] are financed by rival forces which are trying to change the route of the Caspian oil pipeline."

From Jan. 1, 1999 through June, more than 100 people, mostly troops and police manning border posts, through to June, were killed in raids by Chechnya-based guerrillas. There were raids against both Interior Ministry and regular Army forces serving in the area. The ouster of Russian Prime Minister Yevgeni Primakov, who had pursued a diplomatic and economic-reconstruction approach to stabilizing Moscow's relations with Maskhadov, gave the green light for a sharper escalation of the conflict, which had begun to explode in March of this year.

From March onward, there were higher death tolls and new, high-ranking kidnap victims. In March, Interior Ministry Gen. Maj. Gennadi Shpigun was kidnapped in Grozny, a crime attributed in the Russian media to Chechen Commander Barayev, "Salman Raduyev," or, for Byzantine motives of Russian politics, Boris Berezovsky.

A number of Russian strategists became convinced that "after the Balkans, the Caucasus is next." While the world's attention was fixed on Kosovo, Russia began to build up troops near the borders of Chechnya. Between March and the end of June, at least 17,000 Russian Interior Troops were brought into position, while Prime Minister (for that moment) Sergei Stepashin's successor as Interior Minister, Vladimir Rushailo, said the force might be increased to 70,000. In the latter half of June, these troops were buttressed with heavy artillery units.

On July 3, Rushailo had told the Russian Federation Council that he was prepared to order preemptive attacks against Chechen terrorists engaged in kidnappings, assassinations, and other actions aimed at destabilizing the border region. "We are talking about [securing] territories along the administrative border [with Chechnya]. It will be a local operation linked to attacks on our border posts and checkpoints." On July 5, for the first time since 1996, Russian military units carried out an attack against Chechen rebels, along the Dagestan regional border. The July 5 military operation by the Russian Army involved helicopters and mortar fire, targeting a group of several hundred Chechens.

The invasion of Dagestan by Wahhabite guerrillas from Chechnya, in August, has been covered by *EIR* over recent weeks. Russian combined ground-air operations drove them out, whereupon Basayev threatened to hit Russia with new acts of terrorism, "such as the world has not seen."

The neo-Ottoman trap for Turkey

by Joseph Brewda

The 1989-91 collapse of the Soviet Union presented itself as both a strategic threat and an opportunity to NATO member Turkey, which had fought six wars with Russia since the beginning of the nineteenth century, including World War I, which destroyed both the Ottoman (Turkish) and Russian empires. An opportunity, because it would seem that Turkey's major military antagonist was destroyed; a threat, since the question was posed as to what would happen to the Soviet Union's Caucasian fragments.

Because the Caucasus region is mostly Islamic in faith, has a large Turkic minority, and was once Ottoman-ruled or dominated, Zbigniew Brzezinski and other Anglo-American geopoliticians have argued that Turkey now has an historic chance to reassert its dominance, or at least extend its defense perimeter into the region, through promoting Pan-Islamic and Pan-Turkic ideologies. Brzezinski and his cronies at the Center for Strategic and International Studies at Georgetown University say that Azerbaijan's oil deposits could make Turkey rich. They add that making the Turkish Mediterranean port of Ceyhan the terminus of oil and natural gas pipelines from the region, would also consolidate its political influence.

On the other hand, it is clear that the spreading anti-Russian Pan-Islamic and Pan-Turkic movements in the Caucasus could also boomerang back into Turkey itself, thereby undermining the Turkish Republic which Mustafa Kemal Ataturk had formed in the 1920s after crushing both movements. By being lured into reviving such Ottoman imperial methods of ethnic and religious manipulation in the Caucasus, Turkey itself, it would seem, could become its prime victim. The spreading NATO-run wars in the Caucasus—Armenia vs. Azerbaijan, the Abkhazian revolt in Georgia, the revolts in Chechnya, and now Dagestan—have pushed to the fore the question as to what path Turkey should follow.

The Bernard Lewis network

The senior British case officer for the neo-Ottoman revival in Turkey, and the region, is retired Prof. Bernard Lewis, a career British intelligence official originally ensconced at the London School of Oriental and African Studies (formerly the School of Colonial Studies), who transferred to Princeton University in New Jersey, where he is now a professor emeritus. Lewis's writings, such as *The Emergence of Modern Turkey*, published in 1960, have functioned as encouragement

BOZKURT



The cover of *Bozkurt*, a World War II Pan-Turk journal, showing the projected Pan-Turkic homeland. The “bozkurt”—the gray, steppe wolf—displayed next to the map, is the Pan-Turk symbol.

for Turkey to step forward as a regional superpower, in conflict with Russia. The fall of communism has not changed this policy. In January 1996, for instance, Lewis insisted to a bankers’ conference in Ankara, Turkey, that there is a “vacuum in the region which Turkey should and must fill.”

Spelling out his strategy in a 1992 article in the New York Council on Foreign Relations magazine *Foreign Affairs*, Lewis emphasized that “Lebanonization” would soon destroy the former Soviet Caucasus and Central Asia. “If the central power is sufficiently weakened,” he said of former Soviet Central Asia, “there is no real civil society to hold the polity together, no real sense of common national identity or overriding allegiance to the nation-state. The state then disintegrates—as happened in Lebanon—into a chaos of squabbling, feuding, fighting sects, tribes, regions, and parties.”

The late Prof. Alexandre Bennigsen of the Sorbonne, in Paris, was another advocate of the policy, as is his daughter, Marie Bennigsen Broxup, editor of the British quarterly *Central Asian Survey*, who is Britain’s foremost publicist on Dagestan. In his 1985 book *Mystics and Commissars: Sufism in the Soviet Union*, Bennigsen proclaimed that “the nearly 50-year-long Caucasian wars [of the nineteenth century] made an important contribution to the material and moral ruin of the Czarist empire and hastened the downfall of the Romanov monarchy.”

Writing of the coming collapse of the Soviet Union in 1985, Bennigsen underscored the Islamic insurgency as the most potent weapon against Moscow: “In the particular case of the North Caucasus, Sufi orders have gained control not only over fundamentalist trends but also over all national resistance movements from the later eighteenth century to the present day. The Chechen-Ingush territory and Dagestan, was among the last Muslim territories to which the Sufi brotherhoods gained access, but once established there, Sufism played a prominent role. Today this territory is probably the one where organized mystic movements are the most dynamic and active in the entire Muslim world.”

By the time of the collapse of the Soviet Union in 1989, Bennigsen’s “analysis” had become standard fare among the boosters of various secessionist movements in the Caucasus. Typical is the writings of the Minority Rights Group of Britain, chaired by Sir John Thomson, the former deputy director of MI5 intelligence agency, which, in a report on the region, exulted that “many of the aspirations of the peoples of the region are contradictory and several forces play one group against the other. . . . The North Caucasus is probably the one region in Europe with the highest potential for long-term conflict.”

The Turkish expendables

Today, there are several intersecting, Western-steered Pan-Turkic and Pan-Islamic organizations that are known to be directly involved in the Caucasus and Central Asia. One is the Gray Wolves, which had been founded and led by Gen. Alparslan Türkeş. The Gray Wolves’ electoral arm, the Na-

tional Action Party, is currently a coalition partner of the ruling government of Turkish Prime Minister Bülent Ecevit.

Another is the Pan-Islamic network tied to the Virtue Party (the former Welfare Party), created by former Turkish Prime Minister Necmettin Erbakan. The third is the far-flung Nursi Sufi order run by Fethullah Gülen, now a fugitive in the United States.

Regarding the Pan-Turks: Although Atatürk had crushed the Pan-Turkic, Pan-Islamic, and Sufi movements in the 1920s, German intelligence was keen for their revival during World War II, as a flank against Russia. That was when Gray Wolves’ supremo Capt. Alparslan Türkeş first came into prominence; he was jailed on charges of being a provocateur, after leading protests demanding that Turkey enter the war on Germany’s side.

After the war, Türkeş’s network was picked up by NATO, which hoped to utilize Turkey, the only NATO member bordering the Soviet Union, as a base for running insurgencies in the Soviet southern tier. Türkeş’s career rapidly advanced through such foreign patronage, and Pan-Turkic liberation networks proliferated. Although Türkeş fled Turkey after the military coup of 1960 (the coup leaders sought his arrest), he returned in 1963 to enter politics. His National Action Party became the parliamentary vehicle for his movement ever since.

Immediately after the breakup of the Soviet Union, NATO began deploying the Gray Wolves into Chechnya, Azerbaijan, Uzbekistan, Kazakstan, Kyrgyzstan, as well as Iran and Bosnia. The Gray Wolves began operating in Azerbaijan in 1992, after Abulfaz Elchibey's Azeri Popular Front came to power. Elchibey named Iskender Gamidov, head of the Azeri branch of the Gray Wolves, as his Interior Minister. Turkish national Gray Wolves flooded into Azerbaijan, where they were used to fight Armenia. The group was also deployed throughout former Soviet Central Asia, with its zealots even calling for spreading Pan-Turkic insurgency into China as well.

Another primary element used to promote an Ottoman revival has been foreign-steered factions within the Welfare Party (now the Virtue Party), formerly led by Prof. Necmettin Erbakan, son of an Ottoman cleric and a member of the Naqshbandi Sufi order. The party, which puts itself forward as Pan-Islamic, won the highest plurality of votes in the December 1995 election and came to power in 1996. Erbakan's understanding of Pan-Islamism was best embodied in the economic alliance of eight Islamic nations in the developing sector, known as the D-8. Under his premiership, the D-8 was launched, as were important economic infrastructure agreements with Turkmenistan and Iran. Because of these policies, Erbakan was toppled from power later that year.

While Erbakan, an engineer and economist, focussed on economic cooperation with Islamic partners, this is not the case for all the diverse factions within the party, including that of his rival and would-be heir, former Istanbul Mayor Tayyip Erdogan, who has advocated creating "Islamic-liberated" states stretching from the Caucasus all the way to western China. In 1998, the U.S. State Department issued an official protest when a Turkish court imprisoned Erdogan for stating that "the minarets are our bayonets, the domes our helmets, and the mosques our barracks."

Another foreign-steered neo-Ottoman throwaway capability is the Turkish-based Nursi Sufi order led by Fethullah Gulen, which enjoys close ties with the Unification Church of Sun Myung Moon and its Washington, D.C. organ, the *Washington Times*. The group has built and staffed religious schools throughout the Caucasus and Central Asia, which it has used as a base for subversion.

That the movement is not all that popular among the Turkish elites is shown by a Turkish National Security Council report leaked in July 1999, following Uzbekistan government charges that Gulen was implicated in the February 1999 attempted assassination of Uzbekistan President Islam Karimov. While the accuracy of the Uzbekistan accusations has not been confirmed, the charges have caused a crisis in Uzbekistan-Turkish relations. Gulen fled to the United States in 1997 after the Turkish National Security Council charged his group with attempting to infiltrate the police and army, in order to stage an "Islamic revolution." Pointing to sources outside of Turkey as those responsible for the Uzbekistan destabilization, the leaked report states that Gulen "was able

to obtain [U.S.] diplomatic status and red and green [diplomatic] passports for the 70 teachers he sent to Uzbekistan, under the aegis of the 'U.S. Friendship Bridge.' "

Afghanistan chaos threatens all of Asia

by Ramtanu Maitra

The experiment, which began under the tutelage of Zbigniew Brzezinski in 1980, following the invasion of Afghanistan by the Soviet Red Army, to unleash the British-authored geopolitical strategy of violent, anti-Western "Islamic fundamentalism," has now begun to bear its rotten fruit. The criminal elements who were emptied out of the prisons of Islamic countries, and sent to Afghanistan to carry out *jihad* against the Soviet Army, have been organized anew and fresh recruits are being brought in every day.

Unlike the well-heeled retired personnel from Britain's Special Air Services (SAS), who wreak havoc in Africa on behalf of the British mining companies, these new groups are rag-tag mercenaries who are now spreading their militancy radially outward from Afghanistan. From Afghanistan, they have fanned out to fuel unrest and to extend their drug-trafficking network into Pakistan and Kashmir in the east; Dagestan and Chechnya in the northwest; five Central Asian nations in the north and west; and Xinjiang province of China in the northeast. This great and dirty game depends heavily on illegal trade in drugs and guns for financing. These components have flourished very well in the area and beyond, and, although strenuous efforts are being mounted by the governments of the affected nations, there is no guarantee of their immediate success.

The present Afghan situation remains as murky as ever. What is becoming increasingly evident is that peace there cannot come through any magic formula, and the groups with a vested interest in keeping Afghanistan unstable have gained strength over the years. It is also notable, that the Afghan mujahideen, or "Afghansis," who provide muscle to the Taliban, are spreading out, with a definite mission to create chaos on behalf of others. They claim that their mission is to "spread Islam," but there are only a few Islamic governments that would give credence to this absurd claim. Saudi money has provided a cover to the terrorists who, dressed in the white robes of Wahhabis, carry the Holy Koran and preach the orthodox Islam of the Wahhabis.

The Taliban (*Talib* means student in Arabic) were created in 1994. On the ground, the trainers were Pakistani mullahs and Pakistan's Inter-Services Intelligence (ISI). In the Islamic schools—the *madrassahs*—in the areas of Pakistan bordering Afghanistan, Maulana Samiul Haq and Mau-

ana Fazlur Rehman gave the youthful recruits their fire and brimstone education, while outside of the *madrassahs*, former Pakistani ISI chief Lt. Gen. Hamid Gul, the intrepid controller of many insurrectionaries, trained them with Kalashnikovs, rocket-propelled grenades, mortar launchers, and 125 mm guns.

In London, new plans were drawn up to utilize the Taliban, which were to be acknowledged as the legitimate rulers of Afghanistan, or better, the Afghans under the cover of the Taliban, for activities beyond Afghanistan.

The nine-year-long Afghan War (1980-88), during which the Soviets tried unsuccessfully to consolidate their control over Afghanistan, was known to many around the world as the war to bleed the Reds to death. The strengthening of the Taliban after 1996, and their use as the conduit to deploy the Afghans internationally, was intended to weaken the major nation-states in the region—Russia, India, and China; to fertilize the areas of existing discontent among the stable Islamic nations, such as Iran, Turkey, Iraq, and Saudi Arabia; and then, spring the colonialist trap on Central Asia's strategic raw materials reserves. In other words, create an ungovernable situation in Central Asia, and take advantage of the vacuum, to keep the Eurasian land-mass divided, and the major nations of the region perpetually threatened and weakened.

Dope, Inc. takes center stage

The Afghan War will surely emerge in modern world history as just as important for South and Central Asia, as the Vietnam War was for Southeast and East Asia. The Soviet Union's foolhardy adventure into Afghanistan was seized upon by the authors of the Arc of Crisis thesis, and they wasted no time in setting up instruments with which to implement their plan in such a highly strategic region.

The seed money came from the Anglo-American bloc, bent upon stopping the "Red Tide" from moving eastward. Money was raised to deal a mortal blow to the Communists, for which purpose arms were procured. Drug money and illegal arms purchases were put in place at an early stage of the campaign. But the big money, based upon heroin trafficking, took a few more years to become established.

By the middle of the 1980s, the mujahideen warlords looked upon the money generated by heroin and hashish trafficking from Afghanistan and western Pakistan, as legitimate war booty. This part of the booty far overshadowed the money coming from Saudi Arabia and other, more common, war loot, and there was absolutely no one who did not dip into it to line his pockets. Covert and not-so-covert operations from the West used this drug money to finance the mujahideen, and drug proceeds are now the main source of financing for the Afghans internationally. For Pakistani intelligence, the management of drug trafficking generated a huge slush fund, which gave it the power to keep or remove the Pakistani government in Islamabad, and to open new areas of conflict such as Kashmir, Xinjiang, Chechnya, and Dagestan.

For the international narcotics traffickers and money

launderers of Dope, Inc., the opportunity lies wide open. The drug networks set up during the Afghan War are expanding by the day, and the networks working inside the Central Asian nations have already developed capabilities to become major drug suppliers and heroin manufacturers in the region. There is no question that the drug money will continue to nourish and nurture many guerrilla groups, such as the Islamic Renaissance Party within Tajikistan, Gulbuddin Hekmatyar's Hezbe Islami inside Afghanistan, and a dozen or so groups within Pakistan led by Lashkar-e-Toiba, Anjuman Sipaha-i-Sahiba, Harkatul Mujahideen, Lashkar-e-Jhagvi, and Al Badr.

This drug network has also succeeded in becoming firmly established within India. Extending its tentacles from Nepal, the Pakistani ISI, using the drug money, has set up strong links with India's major northeastern separatist groups, the National Socialist Council of Nagaland (I-M), United Liberation Front of Asom (ULFA), and the Bodo Liberation Front. The drug network has been set up inside Bangladesh, whence operations are executed within northeast India. An international assassination gang, the Liberation Tigers of Tamil Eelam (LTTE), is all over that area, bringing in guns on high-speed boats from Singapore and southern Thailand across the Andaman Sea, to deliver to the northeast separatists. The Tamil Tigers pick up money and drugs from these separatists and the ISI for delivery elsewhere. In other words, drugs and arms have now been fully globalized, and no one can figure out, for instance, which drug money is going to Punjab or Kashmir or Dagestan.

Sources in India's Directorate of Revenue Intelligence pointed out recently that the bulk of the heroin and low-grade "brown sugar" heroin are coming in from Pakistan across Punjab, which straddles the India-Pakistan border. A significant amount is also being smuggled across the desert into Rajasthan's Jaisalmer and Barmer districts. Kashmir is also a major entry point for drugs, and there are reports of bulk amounts entering the Indian side through Samba and R.S. Pura sectors.

The Central Asia drug traffic

As long as the Soviets were in Afghanistan, most of the Afghan opium and heroin would find its way into Pakistan, and then, through various smuggling networks, transit through India and Nepal to the West. However, the scene has changed, as indicated by a 1995 news report that a French journalist filed from Almaty, the Kazakstan capital. He pointed out that the new drug routes, alternatives to the well-known outlets of Karachi or the Makrana coast of Baluchistan in Pakistan, are along the narrow and winding tracks over the Pamir Mountain range in Tajikistan used by caravans and herdsmen. Since the journalist filed that report, things have deteriorated. Aga Khan, the "patron-saint" of the Ismaili sect which inhabits the Pamirs in large numbers, has funded the highway which would connect the Tajik capital Dushanbe to the Karakorum Highway. Already, the highway has been built

up to Kharog and the drugs would soon be flowing westward into Kashgar and other towns of Xinjiang in trucks and cars. The same highway will also bring drugs into Kashmir and Tibet, and farther eastward into Nepal.

The narco-traffickers, travelling northwards, stop at Osh, the second largest city in Kyrgyzstan. Osh is now a major center for heroin and hashish brought in from Afghanistan and Tajikistan. A lot of opium is illegally grown in the vicinity of Osh, which also finds its way to the large narco-market in the city. In fact, the entire Farghana Valley, where Osh is situated, is growing more and more opium every year.

Other plans

As *EIR* extensively documented in its Oct. 13, 1995 issue, "New Terror International Targets South Asia," Afghan Aid U.K. (AAUK), together with Radio Free Kabul of London, were the two most important coordinators of Afghan mujahideen aid efforts throughout the war against the Soviet Union. AAUK, set up in Peshawar, Pakistan, had as its main sponsor Viscount Cranborne, Lord Privy Seal and then-leader of the House of Lords. Its partner agency, Radio Free Kabul, had been created by Lord Nicholas Bethell, who worked with Prime Minister Margaret Thatcher to drum up the U.S. support for the mujahideen. With Zbigniew Brzezinski on the British leash held by geopolitician Bernard Lewis, it was not that big an effort to obtain U.S. support.

The U.S. component to the operation must not be underestimated. In 1980, the Afghan Relief Committee, under the sponsorship of New York investment banker John Train, was organized to channel funds primarily to the corrupt *jihadi* Gulbuddin Hekmatyar and his Hezbe Islami group. Bethell himself was the principal liaison from London for the Committee for Free Afghan (CFA). CFA funded Hekmatyar's chief rival in Afghanistan, Ahmed Shah Massoud, an ethnic Tajik. Huge sums of money were pumped in at that stage from both the United States and Saudi Arabia and some other Arab nations. This was also part of the seed money invested to build up future capabilities.

By the mid-1980s, the so-called Golden Crescent of drug production and trafficking, extending from Iran to Afghanistan and Pakistan, was providing half of the heroin reaching the streets of the United States. Pakistan's North-West Frontier Province became a hub for trade in drugs and guns, and reports indicate that Pakistan's gross revenue from opium and heroin sales soared to \$8-10 billion a year by 1988—almost one-quarter of its GDP. The Bank of Credit and Commerce International (BCCI), set up by a Pakistani to launder drug money, was patronized by the City of London, and its accounts were audited by the leading British-chartered accountant firm, Price Waterhouse. With all engines blazing, the new plans of the Thatcher-Bush faction took off.

But, what seemed to be an operation to throw the Soviet Union out and gain control of Afghanistan for the Anglo-Americans, changed course after the Soviet Union collapsed. Inside Afghanistan, where the pawns of the great chessboard

were nurtured and strengthened, the new push came in 1995, when the Taliban were set up and then re-invigorated in the fall of 1996.

With the collapse of the Soviet Union, attention was turned toward Central Asia, where a wealth of energy reserves remains untapped. It is also the junction where Europe meets eastern Asia, southern Asia, and the Persian Gulf countries. The strategic importance of Central Asia, never underestimated by the colonial forces in the nineteenth and twentieth centuries, again became the focus. The forces chosen to help the colonialists were those masquerading as "Islamic fundamentalists" carrying the Holy Koran, heroin, and a Kalashnikov.

The plan of these terrorists is to help the Anglo-Americans take control of Central Asia and create a threat to the three major countries in the region—Russia, India, and China. And who in the West knows Islamic fundamentalism and Central Asia best? Britain, of course. So, the Anglo-Americans depend heavily on London for the success of this plan.

As the news comes in, London is not doing badly. There are reports that the ISI has got the Pakistani Army regulars fighting for the Taliban in Afghanistan. ISI is also recruiting Turkic-speaking Muslim youths in Kyrgyzstan and Kazakhstan to serve in Xinjiang and instigate the local Uighurs to take up arms against China "for the sake of Islam," said a recent report in an Indian daily. One Asian diplomat, who has been quoted in an Indian newspaper, said that these mercenaries have been paid handsomely.

If the ISI, which has been infiltrated and is controlled by the dirty elements of a number of foreign intelligence agencies, is doing a good job, so is the British MI6 in harboring and helping to finance "Islamic fundamentalists" based in London. The Saudi dissident Osama bin Laden, who has funded Afghani mujahideen for years and has issued virulently anti-American threats, is also in contact with London, reports indicate.

India and France, as well as conservative Muslim countries, have asked Britain to stop sheltering Islamic militants. Britain's role was exposed on a number of occasions recently. Yemeni authorities have pointed their finger at Sheikh Abu Hamza of Finsbury Park, London, for exporting terrorism to Yemen. Abu Hamza's 17-year-old son was one of the three British citizens arrested at a training camp in central Yemen planning to bomb targets in Aden. Abu Hamza, of course, has been well protected by British intelligence.

Another scandal exposed recently, indicates Britain's involvement in the latest mercenary activities in Kashmir. Terrorist activities conducted from British soil by a British citizen belonging to the Lashkar-e-Toiba militants, have now brought India and Pakistan close to a war. This militant, Shafiqur Rehman, living in Lancashire, had been raising funds for the Lashkar-e-Toiba and sends the money over to the terrorists in Pakistan. As the details of the separatist acts in Dagestan and Chechnya come rolling in, it is evident that the Afghans are very much there and are well funded.

Harvard's Huntington promotes descent into barbarism

by Mark Burdman and Scott Thompson

It is the obsession of leading geopolitical strategists in London, Washington, and other Western capitals, that there exists no greater priority than to mobilize the “Western world” for conflict with the nations that are central to the development of the Eurasian Land-Bridge. This is the region for which Sir Halford Mackinder, Britain’s leading geopolitical theorist at the turn of the century, coined the term “Eurasian heartland,” the battle for which, he said, would determine who would control the world. Now, in the late 1990s, their focus is being drawn to containing, combatting, and countering Russia, China, Iran, India, and other countries in Eurasia, whose combined population comprises three-quarters of the world’s people. These geopolitical chessboard players would like to use “ethnic” insurgencies, to break Russia up into many parts.

Since 1993, when it was first popularized in an article in the New York Council on Foreign Relations magazine, *Foreign Affairs*, Harvard Prof. Samuel Huntington’s “clash of civilizations” construct has been one of the most discussed variants of this obsession. With its faulty argumentation, obtuse academic style, and hallucinatory invocations of such nonexistent entities as “Confucian-Islamic states,” one would have hoped that that original Huntington venture would have been treated with the contempt it deserved, and relegated quickly to the dustbin of history.

Instead, the article unleashed massive controversy. *The Clash of Civilizations and the Remaking of World Order* is the expanded, book-length version of the original polemic (see *EIR*, March 7, 1997). The academic language and multitude of footnotes lends a façade of erudition to a method that is as old as the Delphic Oracle of Apollo in ancient Greece. Simply put, it is the game of self-fulfilling prophecy: Repeat often enough, that so-and-so is your enemy, and you set in motion the processes that, sooner or later, make a conflict inevitable.

A geopolitical war plan

The “clash of civilizations” is not an article or a book, but a project that goes beyond Huntington himself. It is the “geopolitical war plan” for an influential, British-run faction in the transatlantic policy establishment. Hence, on the back



Samuel Huntington's "clash of civilizations" thesis is not the academic analysis it purports to be, but the geopolitical war plan of a British-run faction in the transatlantic policy establishment.

dust-jacket, there are two hyperventilating endorsements, from Sir Henry Kissinger and Zbigniew Brzezinski. Kissinger, as *EIR* has exhaustively documented, has spent his career promoting British balance of power, or geopolitical, doctrines. Kissinger was key in setting up the Harvard Department of Government apparatus, where Huntington is, today, a key figure. Not surprisingly, in the period immediately leading up to the “clash of civilizations” article, Huntington was parroting Kissinger’s ideas.

In early 1991, just as the Bush-Thatcher Gulf War was giving a new shot in the arm to British geopolitical strategy, Huntington wrote an article for the January-February issue of *Survival*, the publication of the International Institute for Strategic Studies, in which he insisted that American policy toward Eurasia should premise itself on the British geopolitical theories of Mackinder and on the balance of power approach that Sir Henry’s hero, Lord Castlereagh followed, at the 1815 Congress of Vienna.

As for Brzezinski, it was he, in his capacity as National Security Adviser to President Jimmy Carter in the late 1970s, who developed the so-called Arc of Crisis theory, that he now calls the expanded “Zone of Instability” (see article, p.35), according to which the region south of the Soviet Union,

would constitute a vast arena of instability (“Islamic fundamentalism,” etc.), which could be used as a geostrategic weapon against the Soviet Union. On Brzezinski’s National Security Council staff, in the Carter administration, was Samuel Huntington, as director of security planning.

Ending democracy

Brzezinski and Huntington, as had Carter himself, had come into the Carter administration from the Trilateral Commission, the organization founded and bankrolled in 1974 by David Rockefeller. In 1975, Huntington had co-authored a notorious Trilateral report, *The Crisis of Democracy: Report on the Governability of Democracies to the Trilateral Commission*, which called into question the viability of maintaining representative democratic and constituency-based institutions and movements, at a time when the imposition of austerity measures would “require” post-democratic, or non-democratic regimes. Huntington was one of three authors for the Trilateral Commission of *The Crisis of Democracy*, out of which flowed the “Project Democracy.”

In *The Crisis of Democracy*, Huntington argues that with the “post-industrial society” nations are becoming “ungovernable” by democratic means. However, he states that: “To become President a candidate has to put together an electoral coalition involving a majority of voters appropriately distributed across the country. . . . Since the 1930s, however, . . . once he is elected President, the President’s electoral coalition has, in a sense, served its purpose. . . . What counts then is his ability to mobilize support from the leaders of the key institutions in society and government.”

The argument in *The Clash of Civilizations* is based on a pair of simple, or, better, simplistic, contentions, presented as self-evident truths. He writes: “The Cold War division of humanity is over. The more fundamental divisions of humanity in terms of ethnicity, religions, and civilizations remain and spawn new conflicts.” Later, he states the same point more crudely: “Civilizations are the ultimate human tribes, and the clash of civilizations is tribal conflict on a global scale. . . . Relations between groups from different civilizations . . . will be almost never close, usually cool, and often hostile.”

Elsewhere, Huntington proudly claims he is drawing upon a field called “British international relations theory.” As for his general notion of the “history of civilizations,” Huntington frequently refers to the late Arnold Toynbee, one of the key cultural warriors in British intelligence in this century. At the macro level, the dominant division is between “the West and the rest,” with the most intense conflicts occurring between Muslim and Asian societies on the one hand, and the West on the other.

Too much economic growth, too many people

That is, we in “the West” are locked into conflicts with intolerant Muslims and assertive Chinese. Why must this be

the case? Huntington’s proof would be laughable, were the author not a distinctive member of a club of geopolitical pyromaniacs: The Asians are threatening us with their “economic growth,” and the Muslims with their “extremely high rates of population growth.”

How such conflicts should be coherent with “American interests,” is beyond any sane person’s comprehension. Needless to say, among Huntington’s goals, is to polemicize against any effort by the Clinton administration to achieve positive, viable relations with the countries along Democratic Presidential pre-candidate Lyndon LaRouche’s proposed Eurasian Land-Bridge route to integrate Eurasia.

In essence, his “West” is the British imperial system and the eighteenth-century Enlightenment. He uses terms like “Euro-American civilization” and “Western Christendom” interchangeably with “Western imperialism.” Such an identification, of course, neatly fits into a “clash of civilization” construct, as it allows “the West” to be the perfect enemy-image for the other, “non-Western civilizations.” Hence, to demonstrate what he calls “European expansion” and the “onslaught of the West,” he writes: “In 1800, the British Empire consisted of 1.5 million square miles and 20 million people. By 1900, the Victorian empire upon which the sun never set, included 11 million square miles and 390 million people.”

The Way Out of The Crisis



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

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



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A rogues' gallery

Zbigniew Brzezinski may be the madman who prominently puts out the line justifying NATO expansion into the Caucasus and Central Asia. But behind him and his protégé, Secretary of State Madeleine Albright, stand a number of lesser-known British geopolitical strategists and operatives, who invented that mad policy and are pursuing its implementation. This is the same crowd that, under the “Arc of Crisis” policy (also dubbed the “Muslim Fundamentalist Card”), supported the Afghan mujahideen (who are now called “terrorists”) throughout the 1980s, and later created the Afghan Taliban:

Lord Avebury (Eric Lubbock), chairman of the British Parliament’s Human Rights Committee. Avebury is active in supporting all sides in the “Arc of Crisis” region bordering the former Soviet Union. His ancestor, the first Lord Avebury, had been a banker to the British royal family in the mid-nineteenth century; his maternal line, the Stanleys, have dominated the British Foreign Office for the last two centuries. Lord Avebury’s cousin, Lord Stanley, was British Colonial Secretary during World War II. Lord Avebury is:

- A top lobbyist for Chechen independence from Russia, and Abkhazian independence from Georgia, according to diplomatic representatives of both causes. He has travelled to both places on “fact-finding” trips to publicize the secessionist cause;
- Together with Baroness Cox and their Christian Solidarity Worldwide, the leading international advocate of the Armenian claim to Nagorno-Karabakh, which led to Armenian war with Azerbaijan;
- The top lobbyist for an independent Kurdistan, carved out of Turkey, Iraq, and Iran, according to spokesmen for that movement; he works closely with the terrorist Kurdish Workers Party (PKK);
- The top lobbyist for the Iraqi-based Mujahideen-e-Khalq, an Iranian communist organization seeking to overthrow the current Iranian government;
- The top international lobbyist for the Kashmir separatist movements destabilizing India and Pakistan;
- A top lobbyist for Tibetan independence from China;
- A leading supporter of Islamist efforts to topple the ruling Saudi family, and install a Wahhabite regime which would even more likely to fund and promote NATO-run operations in the Caucasus and Central Asia.

Count Alexandre Bennigsen: Until his death in the early 1990s, Professor Bennigsen was a primary NATO analyst and advocate of promoting a Sufi-Islamic revival in the Soviet

Union, to destroy it. In books such as *The Islamic Threat to the Soviet State* (1983), and *Mystics and Commissars: Sufism in the Soviet Union* (1985), Bennigsen claimed that this coming revival would lead to the collapse of the Soviet Union. He “predicted” that this revival would begin in Chechnya and Dagestan.

Bennigsen was a member of a centuries-old Baltic noble family that had been employed in the Tsarist diplomatic and intelligence services. One of his ancestors murdered Tsar Paul I in 1801. His father had been a Tsarist intelligence official in Central Asia. One of his cousins was the founder of the Socialist Revolutionaries assassination squads, another was an aide to Leon Trotsky, and a third was a senior member of the Tsarist secret police. Following World War I, Bennigsen’s family moved to France, where he became an Orientalologist at the Sorbonne. Bennigsen was a mentor to Bernard Lewis.

Marie Bennigsen Broxup, the daughter and intelligence-network heir of Alexander Bennigsen, is the editor of *Central Asian Survey*, the premier British journal analyzing how to use ethnic and religious conflicts to drive Russia out of the Caucasus and Central Asia. Her 1992 book, *The North Caucasus Banner: The Russian Advance Toward the Muslim World*, is one of her many how-to studies on this issue. Broxup has conducted extensive fact-finding tours of Dagestan since 1996, and, according to several regional reports, is the main British Foreign Office operative coordinating the Dagestan revolt. She also reportedly works closely with the French Defense Ministry.

Lord Nicholas Bethell: Lord Bethell was the main international promoter of Western aid to the Afghan mujahideen in the early phases of the Afghan civil war. His Radio Free Kabul, run out of Coutts, Queen Elizabeth’s bank, was key in this effort. In 1981, he toured the United States with British Prime Minister Margaret Thatcher, and successfully lobbied the Reagan administration to support the mujahideen. He also formed the main U.S. Afghan support organizations in the United States at that time. Lord Bethell is a leading player in supporting the Georgian side of the war with Abkhazia. A former lord-in-waiting to Queen Elizabeth II, Lord Bethell had served in the Mideast and Soviet sections of MI6, where he worked closely with Kim Philby, the British triple agent who “defected” to the Soviet Union in 1963.

Baroness Caroline Cox: The deputy speaker of the House of Lords, and chairman of Christian Solidarity Worldwide, Baroness Cox is the leading international promoter of the Armenian claim to Nagorno-Karabakh. She has undertaken at least a dozen missions there since 1991. She depicts the conflict as an apocalyptic struggle between Islam and Christianity. She is also the leading international defender of the insurrection in southern Sudan, which she characterizes in the same terms. Baroness Cox was elevated to the peerage by Prime Minister Thatcher, a major patron of Azerbaijan.

In April 1998, Cox led a British fact-finding delegation to

Armenia, in what she describes as her 36th visit to the Caucasus. In a July 1999 statement to the House of Lords on that trip, Cox's flunky, Lord Hylton, said that its purpose was to "achieve the highest degree of self-administration" for "Chechnya; the Kurds in Turkey, Iran, and Iraq; Abkhaz, Ossetians, etc., in Georgia; and Lesgins in Dagestan and Azerbaijan."

A psychiatric nurse by training, Baroness Cox served as a British intelligence liaison to the Polish Solidarity movement in the 1980s, before her involvement in Armenia and Sudan. Christian Solidarity Worldwide (formerly Christian Solidarity International) is an outgrowth of Keston College, Oxford, the publisher of *Religion in Communist Lands*, since renamed *Religion and State*. The college, which is patronized by Prince Philip, specialized in using religion to destabilize the countries of the former Warsaw Pact. It has continued that work in the same region since the Soviet Union's demise, particularly seeking to inflame Protestant-Orthodox and Catholic-Orthodox tensions.

Viscount Cranborne (Robert Cecil): Lord Privy Seal (chief of the Queen's Privy Council) and Leader of the House of Lords, Viscount Cranborne had been a primary organizer and overseer of the first phase of the civil war in Afghanistan (1979-88), carried out under the cover of his Afghan Aid U.K.

The Viscount is a member of the Cecil family, one of the oldest and most powerful oligarchical families in Britain. His great-grandfather, the Third Marquess of Salisbury, was the turn-of-the-century British Prime Minister and Foreign Secretary who oversaw efforts to destroy both the Ottoman and Russian empires, including through patronizing ethnic insurgencies, such as the Armenian insurgency. Viscount Cranborne's grandfather, the Fifth Marquess, had been a colonial secretary during World War II.

Bernard Lewis: Professor Lewis is the British intelligence official who formulated the "Arc of Crisis" strategy of destabilizing the Soviet Union (and the West) through Islamic and ethnic upsurges in North Africa, the Mideast, Central Asia, and the Indian subcontinent. Formerly based at the University of London's School of African and Asian Studies, Lewis was seconded to Princeton University in New Jersey in the 1960s.

Among the elements of this plan were: the rise of "Islamic

fundamentalism" in opposition to the nation-state and, especially, communism; the resurgence of Sufi sects throughout the Caucasus and Central Asia; the kindling of conflict between Islamic Shia and Sunni communities; a thoroughgoing "clash of civilizations" between Islam and Christianity, and Islam and Hinduism; the rise of ethnic liberation movements opposing current national borders — such as the Kurds in Turkey, and the Baluchis in Pakistan. The 1970s civil war in Lebanon set the plan into motion.

Professor Lewis succeeded in selling this plan to the Carter administration in the 1970s, and supported the rise to power of Ayatollah Khomeini in 1979, as a destabilization of the Shah of Iran. He recast and updated his plan, in the aftermath of the demise of the Soviet Union, in a 1992 article for the New York Council on Foreign Relations' magazine, *Foreign Affairs*, entitled "Rethinking the Mideast." Lewis forecast that religious and ethnically fuelled civil strife, which he dubbed "Lebanonization," would soon spread to former Soviet Central Asia. "If the central power is sufficiently weakened, there is no real civil society to hold the polity together, no real sense of common national identity or overriding allegiance to the nation-state. The state then disintegrates — as happened in Lebanon — into a chaos of squabbling, feuding, fighting sects, tribes, regions and parties."

John Train: Wall Street banker, covert operations specialist, and the descendant of a New England family that made its money as a junior partner in the nineteenth-century British opium trade, Train played an important role in the 1980s Afghan war. His Afghanistan Relief Committee (ARC), which he chaired and which was housed in his banking firm, was one of two private U.S. funding arms of the Afghan mujahideen throughout the war. The stated purpose of the group was to raise "seed money" for medical relief organizations providing aid to the mujahideen, and also training the mujahideen in "communications skills."

From its 1980 inception, the ARC coordinated its operations with the International Rescue Committee and with Freedom House. Both organizations were founded by Leo Cherne, then vice-director of the President's Foreign Intelligence Advisory Board. In that capacity, Cherne oversaw the coordination of private funding and media operations in support of "Project Democracy," the name given to private support operations for the Afghan mujahideen, Nicaraguan Contras, and Ayatollah Khomeini.

In 1983, Train formed a media salon whose task was to coordinate a media slander campaign against *EIR's* founder, Lyndon LaRouche. Cherne's Freedom House, and other allied "Project Democracy" organizations, were central to this campaign. Another component of this salon, the Anti-Defamation League of B'nai B'rith, had earlier been deployed against LaRouche following *EIR's* publication of the bestseller *Dope, Inc.*, a book which documented the role of the Anglo-American establishment families in overseeing the drug trade.

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McCaffrey takes on Albright and narcos in policy fight

by Michele Steinberg

In one of the most honest assessments of the last decade of the failures and shortcomings of the U.S. war against drugs, Gen. Barry McCaffrey (ret.), head of President Clinton's Office of National Anti-Drug Policy, told a news conference at the National Press Club on Aug. 30, "Although I am a non-political officer of government, I have to underscore that, in my view, President Clinton . . . started a changed dialogue [with Ibero-America], one in which one could characterize, perhaps uncharitably, U.S. policy toward Latin America in many of the previous decades as one based on ignorance and arrogance—a little healthy dose of both of them."

McCaffrey, who had just returned from a tour of Peru, Argentina, Bolivia, and Venezuela, said that his plan is for the United States to back up anti-drug strategies being developed by each individual nation in Ibero-America; to support them based solely on respect for national sovereignty; and to *absolutely* refrain from a military "invasion" or "intervention" into Colombia, either by the U.S. military, or by a military force made up of armies from other countries covertly backed by the United States.

McCaffrey discussed Colombia at great length, a situation seen by anti-drug fighters as at a "point of no return" around the question of whether terrorist narco-traffickers, such as the Revolutionary Armed Forces of Colombia (FARC), will be allowed to supplant sovereign governments.

Within Ibero-America, opponents of the appeasement policy toward the FARC have courageously stepped forward. One of the most notable among these, Colombian Gen. Harold Bedoya Pizarro (ret.), recently travelled to Argentina and Peru to organize an international anti-drug effort. In a television interview in Peru (see accompanying article), Bedoya makes clear that the issue of the FARC *is* the issue of drugs.

There is a similar battle raging within the United States, where McCaffrey has been at loggerheads with Secretary of

State Madeleine Albright. Albright, in a lying Aug. 6 guest commentary, propounded the disastrous policy line that "after 38 years of struggle, it should be clear that a decisive military outcome is unlikely" in Colombia, where the FARC has been allowed to govern an area under the cover of a "peace process" that is supposed to negotiate their giving up their arms. The area under FARC control, referred to in Spanish as the *despeje*, is a demilitarized zone (DMZ).

McCaffrey did not go so far as to explicitly refer to his fight against Albright, nor did he name the names of prominent Americans behind drug legalization, and covering up money laundering. But, he identified the consequences of these failures. "I have underscored . . . bluntly," said McCaffrey, "that the United States now is a major drug-producing nation, that we cannot say that our drug problem is Burma and Peru, Bolivia and Colombia." The United States has become a leading *producer* of drugs, from methamphetamines to marijuana with enhanced THC (the active ingredient in marijuana; and, the United States is still the leading consumer of illicit drugs, with about 4 million citizens with chronic addictions.

At his press conference, McCaffrey said that he had made his views—that Albright and the naysayers are wrong, that a victory *can* be won against the FARC and the drug traffickers—known to President Clinton directly.

FARC drug activity in the DMZ

In November 1998, just a few months after Andrés Pastrana became President of Colombia, he made a deal with the FARC guerrillas to conduct "peace negotiations," a move which rested on the lie that the FARC is not a drug cartel. Nothing was further from the truth, but Pastrana, with support from Albright and the U.S. State Department, established a DMZ under FARC control. Instead of peace, the FARC became bolder, receiving the president of the New York Stock

Exchange, Richard Grasso, to discuss “investments,” and all the while escalating a murderous offensive.

In response to the first question, from *EIR*'s Jeffrey Steinberg, McCaffrey openly said that the FARC forces are involved in drugs in the “demilitarized zone.” He said, “I went to Colombia under instructions of President Clinton, and also to Venezuela and Ecuador, both of whom have been substantially affected by this problem in terms of . . . armed insurgents crossing the frontier, establishing base areas, kidnapping citizens, kidnapping aircraft. And I was able to present my own viewpoints to Secretary Albright and to [National Security Adviser] Mr. Berger and to the President.”

Contradicting the “no-win war” stupidity about which Albright had written, McCaffrey said, “This is not 1948, violence as usual. . . . The baseline of the problem is money . . . coming out of doubling of coca production in three years. It's the money out of these massive amounts of heroin. . . . That money flows into 25,000 armed people, who are confronting, terrorizing Colombian democracy. And you know, they've ended up with shiny new uniforms, planes, helicopters, automatic weapons. And the ability of that amount of money to corrupt democratic institutions is significant.”

Albright's stance is not the first time that corrupt U.S. elements have backed a “peace deal” with one of Colombia's “cocaine cartels.” That precedent was set by President Sir George Bush, who jailed the leading architect of a successful war against drugs, *EIR* founder Lyndon LaRouche, Jr., in 1989. The imprisoning of LaRouche was part of a shameful chapter in American policy, where Bush opened the floodgates for crack cocaine trafficking as part of his deal with the “Cali Cartel”—one of the assets in Bush's Oliver North-National Security Council-Executive Order 12333 secret government apparatus.

The bitter fruits of Bush's policies are seen in the harrowing descriptions of the DMZ given by McCaffrey. “Colombia is a gigantic nation,” he said, “and the *despeje*, as we say, is about the size of Switzerland. And it's huge jungle areas. And there's 41 airfields out there. There's 90,000 Colombian citizens living there. There is a very significant river system.

“The evidence seems to indicate that the FARC has turned it into a training base area. There's thousands of them in there. They are building roads; they are building fortifications. During the July offensive, they came out of the *despeje* and attacked the police and the army as far as 75 kilometers away. They executed soldiers who had been wounded, by shooting them in the head. They had mock trials of policemen in villages, in front of their families and then shot them dead. They have executed Colombian citizens. . . . They have actually begun growing coca in the *despeje*. . . . I don't even think from a drug perspective it's that important, because the coca production in the southern provinces, Putumayo and Caquetá, is so enormous—30% of the land area of those two provinces now is in coca. But I mention it simply as an indication of the incredible impunity with which they are acting.”

“I would argue this is not a Colombian problem. The money laundering, the precursor chemicals, the smuggling of drugs, the smuggling of guns, the movement of people working in the coca cultivations involves Ecuadoran citizens . . . Venezuela . . . the Panamanian frontier and . . . United States,” McCaffrey said. “I would say the peace process can't fail. We have to stand behind the Colombian leadership until they stop—are able to achieve some political outcome backed up by the police and the army that stops the incredible suffering. A million internal refugees living in abject misery, an economy that's in the dumps, a peace process that has not moved forward, and I would argue the central problem is drugs and the money they generate.”

Praise for Peru

At home and abroad, McCaffrey, who is considered “public enemy number one” by the forces that want to legalize drugs “for recreation,” such as the Drug Policy Foundation, which is financed by derivatives speculator George Soros, is the target of attacks and disinformation.

The most frequent disinformation is that McCaffrey went to Ibero-America to plot an invasion of Colombia, and that he supports dictators and death squads that are out to abolish “human rights.” These issues came to the fore in the Aug. 30 press conference, but in truth, reflect the decade-long stigma of the George Bush corruption, that included the illegal invasion of Panama in 1989 to carry out the unjustified arrest of Gen. Manuel Noriega.

One obnoxious reporter insisted on pressing the question, already answered by McCaffrey, about whether the United States was planning to invade Colombia, and if not, had McCaffrey planned a surrogate invasion. McCaffrey replied, “It's important for you to listen, now, carefully. What I said was there's no discussion of military intervention inside our government. There was no discussion of military intervention with other governments. It's an astonishingly bad idea, which none of us will entertain. It doesn't make any sense.”

“Colombian judicial police and military authorities will have to confront this internal problem themselves, I hope with the political support and the resources of regional partners. . . . *But again, there is no discussion, not any discussion, of what you are talking about. And I don't know how to say it any more clearly.*”

Another lie was put forward by some reporters, who tried to get McCaffrey to denounce Peruvian President Alberto Fujimori for corruption. Instead, McCaffrey said that he had seen “no evidence” linking Peru's anti-drug and political leadership to corruption. To the contrary, McCaffrey stated, “we have to address the question of eradication and is it possible to do something about drug production, or is this hopeless? And I would underscore, again, the almost incredible work done in Peru, in which, in the short space of about three years, there's been a 56% reduction in coca production. . . . It's unarguable that that's actually occurred.”

Colombians want freedom from the narco-terrorist dictatorship

The following are excerpts from an interview with Colombia's Gen. Harold Bedoya Pizarro (ret.), broadcast on Aug. 22 on the program "Specials on America," Channel 4 America Television, in Lima, Peru. The interviewer was Laura Bozzo.



General Bedoya is a former Commander of the Military forces of Colombia, a 1998 Colombian Presidential candidate, and the leader of the Fuerza Colombia political movement.

Q: Welcome and thank you very much for being here with us. We brought you here in a rush, General. Thank you very much. How do you find Peru at this time?

Bedoya: Well, coming to Peru is truly like entering liberated territory. Travelling through the streets, talking with the people, feeling the human warmth of Lima's residents, of Peruvians, is very nice. And it is what we Colombians, God willing, are hoping to be able to have very soon.

Q: Is it possible that the steps which President Andrés Pastrana is taking are coldly calculated, that is, that they form part of a single goal, which takes into account the political cost of what is being done? Would you say that there is planning, or improvisation, in Pastrana's measures?

Bedoya: First of all, the government has, unfortunately, not begun to function. Before Pastrana was seated, he decided to meet secretly with these drug-trafficking and terrorist organizations, signed secret agreements that we Colombians still don't know [the details of], resigned from power, resigned from ruling, resigned from being head of state, resigned from being Commander-in-Chief of the military forces, such that at this moment, the forces of evil, headed by "Tirofijo" [Manuel Marulanda, the leader of the narco-terrorist Revolutionary

Armed Forces of Colombia, or FARC] and his lackeys, are, in effect, ruling the country, and have us on the brink of tragedy and failure.

Q: They're ruling the country? That's serious.

Bedoya: In essence, because the government's policy is very much influenced by the terrorist and drug-trafficking organizations, and has led the country into a permanent bloodletting—which not only we Colombians are going to have to suffer, because all this territory that we, unfortunately, lost once Pastrana took power, is going to affect the entire bordering region. . . .

Q: How does Colombian public opinion see Pastrana?

Bedoya: Pastrana is a man who has already lost that opinion. He began with 70% in his favor, which today is down to 20%. I believe that he is not a loved man. You might even say that he is hated. We Colombians are waiting, from one day to the next, for some solution, which cannot be the continued surrender of the country into the hands of criminals and drug traffickers. . . .

Q: Do the FARC and ELN have any level of credibility? Have they lived up to any of the agreements? Because they have sat down to negotiate many times. Have these criminal organizations fulfilled any commitments?

Bedoya: The point is that these organizations haven't the slightest interest in any business but that of drugs, which is what the government today is allowing them to build up in those territories, increasing their business and, logically, destabilizing the economy and, in effect, threatening the rule of law and the Presidency of the republic.

Q: What reasons, do you believe, led President Pastrana to trust in the word of the FARC and ELN?

Bedoya: During his campaign, President Pastrana committed himself to a peace policy, as did the other candidates. The one who offered the most territory, the one who offered the most concessions, the most handouts to these organizations, thought that he would win the most popular support. Pastrana committed himself to the point that, even before taking office, he had visited the laboratories of the drug trade.

Q: So, that led him to win the elections?

Bedoya: That is what he thinks, but I don't believe it, because neither "Tirofijo" as a person, nor the FARC, are popularly backed. The political party that they had some time ago, which was the Communist Party (and then, the Patriotic Union), has effectively disappeared from the political map. That's why I don't think so. However, Pastrana does believe that "Tirofijo" helped him reach political power.

Q: What is this alliance between the FARC and ELN, and the drug trade?

Bedoya: Until just a few years ago, they were growers, laboratory security, and handlers of coca paste. Today, according to reports and documents that have been intercepted, not only are they involved in the process of cultivation, and laboratories, but also in exporting. Even here, in the Republic of Peru, they have laboratories in certain areas known as Cocorá. And so, for the airplanes that have been taking the exports to Europe and to Cuba, their origin is all of this territory where the great laboratories, the coca plantations, and all the coca-processing centers are, which inundate the entire world with cocaine.

Q: How would you briefly define the FARC?

Bedoya: The FARC is an armed drug-trafficking organization, with terrorist power to intimidate, which only pursues its own business and economic welfare.

Q: Okay, so why does President Pastrana maintain that the FARC and ELN have nothing to do with the drug trade, as opposed to the opinion of [U.S. National Drug Policy Adviser] General [Barry] McCaffrey . . . who said that his opinion is that \$400 million finance the actions of the FARC and ELN, but that that money comes from the drug trade? And why does the President say not? Because they live off the drug trade.

Bedoya: That's true. Because, among the secret agreements the President made with "Tirofijo," one was most certainly to launder their image, and he has committed himself to making them a political organization. He even put out a Presidential decree, in which he determined that the FARC are no longer drug traffickers and terrorists, as all Colombians and the whole world views them, but that they are political organizations. All this, to justify an absurd negotiation, with an organization that only pursues its own economic interests and, of course, the destruction of the world through drugs. . . .

Q: Is it true that you are sentenced to death?

Bedoya: There have been various terrorist attacks. During the campaign, there were two bombs set, one in Bogotá, one in Bucaramanga, and I am sentenced to death, according to the ELN. Surely, the FARC is after me as well, since a long time ago.

Q: Doesn't the murder of [Colombian political satirist] Jaime Garzón frighten you, which has had such an impact on all Peruvians and on all Colombians who watch this show?

Bedoya: Yes, fear is very human, but I am more frightened at allowing my people to continue being kidnapped and destroyed by these criminal organizations, in association with political machines and the government. . . .

Q: There is a question that I feel is important. Why does President Pastrana say that the guerrillas have nothing to do with the drug trade, when "anti-drug tsar" Barry McCaffrey has indicated that the drug trade provides more than \$500 million to the Colombian guerrillas?

Bedoya: Simply because President Pastrana founded his peace policy with these organization, and he wants to deny realities. All Colombians, and all of the Colombian public, international opinion, the United States, the Colombian military, all the commanders, know that since the 1980s, the FARC have been drug traffickers, and live off the trade. It is documented.

Q: They protect—

Bedoya: They protect the laboratories. . . .

Q: They participate in drug production—

Bedoya: They participate. . . .

Q: Protect—

Bedoya: They protect, process, and export. That is a reality.

Q: Then, how could a President say something like this, if it is so obvious?

Bedoya: Simply because President Pastrana thinks he is the President of some other country, which is not Colombia. When he handed over five townships—

Q: Yes, here we have the map for you to explain [Figure 1]—

Bedoya: Minimally, what we Colombians believed was that he knew he had been elected by a republic named Colombia. And minimally, what could be demanded of a President is that he know geography, know the geography of Colombia. And, I would like to show you what has happened. [Approaches the map.] President Pastrana surrendered five townships, which are here: La Uribe, Vista Hermoza, Mesetas, La Macarena, and San Vicente del Caguán. But, it turns out that these townships are not the 42,000 square kilometers the government is saying, but are the last townships, that is, they are practically the entrance to the Amazon. And the Amazon has no borders. . . .

Q: What does this mean? If they aren't 42,000 square kilometers, what are they?

Bedoya: It would be half a million square kilometers.

Q: Half a million square kilometers!

Bedoya: In essence, because if you will observe, these are jungle provinces. The same with the Amazon. These townships are the beginning of the jungle. The rivers have no borders, the jungle has no borders, the mountain ranges in this region have no borders, the native communities have no borders. So, we are handing over half the country. And that is why Mitu was attacked, Guaviare was attacked, Miraflores was attacked, practically the entire border region. In the long run, it is going to end up the drug-trafficking republic of Amazonia.

Q: That is very serious. You mentioned something to me yesterday. . . . You told me that this has been turned into the largest terrorist center in the world.

Bedoya: In this area of the five townships that have been surrendered, one finds terrorist organizations from Uruguay, from Paraguay, from Argentina, from Vietnam, and from Iran. We know that the Russian mafias are also involved there. We know that there are five airplanes, three helicopters, at the service of these criminal organizations; that they have received 6,000 Russian rifles; that there are U.S. and Russian missiles, helicopters, two field hospitals, throughout the Yari region. A few days ago, there was an airplane that left from Brazil carrying weapons; the same from Ecuador, and from Surinam. So, we are facing aggression from international mafias, against a country called Colombia which, unfortunately, due to its location at one of the most strategic points in the world, has been placed in the drug trade's theater of operations. But the world, every citizen in the world, is going to suffer the consequences of this collaboration. . . . The United States, by being the great consumer; the Europeans, by being involved in the business of the precursors; the Russians, because they sell us weapons; the countries like Bolivia, for example, or Peru, from which coca paste is still entering these territories, improving the business of these criminal organizations. . . .

Q: What do you think of the way in which the Peruvian government is definitively solving terrorism and violence in our country?

Bedoya: Peru has suffered the same evils that Colombia is facing today, namely, drug trafficking and terrorism, and it has succeeded in eliminating them, as can be observed here in Peru today. Peru has made the political decisions that have enabled the people to live in peace and tranquility. I believe that Colombia should make that kind of decision, and move forward with judicial, military decisions. . . .

Q: Can everything that was done in our country be applied in Colombia?

Bedoya: Of course it can, if there were a government and a

decision made to take on these organizations, and to return to Colombians the right to life and to their freedoms. . . . Unfortunately, the United States has a double standard—which is bad for them—which is to negotiate with terrorists and with drug traffickers; they want the Colombians to do that. And the policy of the United States, of President Clinton, is to back a peace policy which is a policy of negotiating with the drug trade and of negotiating with terrorism.

Q: What you are saying, General, is very serious. Do you believe that this is the policy of President Clinton?

Bedoya: Of course, because he has said so. He is supporting a peace policy, which is not with political criminals, but with drug-trafficking and terrorist criminals, as [the United States] itself has classified them in Congress. Further, we had here the visit of the U.S. ambassador, who was in those territories of cocaine and terror. The same with the delegate of the IMF [International Monetary Fund] and of Wall Street, who was in the laboratories, negotiating with [the FARC]. . . .

Q: But, is this proven?

Bedoya: Yes, he was there. If the president of the United States [New York] stock exchange [Richard Grasso] goes to the drug-trafficking territories, these are territories where coca is produced in vast quantities, and where the same IMF demanded that Colombia take into account \$700 million [of drug money] in the country's GNP. So, if that gentleman came, and we weren't told what went on, but everyone can guess that it necessarily had to do with drug money, well, we are destabilizing not merely the national economy, but the economy of the entire world. . . .

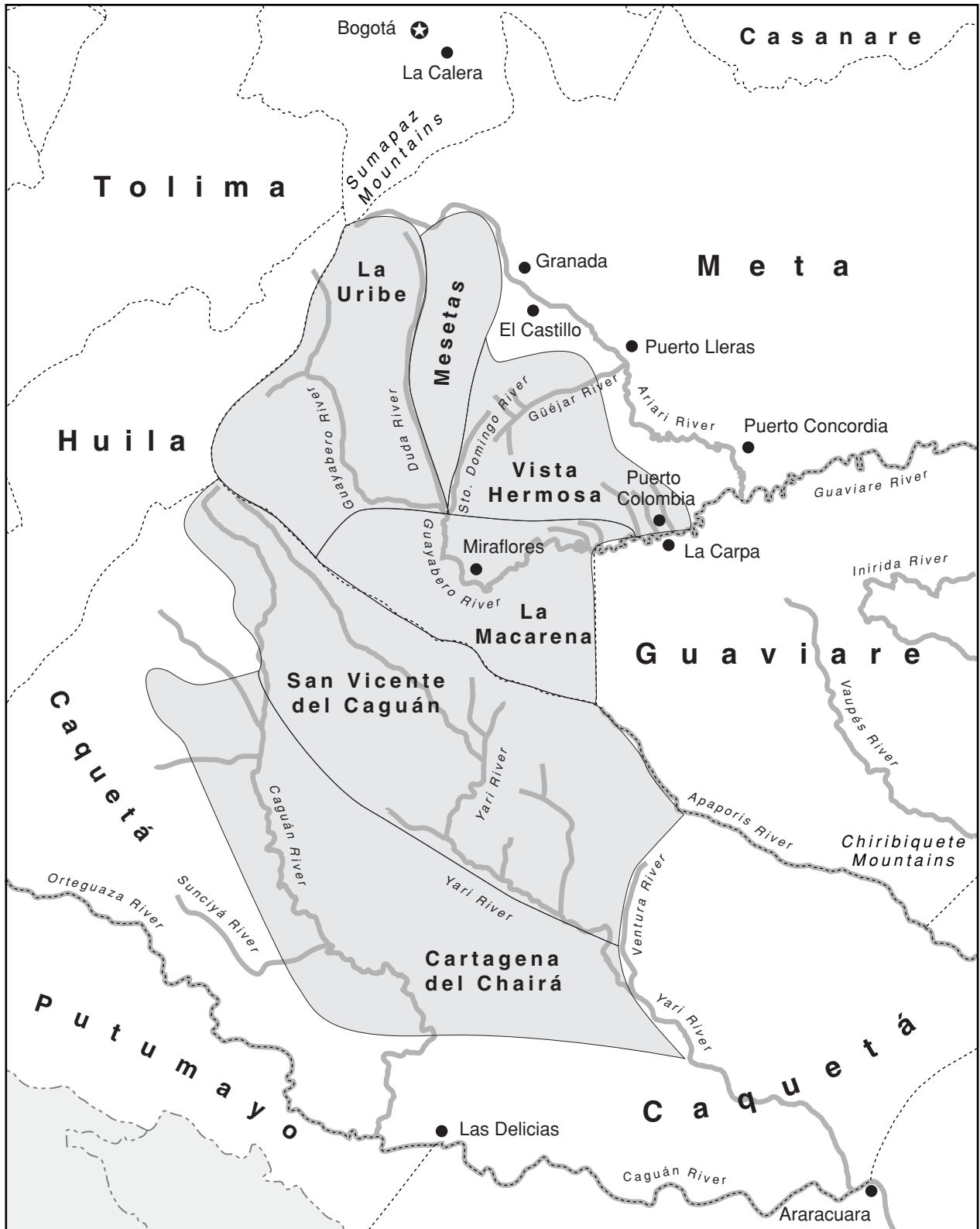
Q: Thank you very much, General Bedoya. I don't know if you would like to make a final comment?

Bedoya: Yes. . . . I can only hope that the Peruvian people, like the Latin American people, the Ibero-American people, understand that if the people are not protected, if this plague of drug trafficking and terrorism is not fought, our people could return to being slaves, just as we were 180 years ago, or we could return to the era of the 1980s and 1990s, when international terrorism was destroying us.

Q: What Latin American leaders do Colombians admire?

Bedoya: I think the most admired President in Colombia is President [Alberto] Fujimori, because he succeeded in salvaging the country from violence, from crime, from the drug trade, and from the terror in which it was submerged some years ago. It would be an example for all of America for leaders like him to emerge, because the crisis in which we are living is very similar to that of Peru, and this beloved country of Peru is today flourishing, it is a peaceful country, with happy people who have a stable future. That is what Colombia has lost, and that is what it needs. We need many Fujimoris in America, and a Fujimori in Colombia.

FIGURE 1
The FARC's 'Coca Republic'



Specter of extra-constitutional 'emergency' haunts Russia

by Konstantin George

As of now, the first days of September, Russian State Duma elections are scheduled for Dec. 19, 1999. The three electoral slates best situated to cross the 5% vote level for entry into the Duma as a bloc are the Fatherland-All Russia alliance (ex-Premier Yevgeni Primakov and Moscow Mayor Yuri Luzhkov), the Communist Party-led "For Victory!," and Grigori Yavlinsky's Yabloko, which has been joined by ex-Premier Sergei Stepashin. The first two of these three reject the radical monetarist policies that have ravaged Russia since 1992 (see *Documentation*). It is no surprise, therefore, to hear the drums beating once again, as in 1993, for resolving the power struggle in Moscow by political trickery or extra-constitutional means.

A rumor has swept the Russian media, and surfaced in Western press organs as well, that Boris Yeltsin will resign as President, turning Prime Minister Vladimir Putin into Acting President for three months. The Duma (lower house of parliament) elections would then be combined with early Presidential elections (which are otherwise scheduled for Summer 2000), allowing Putin to win in a quasi-coup, as other candidates were unable to mount effective campaigns in the short timeframe.

With the post-Yeltsin era fast approaching, the Yeltsin family and close allies have their backs to the wall and they know it. Rash actions on their part cannot be ruled out. Alongside the new scenario, an old one is still alive for Yeltsin to declare a state of emergency, citing either the war in the North Caucasus or domestic terrorism, and thus kill the election process.

Lo and behold, on Aug. 31, a bomb went off in an underground shopping mall in the Manege Square, right by the Moscow Kremlin. At least 41 people were wounded in this outrage, five of them critically. An FSB (internal security) official was quick to say: "We do not rule out a terrorist attack. The shopping center is near the Intourist Hotel, which was bombed four months ago," and security at the Kremlin was immediately tightened. Prime Minister Putin ordered an investigation.

The next day's news updates fit the "state of emergency" scenario like a glove. The police found leaflets at the site, from a "Union of Revolutionary Writers" (RWU) that claimed responsibility for the act. The leaflets, also found at the Hotel Moskva on Tverskaya Street (the main street of Moscow), proclaimed: "Revolutionary Terrorism Will Be-

come a Part of Everyday Life." RTR TV reported on Sept. 1 that the terrorist group's Internet Web site names one Dmitri Pimenov as leader of the RWU. The bombing may be but the first of a series of attacks in Moscow and elsewhere in Russia.

The military conflicts that could provide a pretext for declaration of a state of emergency are still live: Heavy fighting in Dagestan, around two villages held by Wahhabite rebels; and the involvement of Russian ground forces in helping to suppress the Islamist rebel force in southern Kyrgyzstan which is threatening to invade Uzbekistan can no longer be ruled out, according to a statement by Defense Minister Igor Sergeev, before he departed Moscow for Uzbekistan on Sept. 1 to hold talks on that situation.

Early election rumor highlighted

The early election rumor exploded internationally on the pages of the Italian daily *La Stampa* of Aug. 31, in an article by its Moscow correspondent, Giuletto Chiesa. Citing FSB sources, he wrote: "It seems that after one week of secret meetings, the idea matured inside the Presidential Administration. Only missing is, apparently, Yeltsin's approval."

According to Chiesa, the plan would include "a solemn television statement by Yeltsin" to be read, in his words, "absolutely before Sept. 9: Why? Because this is the date beyond which it would no longer be possible to unify Presidential and parliamentary elections. The [Yeltsin] Family strategists . . . aim at transforming the defeat into a more or less orderly withdrawal, allowing them to save all their belongings. Current Premier Vladimir Putin would, according to the Constitution, take the powers of head of state, would run the elections, and be a candidate himself." Chiesa noted that Putin would also be in charge of the state media, meaning two main TV channels, and of counting the votes.

The rumor first surfaced in print in *Moscow Times* on Aug. 21. An article by historian Roy Medvedev intimated that Yeltsin would resign, making Putin Acting President. Under the Russian Constitution, new Presidential elections must be held within three months of a President's leaving office. In those three months, former FSB chief Putin, as Prime Minister and Acting President, would have almost unlimited power. Medvedev duly noted that Putin then would have, for example, the power to give a Presidential amnesty to Yeltsin, members of Yeltsin's family, and their associates.

In the *Moscow Times* of Aug. 26, political scientist Andrei

Piontkovsky wrote that Yeltsin would resign and choose a day for early Presidential elections that would cause the most discomfort to his political enemies, such as holding Presidential and Duma elections simultaneously on Dec. 19. This would create severe complications for leading Presidential contenders, such as Luzhkov, Primakov, and CPRF head Genadi Zyuganov, who head or are placed high on Duma electoral slates. Piontkovsky wrote: "Watch Sunday, Sept. 19. On that day, the President could suddenly start to feel a dramatic decline in his health, and decide to resign — which would automatically make Putin President for three months. We, as usual, will learn of this the following Monday morning."

Yeltsin family desperation

La Stampa accurately portrayed the desperation of the Yeltsin family. Chiesa asked about the Yeltsins, in the event the existing Constitution is honored: "Where do they go? External allies: zero. Internal allies: either compromised (like Anatoli Chubais and Viktor Chernomyrdin) or divided. The right wing risks even failing to be elected to the Duma. They do not have a strong Presidential candidate and will not get one. They have been cornered and can only surrender."

Russian media, such as *Izvestia* in an Aug. 31 article by political analyst Vyacheslav Nikonov, suggest that all the "reformist" parties and blocs running for the Duma elections risk falling below the 5% hurdle. That goes for Our Home Is Russia, led by former Prime Minister Viktor Chernomyrdin and Vladimir Ryzhkov; the New Force of former Prime Minister Sergei Kiriyenko; the Right Cause of former government

leaders Yegor Gaidar, Boris Nemtsov, and Anatoli Chubais.

Nikonov projects that the People's Republican Party of Aleksandr Lebed and Vladimir Zhirinovskiy's ultra-nationalist Liberal Democratic Party of Russia would hover just at the 5% threshold. If elections were held now, in his evaluation, only the three forces mentioned at the beginning of this article would be certain to enter the new Duma.

Desperation in the Yeltsin camp is further evidenced by what could be called the Boris Berezovsky "Flying (Electoral) Circus." This financier, a crony of the Yeltsin family, spent part of late August jet-hopping across the vast expanses and time zones of Russia, covering European Russia, the Urals, Siberia, and the Far East, to try to convince regional governors to form a new bloc of governors to side with a planned Putin candidacy. This would be a counterweight to the "All Russia" component of the Fatherland-All Russia alliance, All Russia having been initiated by Governors Yakovlev of St. Petersburg and Shaimiyev of Tatarstan. Berezovsky's "Flying Circus" was described by Chiesa: "The complicated pilgrimage in the air, by Boris Berezovsky, who in a few hours, without sleeping, flew from Moscow to Krasnoyarsk [Governor Lebed], to Kemerovo [Governor Tulayev], to Nizhni Novgorod, to Kursk [Governor Rutsokoy], and other regions [including Yekaterinburg and Khabarovsk], in the desperate attempt to found a movement of (regional) "strongmen," with Aleksandr Lebed, Aleksandr Rutsokoy, Aman Tuleyev, and others. . . . But he received only refusals."

Should the Yeltsin crowd try to implement the early combined-election scenario, it will have to move fast. September

Schiller Institute on Russian radio

The desire in Russia for sane economic policies sets the stage for ever-increasing attention there to the ideas and proposals of Lyndon LaRouche. Russian translations of two books by LaRouche, *So, You Wish to Learn All About Economics?* (1992) and *Physical Economy* (1997), are popular among scientists, parliamentarians, and high-ranking government officials in Russia, Ukraine, Armenia, Georgia, Belarus, and other Commonwealth of Independent States countries, while his articles in the *Bulletin* of the Schiller Institute for Science and Culture (Moscow) circulate in printed form and on the Internet.

This summer, a regular radio broadcast began in Moscow: At least once a week, Prof. T.V. Muranivsky, president of the Schiller Institute for Science and Culture, expounds the principles of LaRouche's physical economy in 30- to 40-minute studio interviews on Narodnoye Radio

(People's Radio). He takes call-in questions from listeners during the broadcast, providing additional commentary in support of the principles of physical economy.

As a result, LaRouche's ideas and his principles of physical economy are becoming known in still more cities and regions of Russia. One indication of this is a letter to *Nezavisimaya Gazeta*, published in issue #144, Aug. 7, 1999, by Vyacheslav Vysotsky, from the town of Shakhty in Rostov Province. Criticizing the economic situation in Russia, he objects to the poorly considered proposals by advocates of a new redistribution of property, which could lead to social conflicts. He sees the way out of the situation as follows:

"The concepts of the American economist Lyndon LaRouche should be studied carefully. He puts technological progress at the basis of his doctrine, and thoroughly criticizes the IMF and the World Bank, as well as the development of their policies toward Russia. He has elaborated a program for the economic reform of Russia and the world economy. Because of his views, LaRouche was persecuted by the American authorities and even spent a long time in prison."

will be crucial in determining the political course of events for the entire next year.

Documentation

Glazyev drafts program for Zyuganov's slate

The economic program of the Russian electoral bloc "For Victory!" was unveiled at a press conference in Moscow on Aug. 30, by Communist Party of the Russian Federation (CPRF) leader Gennadi Zyuganov and economist Sergei Glazyev, the former Minister of Foreign Economic Relations and longtime leader of the Democratic Party of Russia. Zyuganov declined to answer directly, whether Glazyev would be one of the lead candidates on the parliamentary slate of "For Victory!," because the slate was still in formation, though he commented that the reporter who asked this was well-informed.

Zyuganov said the bloc was "not a combination of two or three parties," but "an association of prominent personalities, people who are held in high esteem in society," including a handful of provincial governors. He and Glazyev had just taken part in a round table on economics, which Zyuganov said "was attended by leading specialists of the Academy of Economic Sciences." Sergei Baburin, a non-CPRF nationalist who is Deputy Speaker of the Duma (lower house of parliament), is apparently another possible member of the slate.

Asked about the Bank of New York money-diversion scandal, Glazyev stressed that it was not really "money laundering"—just the looting of Russia that goes on all the time: "[It] is the order of the day and just reflects the overall systemic disease of our economy. . . . About \$10 billion has been spirited abroad through a firm, and not even laundered. Such firms, which exist for one day, one week, or one month, and sometimes for years, number hundreds and thousands in Russia. You can find in any town, even a small one, firms that transfer money under faked contracts or open accounts in offshore banks and so on. This is the result of the lack of currency control and of poor performance of the Central Bank."

About financial speculation worldwide, Glazyev said, "Trillions of dollars a day—this is the scale of currency speculation. The technology of the Aug. 17 [1998] crash that we experienced is one variety of how countries are 'paved' with speculative capital; . . . a huge amount of speculative capital enters the country, creates financial pyramids, skims the cream and exports capital. Whereupon the national currency devalues, the securities market collapses, and ev-

everything in the country becomes ten times cheaper for foreign capital. . . . Our program would put a barrier in the way of this process."

It should be possible to work with international financial organizations, said Glazyev, but, he added, "We will not be dictated to by the [International] Monetary Fund. We believe that the debts that Russia has are the joint responsibility of the debtor and the creditor and that the people who have exported tens of billions of dollars from the country and the people who earned tens of billions of dollars at our expense are the same people. One should review these flows."

Raise the standard of living

Glazyev told the press conference that his program aims at "the speediest attainment of steady economic growth, with priority given to raising living standards and increasing the real incomes of the population." Above all, investment must be increased, with "growth of at least 15-20% annually, of investments in the development of production. . . . The creation of a locomotive of economic growth presupposes a growth of investments in priority areas at a rate of at least 40% annually." These high rates may be achieved, he said, by restarting idle industrial capacity and creating jobs for the 20 million skilled people who do not have jobs that use their skills, and the 10 million outright unemployed.

Moreover, "There is the untapped potential of science. The huge scientific potential is practically outside economic policy, and innovative activities have dropped catastrophically." To create incentives for investment in "scientific and technological progress, as the basis of economic growth, presupposes a transition to targetted planning of the budget, the introduction of mechanisms of indicative planning of social and economic development, a serious rise of labor productivity and improvement of the situation in the state sector as the engine of economic growth. It presupposes a maximum tapping of our competitive advantages in the world market."

Citizens' savings should be a "key source of growth of investment in a market economy," but this has been prevented "by dollarization, by the collapse of the banking system." A solution should envisage lower interest rates for productive investments, while "all the measures of state regulation of money flows, the emission of money, the regulation of credits and money supply, should be geared to the development of production and increasing investments and not to the interests of financial speculators." Protective measures to "put an end to dishonest competition from abroad" are in order.

In conclusion, Glazyev stressed the universality of these principles, observing that "any economic growth program that will be offered not only by us, but by our partners and even rivals, cannot be put into practice without a drastic change of the political and economic situation in the country, without cleaning up government from corruption, from the sway of the financial oligarchs, without stopping embezzlement and putting state regulation in order."

'Politics by other means'

Through rigged court actions, the establishment is attempting to destroy the economic nationalist One Nation political party.

On June 13, 1998, the newly founded One Nation party of then-federal Member of Parliament Pauline Hanson stunned the political establishment by winning 11 out of 89 seats in the Queensland state parliament. From then until the federal election of Oct. 3 of that year, the new party created an uproar not seen in Australian politics in decades.

Though repeatedly slammed by the media as a racist for her charges that "Aboriginal land rights" is a fraud designed to splinter the country, the real cause for the establishment's hysteria was that One Nation savagely attacked "economic rationalism," the downunder term for the whole globalist, "free market" usury package which had been adopted by the Liberal/National Party coalition government, as well as its nominal Labor Party opposition, and which was savaging rural and working-class Australians. Instead, One Nation proposed tariff protection, national banking, and the "re-industrialization" of Australia.

Only Lyndon LaRouche's associates in the Citizens Electoral Council, also a federally registered political party, had ever attacked the prevailing "globalist" ideology so effectively. In early 1996, before Hanson came on the scene, the establishment had attempted to crush the CEC, in an attack led by the *Melbourne Age*, then owned by Conrad Black, and by former Deputy Prime Minister Tim Fischer, who proclaimed, "There is no place in Australia for the ideas of Lyndon LaRouche." Having failed to crush the CEC, the establishment media thereafter began a non-stop barrage against the then-little-known Queensland MP,

Pauline Hanson.

In the estimation of seasoned observers, an included purpose of this barrage, was to replace "LaRouchism" with a more populist variety of "economic nationalist" movement, which would be easier to manipulate, and which could then be killed off through the usual means of agent infiltration, nasty press slanders, and other dirty tricks. But, One Nation's leadership has proven a much tougher, more resilient foe than the establishment had perhaps bargained for.

When, despite registering more than 1 million votes, the new party won only one Senate seat in the Oct. 3, 1998 federal election, and Hanson lost her own seat, some media crowed that the One Nation "threat" was over. But, in the March state elections in New South Wales (N.S.W.), the party polled up to 22% in some districts, and One Nation co-founder David Oldfield won his Senate race.

A new onslaught was unleashed by "legal" means, beginning with a court suit brought by a defeated National Party Senator, to declare the election of One Nation's sole federal Senator, Heather Hill, invalid, based upon Australia's Constitution, which says that a federal MP may not hold dual citizenship with another country. On June 24, the High Court ruled Hill's election invalid, though her seat was accorded to another, much more obscure One Nation member. As was well-known, One Nation was targeted for what had become a common practice among Liberal/National and Labor MPs for decades.

Another prong of this legal assault was a lawsuit in Queensland state

court by a disgruntled former One Nation candidate, Terry Sharples, seeking to declare One Nation's original party registration as fraudulent, which Supreme Court judge Rosalyn Atkinson did in mid-August. Once again, the free-trade-loving Liberal and Labor parties, nominally fierce enemies, collaborated in that effort. As a knowledgeable source observed to *EIR*, "The judge was incredibly biased. She is a recent Labor Party appointee, and was the live-in lover of Wayne Goss [former Queensland Labor premier] for two years." And, it emerged, Sharples's suit had been secretly financed by federal Liberal cabinet minister and free trade lunatic Tony Abbott. Unless reversed on appeal, the decision will strip One Nation of the \$500,000 in electoral funds it won in the Queensland election, and set a precedent for similar suits elsewhere. At minimum, the party is tied up in extremely costly, time-consuming legal wrangling.

Asked by *EIR* for comment on the attacks, One Nation's N.S.W. Sen. David Oldfield replied, "Well, we are rocking the boat. We are having the success in Australia that the establishment don't want anyone to have. We stand for economic nationalism. We stand for sovereignty."

Noting that he, along with dozens of other leading political and trade union figures in Australia and New Zealand, and thousands worldwide, had recently signed the Schiller Institute's "Urgent Appeal" to President Clinton to establish a New Bretton Woods monetary system, *EIR* asked Oldfield if the issue of national sovereignty were decisive in motivating his endorsement of the New Bretton Woods system. "Absolutely," he replied. "Globalism is not helping Australia. Globalism can only be beneficial to the multinationals, but at the cost of living standards of nations like Australia."

International Intelligence

Zapatistas provoke fight with Mexican military

Seven soldiers and two terrorists of the Zapatista National Liberation Army were hurt on Aug. 25, after a clash in the village of San José La Esperanza in the southern state of Chiapas. This was the first confrontation between Zapatistas and Army soldiers since June 10, 1998. According to the Defense Secretariat, the clash occurred after a military unit had detected three hooded and armed individuals, following which, 40 people wearing hoods “violently attacked the military unit, in a clear provocation, seeking an excessive reaction by the troops.” The Zapatistas put out wild claims that the police and military had attacked the town, tortured Indians, and beaten women. Immediately, the Congressional negotiating commission, COCOPA, announced they would travel to Chiapas to see how to revive “peace talks.”

The Zapatista terrorists are clearly gunning for action. In addition to their deployments to stop oil drilling and construction of a highway, they announced on Aug. 25 that they had created three new “autonomous towns” in Chiapas. A Zapatista document was read at one demonstration, hailing the new towns, and demanding the “demilitarization of indigenous towns in the country.”

UN’s Zacklin tries to whipsaw Cambodia

After four days of deadlocked talks between Cambodian government officials and a delegation headed by UN Assistant Secretary General for Legal Affairs Ralph Zacklin, on the structure and scope of a trial for Khmer Rouge leaders, Zacklin told a Phnom Penh press conference on Aug. 31 that “there is at the present time a very wide divergence on the very nature of the tribunal we are talking about.” He reported that Prime Minister Hun Sen has requested a meeting with Secretary General Kofi Annan in mid-September, when Hun Sen is expected to address the opening of the General Assembly.

Cambodia has rejected the terms pro-

posed by the UN, which include having Annan appoint the majority of judges and the prosecutor, all non-Cambodians. The Cambodian government considers the UN conditions a gross breach of its national sovereignty. As Hun Sen has enunciated his government’s policy: The crimes were committed against Cambodians, in Cambodia, by Cambodians. Primary jurisdiction rests with the Phnom Penh government. Notwithstanding, Zacklin arrogantly asserted: “If the government is not able to meet the UN conditions, the UN will simply cease to follow this process. The UN is prepared to make assistance available, but only on condition that international standards are met,” he said. “The government can proceed on its own, but unless certain minimum standards are met the UN will not lend itself to this process.”

Last spring, Cambodia had asked the UN for help in drafting a law against genocide/crimes against humanity. Zacklin’s “conditions” are what it got. At present, only Khmer Rouge leaders Ta Mok (a.k.a. “the Butcher”) and Duch, are being held in custody under the 1979 law making the Khmer Rouge illegal. In mid-August, the UN Human Rights office, Amnesty International, and George Soros’s Human Rights Watch objected to Phnom Penh’s efforts to extend pre-trial detention in cases of genocide and similar crimes.

Chávez unleashes reign of terror on Venezuela

Venezuela’s President Hugo Chávez is loosing a reign of terror on that country with all the cynical trappings of legality adopted by the French Revolution’s own Danton. In late August, Supreme Court President Cecilia Sosa resigned, after charging that Chávez’s National Constituent Assembly (CNA)—which is to re-write the constitution—had effectively usurped the functions of the court, when the CNA imposed a “judicial emergency” two weeks earlier.

The Supreme Court judge whom “Citizen Chávez” then picked to head this “Judicial Emergency Commission” is Alirio Abreu Burelli. No stranger to Jacobin lawlessness, in 1985, Abreu Burelli had or-

dered *EIR*’s book *Narcotráfico, SA (Dope, Inc.)* to be banned in Venezuela at the request of business mogul Gustavo Cisneros.

A week after shutting down the courts, on Aug. 25, the CNA voted to shut down Congress, creating a “legislative assembly.” Onetime Chávez ally Jorge Olavarria, who is now a fierce opponent, charged that “this is nothing more than the continuation of a coup d’état. Today there is no constitution, there is no Supreme Court, there is no Congress.” Attempts by congressmen to meet in emergency session on Aug. 27, ended when Chávez-deployed mobs, defended by the National Guard, physically prevented legislators from entering the Congress building.

Chávez’s ally Adm. Hernán Gruber, Governor of the Federal District of Caracas, was quoted by Reuters on Sept. 1, calling for Venezuela to fight crime by publicly executing criminals.

Mediterranean heads of state summit proposed

Speaking before an assembly of French ambassadors, President Jacques Chirac called for “the first summit of heads of state and government of the Mediterranean.” Participants would include the heads of state of nations which have long-standing hostility toward each other—e.g., Israel, Lebanon, Algeria, Morocco, and Libya. This project, said Chirac, “will give the necessary impetus to edification on both sides of our common sea . . . toward a single region of peace, of cooperation, and of development.”

Chirac has been preparing this since at least July, when the late King Hassan II of Morocco was France’s special guest at the July 14 Bastille Day military parade in Paris. Chirac referred to Morocco’s new King, Mohammed VI, as someone “with insight and talent,” who will pursue the work of his father. French relations have also greatly improved with Algeria since Abdelaziz Bouteflika, who is attempting to end the country’s seven-year-old civil war, became President. Chirac said of Bouteflika that “his words and acts, since his election, show that this man of courage will seek to change the course of things. Yes, the moment has come to change

the course of things between Algeria and France.”

Also important, Chirac solicited the participation of Libya, saying that its “collaboration with the French justice system” in the 1980s bombing of a French commercial airliner over Chad “allows us to turn that somber page” of history. Finally, Chirac saluted Israeli Prime Minister Ehud Barak’s “determination” to “establish peace.”

Chirac took the opportunity to attack the effort to extend the role of NATO worldwide: “France will never agree to having a regional organization build itself into a holy alliance for everything and everywhere.”

Indonesia challenges Washington Post lying

The First Secretary for press at the Indonesian Embassy in Washington has challenged the *Washington Post*’s Aug. 27 editorial, “East Timor’s Day,” which demanded that the United States threaten “brutalizing” Indonesia with a cutoff of foreign loans and aid, and the possibility of an international peace-keeping force, if Jakarta fails to control pro-Indonesia militia during East Timor’s Aug. 30 autonomy vote.

In a letter to the editor, which, as of the Aug. 30 vote, had not been published by the *Post*, Secretary Mahendra Siregar makes the point, “The conflicts between factions in East Timor is as old as the 400 years of Colonial Portuguese ‘Divide and Rule’ Policy, and as fierce as the armed conflicts between different groups of people in Northern Ireland or Kosovo.” But unlike Portugal, Indonesia not once, but twice, has given East Timor the option of independence. “When the colonial Portuguese authorities, in a most irresponsible manner, simply packed up and left East Timor, the province was already in a bloody civil war between its five political parties and their militias. One of the political parties, FRETILIN, issued a unilateral declaration of independence on Nov. 28, 1975, without benefit of any act of self-determination. As a consequence, the other four parties, UDT, APODETI, KOTA, and Trabalhista, proclaimed the independence and simultaneous integration with Indonesia on Nov. 30, 1975. . . . On May 31, 1976 the

Indonesian highest legislative body, People’s Assembly, issued a decree that accepted the province’s integration into Indonesia.”

The vote on Aug. 30 is “a second chance for the East Timorese to decide their political status. According to the UN supervised agreement, Indonesia will be responsible to provide security. . . . It is for this purpose, Indonesia deployed 15,000 police to the province with an area of 15,000 square kilometers. . . . It is as tough as the 30,000 well-equipped UN and NATO peacekeeping forces have to face in Kosovo with an area of 11,000 square kilometers.

“ . . . [A]s the third largest democracy in the world, Indonesia would be very disappointed if any party like the *Post* would advocate a bullying foreign policy to be applied on us. I am afraid it would simply send a very confusing signal to other countries in the world. . . .”

Last cosmonauts leave Mir ‘with bitter heart’

On Aug. 27, the crew of three aboard the Russian space station Mir left the 13-year-old station by means of their Soyuz spacecraft. As the crew was preparing to close the hatch to the Mir, cosmonaut Viktor Afanasyev said, “We are leaving with a bitter heart, we are leaving a little piece of Russia.” Mission Control was described by the press as saddened and quiet, as the 27th and last crew on Mir closed down many of the station’s systems, and left it empty.

The end of flights to Mir marks the first time in the Soviet/Russian space program that there will be no independent manned effort in space, besides that of the United States. Russia’s Soyuz craft can only be used for transportation, unlike the Space Shuttle, which can be used to perform scientific experiments in orbit for up to 18 days. Soyuz will now be used for transport to the International Space Station, which began assembly last November.

The current plan is to send a crew to Mir early next year to start to lower its orbit. By March, it is expected to be ready for a self-destruct reentry through the Earth’s atmosphere.

JORDANIAN authorities raided an Amman office linked to Hamas, the Palestinian Islamic militant organization, and issued arrest warrants for four Hamas leaders, who are all currently in Iran. The authorities also closed the office of the Hamas magazine *Falastina al-Muslima*, which was being published illegally, according to the Jordanian Interior Ministry.

NORTH KOREA and the United States have scheduled bilateral talks, to begin on Sept. 7 in Berlin, intended to head off a regional crisis over North Korea’s anticipated test launch of a new long-range missile. The four days of bilateral talks will involve U.S. State Department official Charles Kartman and North Korean Deputy Foreign Minister Kim Gye Gwan.

ROMANIA postponed the start of the school year for at least a week in five counties and in Bucharest, because of an epidemic of meningitis, Radio Free Europe reported on Aug. 31. Nearly 4,000 cases of meningitis have been registered so far.

FARC TERRORIST leader “Simón Trinidad” bemoaned the hardships he went through to join the Colombian narco-terrorists, in an Aug. 22 interview with the Argentine daily *Clarín*. “My family is one of the most aristocratic of Valledupar, and my father is a prominent lawyer.” He himself was a bank manager when he began collaborating with the FARC. But “to leave behind a lifestyle, the bourgeois comforts, and the social gatherings—this was very hard.”

IRAQI officials gave a tour of Baghdad hospitals and relief organizations to the first U.S. Congressional staffers to visit the country since the war in 1991. The delegation met with Deputy Prime Minister Tariq Aziz, Deputy Health Minister Shawqi Murquis, and UN and relief organization officials.

How Gore went to bed with Bush, Sr. and wound up with Natasha Kagalovsky

by Jeffrey Steinberg

Last week's issue of *EIR* provided further evidence of Vice President Al Gore's role in perpetuating the destruction and looting of Russia that was launched during the Presidency of George Bush, with the full complicity of Bush and the entire "Bush league" administration.

But *EIR*'s attention to the Gore role should not be confused with an effort currently being led by Katherine Graham and her *Washington Post*, to use Gore's complicity in the drive to destroy Russia, as a means of selling an otherwise unsellable George W. Bush as a "lesser of two evils" candidate for the Presidency in 2000. In fact, the usual crew of "British-American-Commonwealth" (BAC) club-owned Republicans and their mouthpieces, including Katherine Graham, have every intention of using their hypocritical attack on Gore, as a means of wrecking the current President, and of preventing Clinton from dumping the insane Russia policy which he inherited from George Bush, and which he has never effectively reversed.

There are some signs that just such a U.S. government policy shift is being contemplated. On Sept. 2, Jacques Sapir, a leading French scholar of Russian affairs, published a piece in the semi-official newspaper of the French government, *Le Monde*, identifying the long-standing Western policy of supporting International Monetary Fund-allied Russian gangster-politicians, as an unmitigated disaster that must be reversed immediately.

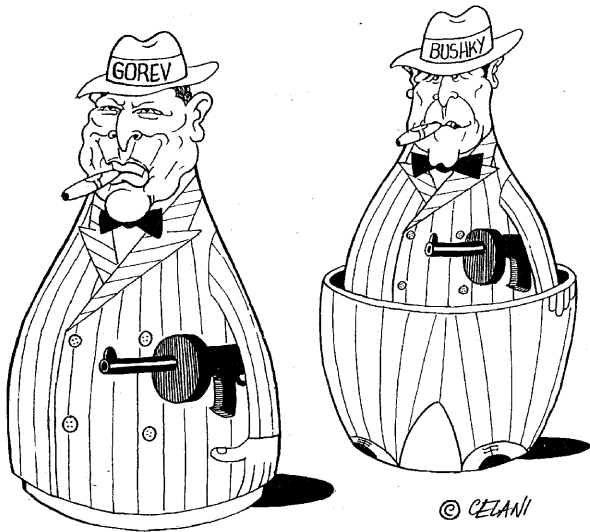
"The Western governments and the IMF had since long claimed," he wrote, "that by supporting Yeltsin and the small group of liberals in his entourage, they were defending democracy and the market economy. They have to admit today,

thanks to the work of judges from Switzerland and from the United States, and thanks to the investigations carried out during the time when Primakov was prime minister, that they facilitated the work of a band of robbers and swindlers."

Sapir demanded that Western governments end their meddling on behalf of Russia's criminal elites, such as Anatoli Chubais and Yegor Gaidar, and support debt relief and currency regulations, to enable Russia's genuine leadership to bring the country back from the brink of ruin.

There are ample reasons to believe that the views expressed by Sapir in his *Le Monde* article, are shared by a growing number of continental European leaders, and, even, by President Clinton himself.

It is in this light, that the assault on Clinton-Gore for "losing Russia" must be placed in the proper framework: President George Bush, in league with his "English nanny," Margaret Thatcher, bears far greater responsibility for the destruction, looting, and criminalization of Russia, than anyone in the Clinton administration. The fact that the thoroughly corrupt Al Gore was the principal water boy for the Bush-league policy of dismantling Russia from 1993 onward, only serves to further illustrate the nature of the beast. Al Gore, today, is the leading representative of the "Project Democracy," a.k.a. "Third Way" policies, launched during the 1980s by the Bush machine, in tandem with London. Gore's crimes — including his now widely exposed collusion with Russia's onetime master kleptocrat, Viktor Chernomyrdin — are "Bush league" offenses, carried out on behalf of the same anti-Clinton forces who had already decimated Russia before the Clinton inauguration in January 1993.



"Russian" Mafia

The Prince of Thieves

Nothing more clearly symbolized Bush's commitment to the free market and IMF looting of Russia, than his June 5, 1991 appointment of longtime Texas Democratic Party fixer Robert Strauss as his ambassador to Moscow, replacing Jack Matlock. At the time, Lyndon LaRouche dubbed Strauss the "Prince of Thieves," the man George Bush dispatched to Moscow to teach the Russian oligarchs how to more professionally loot the country of its raw material wealth, drain its banks of cash, and dismantle its once-powerful military-industrial-scientific complex.

Strauss had long-standing ties to the Bush-Baker duo. Indeed, all three men were products of the Brown Brothers Harriman "invasion" of Texas, a generation earlier. In 1980, while he was running Jimmy Carter's failed re-election campaign, and while James Baker III was a central figure in the Reagan-Bush campaign, Strauss and Baker, along with Strauss's son, were partners in a West Coast business venture. Strauss and his wife were intimate personal friends of George and Barbara Bush. The two couples spent long hours together at the White House during the height of Bush's early 1991 Desert Storm war against Iraq, when, according to Presidential biographer Bob Woodward, Bush was near nervous breakdown.

At the time of his appointment to the Moscow posting, Strauss was the attorney and a board member for Dwayne Andreas's Archer Daniels Midland grain cartel; he held similar positions with RJR Nabisco, the tobacco and food cartel owned by the family of Bush White House general counsel C. Boyden Gray; and he was also a director of Conrad

Black's Thatcherite media cartel, the Hollinger Corporation—along with Thatcher and Henry Kissinger.

Indeed, today, Strauss is a director of a Washington think-tank, the Forum for International Policy, for which George Bush's National Security Adviser, Gen. Brent Scowcroft, and Lawrence Eagleburger, Bush's Secretary of State, serve as president and chairman, respectively. Gen. Colin Powell, Bush's Chairman of the Joint Chiefs of Staff; Robert Gates, Bush's CIA Director; and Condaleeza Rice, the NSC's Russia desk officer (and today a leading "foreign policy" adviser to G.W. Bush's Presidential campaign), are also on the Forum's board. Thus, Strauss's ties to the Bush machine remain unbroken to the present. The Forum for International Policy might be appropriately called "a Bush league of their own."

One of Strauss's most pressing missions, during his tenure in Moscow, was to ensure that Russia and the other nations in the newly formed Commonwealth of Independent States were drawn into the IMF—to assure that no measures were taken to interfere with the wholesale looting of Russia. Bush made Russian enslavement to the IMF a major theme of his 1992 State of the Union speech, and a subsequent Washington summit with the newly anointed Russian ruler, Boris Yeltsin.

Even earlier, President Bush had given his personal stamp of approval to the "shock therapy" policies imposed on post-Soviet Russia by the IMF and Western speculators. At the very start of his administration, President Bush had singled out Poland for "the IMF treatment," delivering a major policy address on April 17, 1989, in which he vowed that the United States would "not offer aid without requiring sound economic practices in return"—an unambiguous endorsement of the "shock therapy" policies already imposed on Poland, courtesy of Harvard University austerity-maven Jeffrey Sachs. For years to come, the "Polish Model" would be synonymous with vicious IMF austerity measures, and the wholesale looting of the national patrimony of one eastern European nation after another by Western bankers. On July 10, 1989, Bush personally travelled to Warsaw to reiterate that there would be no large-scale U.S. aid to Poland, but that Poland must swallow the "market-oriented economic policies" prescribed by the IMF, the World Bank, and other multilateral agencies.

Giving Russia the 'Polish treatment'

Robert Strauss arrived in Moscow during the final months of the Soviet Union, and he and Bush were on hand for the imposition of the first "shock therapy" treatments, at the hands of a combination of foreign predators and already-corrupted Russian "reformers" (see chronology on page 72).

Fritz Ermarth, the longtime top Soviet analyst at the CIA, wrote in a recent issue of *The National Interest* magazine, that in the spring of 1992, he had gone to the Bush White House with evidence that upwards of \$20 billion had been looted

LaRouche: Bush to be hit by Gore scandal

The following statement by Presidential pre-candidate Lyndon LaRouche, was released by LaRouche's Committee for a New Bretton Woods on Aug. 28.

There is an old saying, "Never mention the rope in the house of the hanged." The roots of the money-laundering scandal involving Vice President Gore all lead directly back to former President George Bush. The money-laundering operations lately involving the Bank of New York [BONY] were all set up under President Bush, and by the Bush apparatus. Al Gore simply jumped, "barnyard epithets" and all, into the same trough already occupied by George Bush's gang.

Some of you may recall, that when President George Bush appointed Bob Strauss to his Moscow posting, I issued a statement commenting on that appointment: George Bush is sending the Prince of Thieves to Moscow to teach the KGB how to steal. ("The Coming Blowout of the Financial System," July 3, 1991, LaRouche Presidential campaign statement; interview of Lyndon LaRouche by

Viktor Kuzin, November 1993.) That was how the BONY money-laundering operation, among many related things, came into existence.

Later, during the course of my several visits to Moscow, I launched an inquiry into the role of corrupt operations by circles associated with Bush and also certain Democratic Party figures, in running large-scale mafia operations contrary to the interests of both Russia and the United States. ("IRI's Friends in Russia: The Anti-Utopia in Power," Part 1, and "Mont Pelerin Pushes the Criminal Economy," in *EIR*, Sept. 6, 1996; "Russian 'Democrats' Recruited to Conservative Revolution," Part 2, in *EIR*, Oct. 4, 1996.)

True, I have denounced Vice President Al Gore repeatedly for his part in these dirty operations. ("Gore Caught in Corruption with Wall Street Cronies," *EIR*, Jan. 29, 1999; and "Gore Caught in International Murder and Theft Ring," *EIR*, March 19, 1999.) However, in these matters, the apparatus of former President George Bush is much, much dirtier than Al Gore.

Don't you wonder, whether or not the *Washington Post* or the *Wall Street Journal* have the honesty to report on the Bush gang's role in this vast money-laundering scandal?

While you are wondering, read the attached summary of certain relevant facts about the Bush connection in this affair.

from Russia by a combination of government bureaucrats, "former" KGB officers, and the emerging new class of Russian privateers. But rather than receiving encouragement to help the Russian government track down the thieves and their ill-gotten gains, Ermarth was told, "The answer was 'no.' . . . The main rationale was the following: Capital flight is capital flight. . . . It doesn't matter who has the money or how it was acquired, even if by theft; so long as it is private. It will return to do good things if there was a market."

Such rank cover-up, by the Bush White House, including the top Russia expert at the National Security Council, surpasses Al Gore's 1995 infamous "barnyard epithets" which he reportedly scribbled on the front cover of yet another CIA report, warning that Prime Minister Viktor Chernomyrdin had stolen an estimated \$5 billion, and had funnelled it into private accounts overseas.

The Bush-Thatcher policy, designed by the Mont Pelerin Society, of drawing no distinction between criminal capital and legitimate investment, set the stage for the wholesale looting of Russia, that burst into the headlines of the major world media on Aug. 19, 1999, with the *New York Times*'s "revelation" about the Russian billions laundered into the Bank of New York.

Incredibly, nine days later, one of Russia's new breed

of "oligarchs" deeply implicated in the Bank of New York money-laundering scandal, contacted the *New York Times* to "explain" how the cash flows were "innocent transactions." Mikhail Khorodkovsky, who headed the now-defunct Menatep Bank, and who is currently the chairman of Yukos Oil, told the *Times* on Aug. 28, that he had been at an "exclusive meeting in Russia's Presidential offices attended by a handful of powerful Russian financiers" shortly before the Russian ruble was devalued in August 1998. At the meeting, the oligarchs were informed of the planned devaluation, and they successfully pressed then-Prime Minister Sergei Kiriyenko to declare a 90-day freeze on commercial foreign debt payments. During this period, Khorodkovsky "explained," billions of dollars in capital fled Russia, and much of the money landed in the Bank of New York. But this was not "mafia money"; this was "legitimate" flight capital! Indeed, to this day, there are no laws against insider trading in Russia—a legacy of the Bush-Thatcher policy that there is no such thing as "dirty" money—as long as it's in private hands.

EIR recently exposed the fact that the same "bankers' logic" has been formalized by the IMF: The IMF now demands that countries such as Colombia and Russia include the revenues from the "underground economy" in their calculations of their Gross Domestic Product.

Konstantin and Natasha

On Aug. 21, 1991, the day when Russian Federation President Boris Yeltsin was standing on the tanks in front of the Russian Parliament, in what was to prove the final blow to the already-collapsed Soviet Union of Mikhail Gorbachov, Konstantin Kagalovsky was in London, seated with British Prime Minister John Major at 10 Downing Street, demonstrating his mastery of Friedrich von Hayek and Milton Friedman's brand of British free trade economics. Kagalovsky was one of a dozen or so ambitious young Russian "economists" who had been picked up, during the mid-1980s, by the Mont Pelerin Society, and groomed for what the City of London financial oligarchy had already deemed the likely prospect of the economic collapse of the Soviet Union and the Warsaw Pact. Kagalovsky, along with other familiar figures—Gaidar, Chubais, Fyodorov, Potanin—set out to do the bidding of their Thatcher-Bush Anglo-American patrons, at the first opportunity.

Kagalovsky was named as Russia's liaison to the IMF when Yeltsin chose Yegor Gaidar as his prime minister. In that capacity, Kagalovsky prepared the first memoranda that "qualified" Russia for membership in the IMF. When, in March 1992, Russia was admitted, Kagalovsky became Moscow's first "director" of the IMF, posted in Washington.

It was in Washington, outside the IMF headquarters building, that Kagalovsky met Natasha Gurfinkel, a Russian-born woman employed by the Bank of New York. The couple married in 1994, and shortly thereafter, Kagalovsky left his post with the IMF, to return to Moscow and a post at the (now-defunct) Menatep Bank, founded by the above-cited "Russian oligarch," Mikhail Khorodkovsky. Soon, the Bank of New York was one of the leading Western banks operating in the mafia-infested Russian banking scene.

On Aug. 20, 1999, Natasha Kagalovsky was suspended from her post as head of the Eastern European department of Bank of New York, for her role in the estimated \$15 billion in looted government funds and Russian mafia booty that found its way into at least nine separate accounts at the bank, between the beginning of 1998 and August 1999. Some estimates place the total amount of dirty money laundered through the Bank of New York route at \$100 billion.

More Bush gore

Contrary to recent media accounts, the Bank of New York did not break into the Russian financial world via the Kagalovsky family. The Bank of New York's access to the fast and loose Russian financial structures came top-down, via one of the most notorious of the Western "bankers" who had built a "special relationship" to corrupt elements of the Soviet era *nomenklatura*, Bruce Rappaport. From 1980, at the latest, BONY had been absorbed into the hot-money empire of the Haifa-born, Swiss-based wheeler dealer. First, Rappaport bought an 8% stake in BONY, giving him the largest single stake in the bank. In 1990, BONY purchased 28% of Rappa-

port's Geneva bank, Inter Maritime, in effect transforming it into the private banking arm of BONY. In fact, significant portions of the \$15 billion in Russian cash laundered into BONY, first passed through Bank of New York-Inter Maritime in Geneva, Switzerland.

Throughout the 1980s, as his ties to BONY were consolidating, Rappaport, in league with Ohio-based savings and loan swindler and Robert Strauss protégé Marvin Warner, set up a string of offshore banking operations in the Caribbean British Crown Colony of Antigua. Warner later saw his own banking empire collapse, after U.S. Federal drug agents shut down two of his Miami banks, Great American Bank and ComBank, for laundering Colombian and Venezuelan drug cartel funds. When Warner, who was President Jimmy Carter's Ambassador to Switzerland, was later charged with financial fraud in the collapse of his Home Savings and Loan, Robert Strauss personally appeared as a character witness at his trial. Warner's Florida dirty-money operations had been originally set up by a former top official of White Weld, the Boston and New York banking house of George Bush protégé William Weld, who was the U.S. Justice Department point-man in the mid-1980s railroad Federal prosecution of Lyndon LaRouche and scores of his political associates.

Rappaport escaped unscathed from the Warner debacle. In the late 1980s, he was called upon by George Bush and the Iran-Contra "guns for drugs" apparatus, to allow his Antigua banking operations to be used in two of the filthiest operations of the Bush "secret, parallel government."

In 1988, in league with "Republican Party political consultant" Richard Bond, the former vice chief of staff of Vice President Bush, Rappaport financed the creation of an Israeli-run secret arms-running and mercenary-training facility on Antigua. State Department loan guarantees, arranged by Bush-Oliver North Iran-Contra point-man Elliott Abrams, backed up Rappaport's cash. The project, run by Col. Yair Klein, was originally aimed at raising a mercenary army to overthrow Panamanian Defense Forces chief Gen. Manuel Noriega, who had refused to play ball with Bush's Central American guns-for-drugs operations. In August 1989, the same Klein-Rappaport Antigua operation provided the weapons to the Medellín Cartel that were used to assassinate anti-drug Colombian Presidential candidate Carlos Luis Galan. When Klein's Antigua operation was exposed, after the Colombian Army traced the Galan murder weapons back to him, the Israeli colonel fled home. Miraculously, Rappaport's name scarcely emerged in the ensuing scandal.

The entire Rappaport dossier, including his links to Vice President and later President Bush's "secret parallel government," are no deep, dark secret. They were featured prominently in *EIR*'s bestseller book, *Dope, Inc.—The Book That Drove Kissinger Crazy* (Washington, D.C.: Executive Intelligence Review, 1992).

Today, although he lives in Switzerland, Rappaport is the Antiguan Ambassador to Russia, enjoying the full diplomatic

Aides Say Gore Unaware of Missing-Cash Probe

12 News

Russlands Geldwäsche-Skandal bringt Gore in die F
Vorwürfe gegen das Weiße Haus / Talbott rät zur Gelassenheit / Ermittler

Al Gore fait les frais de la politique russe de la Maison Blanche

WASHINGTON
de notre correspondant
L'été n'aura pas été facile pour Al Gore. Malgré tous ses efforts et le soutien de Bill Clinton, le vice-président reste loin derrière son challenger républicain, George W. Bush, dans les sondages. Il ne parvient pas non plus à déconquérir l'autre candidat démocrate à l'investiture, l'incumbent Bill Bradley, alors que l'acteur Warren Beatty semble, lui aussi, tenté de se lancer dans la course. Malheureusement, la principale responsabilité de politique étrangère

d'entraîner - et le fait qu'elle ne provient pas uniquement des trafics des mafias de l'ex-Union soviétique mais probablement aussi de la mise en coupe réglée du pays - et peut-être du détournement de l'aide internationale - par une oligarchie corrompue, ne lui facilitent pas non plus la tâche.
Le principal bailleur de fonds de la Russie a été le fonds monétaire international, une des bêtes noires de la droite républicaine. Il avait fait tout le talent de Bill Clinton - nommé à l'occasion par Al C

ministre de Boris Eltsine. C'est en cette qualité que, fin juillet, il avait reçu à Washington le chef du gouvernement de l'époque, M. Siéouchine, limogé quelques jours plus tard. Il est donc particulièrement intéressant de voir ce qui critique la diplomatie démocrate en général et la coopération avec le Kremlin en particulier. On rappelle ainsi que l'on savait depuis 1996 que M. Tchernenynine se livrait à des opérations financières douteuses. Un diplomate américain en poste à Moscou se sou-

le monde savait qu'une chose de jeunisme d'Eltsine, avant tout d'éviter ne dégoûte avec, pose toujours d'un impressionnant. I que M. Gore, auq avait confié des re- plomatiques contre président en ont es assoupli lui à le top

Russian mocks FBI's money scam 'ravings'

creative Russian mafia the heart of a massive audering investiga- like his silence over the ad to claim he was the of "delirious ravings" e FBI.
myon Yukovich Mogilev- who has been linked to an jury said to involve up to \$15 billion (€9.4 billion) of laundered money, protested his in- nocence to a Moscow news- paper. In an interview with Moskowsky Komsomolyets, he mocked accusations that he had laundered money. "Once I accidentally washed five dol- lars I'd left in a shirt pocket, I must say they looked a lot cleaner and brighter after that. And the exchange bureau happily changed them for me."
"If I could earn — I stress — just a third of that, I would say that I'd be a millionaire. Alas, I would not."

David Lister, Alice Lagnado and James Bone on the Bank of New York scandal



Lucy Edwards, who was sacked from the Bank of New York's London office on Friday. Ms Edwards was spotted last week in the lobby of a stylish Moscow hotel.
It was also reported at the weekend that Natasha Gurfinkiel Kagalovsky, who works in the bank's New York office and has been sent on paid leave, has now turned up in London.
In a new claim, a senior Russian businessman linked to the inquiries said that Moscow officials moved considerable sums of cash abroad just before the devaluation of the rouble last year.
Mikhail Khodorovskiy, former chairman of Menati a Russian bank that is one several under investigation told The New York Times that Russian officials began sell government securities because they had inside knowledge of the devaluation of the rouble. He said they transferred money abroad through "front company" and then the Bank of New York.
Anyone who sold gov

Proposition de moratoire des prêts du FMI à

Gore Faces Ticklish Issue On Russian Corruption

By CECI CONNOLLY

David Ignatius
Who Robbed Russia?
Did Al Gore know about the massive lootings?

Der Zar im Zwielficht

lot: Die Schweizer Justiz ermittelt wegen Korruption im Geldwäsche russischen Kapitals verdächtigt - es - Döllase aus dem Westen. Schon furcht



Al Gore's link to the Russian money-launderers is drawing widespread international press comment. The more astute observers are noting that the corruption has "deep roots," going back to the Bush administration.

immunities that go with service in Her Majesty's diplomatic corps.

Russian mafia / Israeli mafia

The case of Bruce Rappaport illustrates another important feature of the long-standing *EIR* dossier on the purported Russian mafia: Long before the collapse of the Soviet Union and the post-communist criminal grab for power in Moscow, *EIR* was exposing the strategic collusion between the Israeli mafia and elements within the Soviet-era KGB. What is today mislabeled the "Russian mafia" is, in almost every instance, a subsidiary element of either the "Israeli mafia," associated with such political figures as Ariel Sharon, or the Meyer Lansky syndicate, which included many prominent American Zionist families who got their start in Prohibition-era bootlegging and narcotics trafficking. The name Edgar Bronfman, who now advertises his support for the Y2000 candidacy of G.W. Bush, is one name associated with the Lansky syndicate-Israeli mafia-Soviet intelligence combine.

Indeed, just as the Bank of New York scandal was bubbling to the surface in recent weeks, a spotlight was placed on "Russian mafia" ace money-washer Semyon Mogilovich, a Russian Jewish gangster now operating out of Central Europe. Recent U.S. government intelligence reports note that the Mogilovich syndicate, with operations in Brighton Beach (Brooklyn), New York, Los Angeles, Moscow, and Hungary,

has been receiving illegal Israeli passports from Shabtai Kalmanovitch. Kalmanovitch was a central figure in the Bush-era Iran-Contra actions, bankrolling the Israeli involvement in the arms-for-drugs operations in South America and Africa, while carousing with the likes of Alexander Haig. Ultimately, Kalmanovitch was jailed in Israel as an alleged "KGB agent."

Gore gets into the act

It was this Bush-era network of offshore financiers, Mont Pelerin-trained Russian kleptocrats, Iran-Contra spooks, and bankers, that was inherited by Vice President Gore, in 1993, when the Clinton administration came into power.

But even as Gore and his coterie were building on the foundations laid by the Bush team before them, in subjecting Russia to total "inside-outside" economic warfare, the hand of former CIA head and President George Bush was never far removed from Russia. In 1996, as Yeltsin ran for re-election as President, it was the International Republican Institute, the GOP arm of the National Endowment for Democracy (NED),¹ that played the pivotal role in steering Yeltsin's campaign (reportedly, Yeltsin received hundreds of millions of dollars

1. See article on Samuel Huntington in this issue, p. 50. Huntington's 1975 Trilateral Commission study on the "crisis of democracy" launched what later became the NED, the instrument through which both major political parties were coopted into illegal covert operations worldwide.

in foreign slush funds to literally buy his victory). Among the leading IRI directors who oversaw this effort: Bush National Security Adviser Brent Scowcroft and Bush Secretary of State Lawrence Eagleburger, both also partners in Kissinger Associates. In a 1996 interview, Scowcroft boasted that George Bush was one of the biggest public boosters of the IRI's role in Russia.

Documentation

The following article is a scathing attack against the International Monetary Fund's policies in Russia. By Jacques Sapir, it is titled "The Western Responsibility," and was published in the French daily Le Monde on Sept. 2. Sapir is Director of Studies at the Paris Ecole des Hautes Etudes en Sciences Sociales, and a Russia specialist who has carried out several missions in that country since 1989.

The months of August are murderous in Russia. Last year, it was the illusions of global liberalism, which collapsed with the brutal devaluation and default on the internal debt. This year, whatever remained of the good conscience of the West, is good for the garbage pail.

The Western governments and the IMF had, for a long time, claimed that by supporting Yeltsin and the small group of liberals in his entourage, they were defending democracy and the market economy. They have to admit today, thanks to the work of judges from Switzerland and from the United States, and thanks to the investigations carried out during the time when Primakov was prime minister, that they facilitated the work of a band of robbers and swindlers. A President and his family put into question; the former Russian representative at the IMF in the position of the accused, and with him his protectors, Gaidar and Chubais: The picture is astounding.

What the West is discovering today, the Russians have known for years. The repeated electoral defeats of the so-called "democrats" and other "liberals," and on the opposite side, the immense popularity that surrounded Yevgeni Primakov, are enough proof of this fact. Last May, one of my Russian colleagues made the following cynical remark: "For a long time, we tried to find who had inspired the policies of the liberals in our country. It was not Friedman, nor Hayek, but rather Proudhon: Property is theft!"

But if the misdemeanors, or even the crimes, have been committed in the majority of cases by Russians, the Western responsibility is an included feature. That of the IMF to begin with, which now plays the scandalized virgin, while it was its prescriptions which largely helped to set up financial delinquency at the industrial level in Russia. And who could not ignore where its money was going?

The governments of several Western countries are no less responsible. For years, information concerning the practices

of those whom we designated as "our friends" or even "the guarantors of reforms," were covered up. What kind of reforms were these, at any rate? Improvised privatizations transformed into sharing of the spoils, the dismantling of the State through successive cuts in spending which weakened it, like the patient who was submitted to the bleedings of Molière's doctors, the absurdity of a precipitous policy of financial liberalization which made the bed for speculation and capital flight. The results are tragically eloquent.

Was there the belief, as some American and British diplomats cynically say that it was better to have corrupted officials and practices in Moscow, because, with their money being invested in the West, they would no longer be our adversaries? If such was the calculation, it was rather imprudent. Today, that money corrupts our own financial institutions, and the countries who have supported this corrupted elite, will be undoubtedly associated with the opprobrium to which the population will condemn it. It is the very values of those who practically carried Yeltsin and his people in their arms to ensure his dubious reelection in 1996, and first of all democracy and human rights, which will be the first victims.

If we do not want to be resigned to the worst, we must act rapidly. First, by stopping all meddling, direct or indirect, in favor of the self-proclaimed "democrats," who in place of principles only have values, in the real estate sense of that word; and then by reminding ourselves of the necessity to pursue the electoral processes for 1999 (legislative elections) and 2000 (Presidential elections). We must stop closing our eyes to trickery and manipulations, such as those which occurred in 1993 and 1996. We have to reaffirm support for institutions, and not for men, and in that framework recognize that the present Russian Constitution does not satisfy democratic criteria, and that it would be just that it be reformed.

Then, rather than giving—excuse me, lending—ever yet more, we must support the decisions which, in Russia, go in the direction of creating a solvent State. The measures of exchange regulations and of capital controls imposed by the Russian Central Bank a few months ago are going in that direction. Instead of demanding their dismantling, as the IMF is doing, it is important to help in their realization. When a government comes in, such as that of Primakov, committed to fighting crime and corruption, we must support it in this task, and not support its adversaries. It is also important to seriously reflect upon the future of the debt accumulated by Russia since 1993, to the extent that the financial needs to which it corresponded were derived from wrong prescriptions and from unacceptable conditions for which the lender is responsible.

Only the Russians can bring an end to the situation that their country is going through. Let's stop believing, or pretending we do, that we must guide them step by step. But let us stop opposing the only political solutions which can allow a restoration of the State in Russia, and the construction of political and economic institutions which the country needs.

The looting of post-Soviet Russia

by Rachel Douglas

The notion that the “reform” team, installed in Russia in the Thatcher-Bush era, launched a process of transforming the Soviet command economy into a smoothly working market economy, which then encountered the pitfalls of corruption and crime, is phony from the outset. The name of the game was always loot. Overseen by economists, trained by personnel from the Mont Pelerin Society’s Institute for Economic Affairs in London and others in the theory of unbridled criminal finance as the engine of economic advance, the Russian reforms ensured that a stream of real and monetary wealth would flow from the East into the ever more bloated world bubble of financial aggregates.

The major phases of the “reform” looting of Russia are painted here with a broad brush.

1989-91: On the eve of the break-up of the Soviet Union, the question of who will ensure that the foreign debt of the U.S.S.R. is serviced, dominates International Monetary Fund (IMF) and other Western policy discussions about economic relations with the region. In 1991, that debt stands in the vicinity of \$70 billion. By 1998, Russia’s inherited and new debt will balloon to around \$200 billion.

1991: The week of Aug. 19 marks the end of the U.S.S.R., as Ukraine declares independence after the abortive State Emergency Committee coup attempt against Soviet President Mikhail Gorbachov. Russian President Boris Yeltsin emerges as the key figure of the transition. At the end of the year, he forms a cabinet dominated by London-schooled adepts of the Mont Pelerin Society, the organization of Friedrich von Hayek and Milton Friedman, purveyors of the most radical “neo-liberal” ideology of economic deregulation and diminution of the nation-state, which is being implemented in the West as “Thatcherism” throughout the British Commonwealth, and “deregulation” in the United States. Among the Russian Hayekians are Prime Minister Yegor Gaidar, privatization chief Anatoli Chubais, Finance Minister Boris Fyodorov, and Konstantin Kagalovsky, soon to be Russian “director” at the IMF.

1992: *Price decontrol and inflation.* Many prices are freed from regulation on Jan. 1, 1992, after 70 years of a state-run economy in which the artificial suppression of prices was a major mechanism of administrative control. For the year, inflation runs at 2,600%. The savings of Russian citizens, on deposit in the state savings bank (Sberbank), are vaporized.

IMF membership: In March, Russia’s first policy pledge to the IMF is announced by Kagalovsky. He vows austerity

to fight inflation, and promises mass privatization of state and collectively owned property, including land. In June, the Russian Federation becomes a member of the IMF.

Privatization: In August, Yeltsin announces “voucher privatization,” whereby each Russian citizen receives a voucher with which to purchase shares in state-owned companies as they are privatized. For a population whose savings have been wiped out by inflation, pressure to sell the vouchers is great. The secondary market in vouchers becomes the venue for the accumulation of privateer fortunes, for the acquisition of choice properties. In 1995, Academician V.A. Lisichkin will report on the “avalanche-style” privatization of 70% of the small firms in Russia and more than 14,000 medium and big companies, by Jan. 1, 1994. By the end of 1993, official sources estimate that more than 60,000 Russian enterprises are controlled by organized crime.

According to Lisichkin, “the treasury of Russia received an average of \$2.48 million for each of 87,600 privatized enterprises,” among which were jewels of the Soviet economy, sold for a tiny fraction of the real worth of their plant and equipment and their products. On the list of 500 largest enterprises privatized under Chubais, were the Russian Joint Stock Society (RAO) “Unified Power System” (the entire power grid of Russia), for \$649.6 million; RAO Russian Nickel, for \$468.6 million; the Gorky Automobile Factory, for \$26.6 million; the Port of Novorossiysk in southern Russia, for \$22.5 million; the Murmansk Trawler Fleet, for \$3 million; and so forth.

In sum, “Detailed analyses of the list of 500 major Russian enterprises privatized by Chubais’s agency, yields the following conclusions:

“1. The real value of the enterprises sold is more than \$1 trillion, based on the market value of similar firms in the United States and western Europe. On orders from the overseas gentlemen, shock therapists sold them for a mere \$7.2 billion.

“2. Of these 500 major Russian enterprises, some 80% were sold at auction for less than \$8 million. The price of 324 enterprises, out of the 500, was below \$4 million. The Ural Machine-Tool Factory (Uralmash) in Yekaterinburg, employing 34,000 workers, was sold for \$3.72 million; Chelyabinsk Metallurgical Combine, with 35,000 workers, for \$3.73 million; Kovrovsky Mechanical Factory, supplying the entire Army, Ministry of Internal Affairs, and the special services with firearms, and employing 10,600 workers, for \$2.7 million; Chelyabinsk Tractor Factory, 54,300 workers, for \$2.2 million. By comparison: An average bakery in Europe costs about \$2 million; a medium-sized Swiss sausage factory, \$3.5 million. . . . Thus Chubais’s team equated the Chelyabinsk Tractor Factory to a bakery.” (Excerpts from the Lisichkin report, documenting many more such excesses, were published in *EIR*, Nov. 3, 1995, p. 6).

Big global players in privatization swindles, such as Crédit Suisse First Boston, were extremely active in the “voucher” stage of Russian asset-stripping. As an employee

of CSFB, Boris Jordan amassed over 17 million vouchers on the secondary market for his clients. Huge fortunes were accumulated in this first stage of privatization.

Capital flight is in the form of tangible products, as well as cash. Industrial plants are authorized to sell off part of their strategic metals stockpiles, supposedly to invest the proceeds in regional economies. The world aluminum price plunges, as Russian metal floods the market. Estonia, a transshipment route for contraband metals cargoes from Russia, rises to third or fourth rank among all nonferrous metals-exporters, although it has no ore deposits of its own.

1993-94: Pyramid schemes. Old-fashioned Ponzi schemes, “investment” houses whose only offering was the promise of returns, paid out on the basis of the next round of suckers’ deposits, sweep Russia. They are advertised in loud and lively fashion on state-run TV. They are calculated by economist Sergei Glazyev to have “wiped out 20 trillion rubles of the savings of 40 million people in a second round,” when they collapse. The demise of the most famous, MMM, in July 1994 sets the stage for the ruble’s 25% crash on Black Tuesday, Oct. 11, 1994.

The end of “democracy.” Abolition of the elected Supreme Soviet and its suppression by force in September-October 1993, is Yeltsin’s response to that parliament’s resistance to the next privatization and financial market development measures, charted by Gaidar and Chubais.

1995: Loans-for-shares. Chubais and Alfred Kokh, especially, push through a scheme for Russia’s commercial banks—institutions more resembling cash chutes than investors or places for deposits, which were built up during the first phase of real-goods and privatization looting, as well as from pools of Communist Youth League and other Soviet institutional funds—to lend to faltering major industries, with the assets of the latter as collateral. Through this maneuver, major production facilities such as Norilsk Nickel are acquired by the *nouveaux riches* financiers. Kokh loses his job, under the cloud of loans-for-shares-related scandals.

1996: Bond pyramid. Russia’s government bond market, creation of which was sought by George Bush’s administration and the U.S. Federal Reserve since early 1992, was established in 1993 with the sale of ruble-denominated bonds to finance the inflation-driven budget deficit. In 1996, the government bond market is opened for foreign participation. Short-term government bonds (GKO), with double-digit annual returns at first, and triple-digit in the Presidential election year of 1996 and the terminal year of 1998, suck potential investments out of the real sector and into speculation. By 1997, Russia has become “the best-performing emerging market in the world,” in the words of dozens of financial hucksters.

Dope, Inc.: Based on law enforcement, banking, and other reports, *EIR* estimates that approximately 10% of world “dirty money” flows (totalling \$521 billion from the drug trade and the rest from other criminal business, as of 1996) now comes from Russia and the former Soviet Union (*EIR*, July 26, 1996).

Such black market capital flight, in turn, keeps the global speculative bubble afloat. Russian and other expert estimates place cumulative capital flight from Russia at \$500 billion to \$1 trillion in this decade.

1997: Mega-privatizations. The world’s largest speculators, like George Soros, appear on the Russian market in their own name for the auction of Svyazinvest (the national communications company) and other major firms, with foreign bids allowed.

Global financial crisis. As shock waves from Asia hit, the Russian stock market plunges from its summer 1997 highs. By June 1998, some 40% of the nominal capitalization of Russian companies has been wiped out.

Aug. 17, 1998: The Russian financial bubble pops, as the ruble is devalued 34% in one day, and GKO transactions are frozen. The IMF’s last, \$22 billion loan package for Russia, of which \$4.8 billion was disbursed to the Central Bank in July to replenish currency reserves, buys time for big players to escape the GKO pyramid before its collapse.

Who was in charge?

President of the Russian Federation

1991-present: Boris N. Yeltsin.

Prime Minister

November 1991-June 1992: Yeltsin.

June 1992-December 1992: Yegor Gaidar (Deputy Prime Minister since November 1991; returns as Deputy Prime Minister, September 1993-January 1994).

December 1992-March 1998: Viktor Chernomyrdin.

March 1998-August 1998: Sergei Kiriyenko.

August 1998-September 1998: Chernomyrdin (acting).

September 1998-May 1999: Yevgeni Primakov (dismissed after his serious crackdown on economic crime and capital flight, and measures to restart the real economy).

May 1999-August 1999: Sergei Stepashin.

August 1999-present: Vladimir Putin.

Privatization Minister

November 1991-November 1994: Anatoli Chubais.

November 1994-January 1995: Vladimir Polevanov (fired for exposing looting).

February 1995-January 1996: Sergei Belyayev.

January 1996-July 1996: Alexander Kazakov.

September 1996-August 1997: Alfred Kokh. (Succeeded by several others.)

EIR has documented the devastation of Russia’s real economy and its population, by these financial policies. See especially, “The Financial Crisis in Russia,” July 3, 1998; “Russia: Dark Age, or Recovery as Eurasia’s Keystone Economy,” Sept. 25, 1998; “The Systematic Destruction of Russia,” April 16, 1999.

Besides Lisichkin’s report, sources for this chronology are *Kremlin Capitalism: Privatizing the Russian Economy*, by Joseph R. Blasi, Maya Kroumova, and Douglas Kruse; Sergei Glazyev, *Genocide*; and Stanislav Govorukhin’s 1994 film and book, *The Great Criminal Revolution*.

Al Gore, Jr. caught in another lie: Gore, Sr. opposed civil rights

by Dennis Speed

Editor's note: *When the Philadelphia Tribune ran a story by Alabama author and radio personality R.D. Davis that reported that Al Gore, Sr. had authored an amendment to the Civil Rights Act of 1964, that would have prevented the Federal government from withdrawing funds to schools that continued the practice of segregation, longtime LaRouche associate Dennis Speed launched an investigation.*

Ordinarily, it isn't necessarily fair or reasonable to hold an individual responsible for the acts of their parents. But, this past July, Vice President and Democratic Presidential candidate Al Gore, Jr. attempted to corral support from African-Americans by reminding them that his father was "a great contributor to the cause of civil rights in the South." The younger Gore even went so far as to claim that it was because of his firm support for the cause of civil rights, that his father ultimately lost his seat in the United States Senate.

One might wonder why Gore, Jr., who, before becoming Bill Clinton's Vice President, had spent years, first in the U.S. House of Representatives and then in the U.S. Senate, doesn't just rely on his own record. But, a close look at the Vice President's record offers an explanation. Just a couple of weeks ago, John Keeney, the attorney for the Vice President's cronies at the Democratic National Committee, Jr.—the son of Jack Keeney, perhaps best known as an intellectual author of the Department of Justice's racist Operation Fruehmen-schen campaign of harassment and persecution of black elected and public officials—argued before a panel of Federal judges in Washington, D.C., that the Voting Rights Act of 1965 should be declared "unconstitutional," in an attempt to defend the decision by then-DNC Chairman Don Fowler, to lock duly elected delegates pledged to Lyndon LaRouche out of the 1996 Democratic National Convention.

And, there is little question that the Vice President would prefer that African-Americans not judge him by the genocidal action he took on the issue of saving AIDS victims in Africa, where his sabotage of less expensive life-saving treatment for South African victims of this deadly disease is well documented.

The result of Speed's investigation tells the ugly truth about Al Gore's lie: Sen. Albert Gore, Sr. opposed the measures to end segregation. In 1964, Senator Gore first tried to render the Civil Rights Act impotent. When that effort failed, he voted against the Civil Rights Act of 1964. In truth, the

record of the Gore clan on civil rights issues reads more like a criminal's "rap sheet."

Democratic Presidential candidate Lyndon LaRouche, according to his campaign website, after reviewing Speed's investigative report, directed his campaign staff to arrange for its broadest possible distribution. "Give it a name," LaRouche said. "Call it 'The Sins of the Father.'"

According to a story, first picked up by us from the *Philadelphia Tribune* newspaper, Al Gore, Sr. opposed the Civil Rights Act of 1964. Investigators for *EIR* followed up the story, searching out the actual documentation from the *Congressional Record*. The original story, filed by R.D. Davis, a "writer and radio talk show host from Huntsville, Alabama," reported that Al Gore, Sr. had authored an amendment intended to refer the Civil Rights Act to the Judiciary Committee, in order to prevent the Federal government from withdrawing funds from schools that, despite their Federal funding, continued to practice segregation.

The Civil Rights Act of 1964, is *not* the Voting Rights Act of 1965. The two are sometimes confused, because Title I of the Civil Rights Act covers "voting rights," and, indeed, should have been sufficient (as should also the U.S. Constitution) to ensure that Amelia Boynton Robinson and others did not have to lead the demonstrations that became necessary, nonetheless, in Selma, Alabama, throughout early 1965. The Civil Rights Act, also known at the time as Public Law 88-352, was stated thusly: "AN ACT, To enforce the constitutional right to vote, to confer jurisdiction upon the district courts of the United States to provide injunctive relief against discrimination in public accommodation, to authorize the Attorney General to institute suits to protect constitutional rights in public facilities and public education, to extend the Commission on Civil Rights, to prevent discrimination in federally assisted programs, to establish a Commission on Equal Employment Opportunity, and for other purposes."

The act had originally been proposed by John F. Kennedy during June 1963, and was announced to the nation, in a public address by the President, in the aftermath of the Birmingham Children's March and other events of May of that same year. The night of Kennedy's announcement of his intention to fight for passage of such an act, Medgar Evers, a military veteran and National Association for the Advancement of

called section 606, to say: “No action shall be taken pursuant to this title which terminates, reduces, denies, or discontinues, or which has the effect of terminating reducing, denying, or discontinuing, Federal financial assistance for public education or the school lunch program in any school district unless such school district, or official thereof, shall have failed to comply with an order by a United States district court relating to desegregation of public schools.”

Gore had attempted to argue, unpersuasively, that he was deeply concerned about how the Southern African-American poor population would be affected, if a segregated school were to lose its school lunch program! Then, as well as (hopefully) today, this was seen as the height of cynicism. In an exchange redolent with the tortured logic we have come to expect from Al, Jr., Gore stated, during the debate on his amendment:

“This week an order was issued affecting Memphis, Tennessee. The court ordered that the schools be completely integrated by September 1966. That would appear to me to be a reasonably short time for a city of 600,000 people to complete this great change in its school program.

“I daresay that the administration *would not cut off aid in that case*. I only say that we should write into the bill a provision *that they shall not have the authority to do so*, if Memphis, Tennessee complies with the order of the Federal district court. In Nashville, Tennessee, the court-approved plan of desegregation provided for desegregation of one grade a year.

Nashville’s schools are now desegregated up to the seventh grade. But Nashville still has some grades which are not desegregated” (emphasis added).

Obviously, Gore had forgotten the famous remark made by Thurgood Marshall in the 1950s pertaining to the “timely” integration of public schools, as Marshall successfully argued this in the *Brown v. The Topeka Board of Education* case of 1954. “I think that asking for integration of the Southern school system after 90 years (1865-1954) is pretty gradual.” Second, it was to the exercise of *the power of the Federal government*, particularly as that would have been wielded by Attorney General Robert Kennedy, brother of the slain President, to enforce integration through the courts, as well as through the withdrawal of funds, that Gore sought to insulate the South from.

The true objections

It was the “un-Reconstructed” Senator Ellender of Louisiana who stated, most plainly, the true objections of Gore, and other Southerners, to the bill. “The South acted within the law with respect to school segregation. It has done so since the Supreme Court decided the case of Plessy against Ferguson in 1892 which provided that separate but equal facilities conformed to the Constitution. Our schools were constructed to provided facilities for both races strictly in accordance with the law.

“The Plessy case was followed by at least 30 other cases from that date until the *Brown* case of 1954. Since the Court reversed the separate but equal facility doctrine, *we from the South have been attempting to find a satisfactory solution to the problem of racial antagonism brought about by the Court*. It will come in time, I hope. We are not going to help the process very much by sending the long arm of the Federal government down there” (emphasis added).

Perhaps because he could smell the Confederate duplicity in the “Gore amendment,” even Barry Goldwater refused to vote for it. Goldwater’s objections, more along the lines of fear of sweeping Federal police-state powers, were not those of the Southern Democrats, who almost to a man voted against the Civil Rights Act of 1964. (However, it should also be recalled, that it was Lyndon Johnson, a Southerner, who hailed from Texas, the state in which the President had been shot, who proposed this bill, as well as the Voting Rights Act of 1965. The late Sen. Ralph Yarborough, who more recently was in touch with the LaRouche movement up to the time of his death, had also voted for the 1964 Civil Rights Act.)

In the U.S. Senate, the vote for the Civil Rights Act of 1964 was, on the Republican side, 27 for, 6 against, and on the Democratic side, the vote was 46 for, 21 against. Gore stood shoulder to shoulder (and cheek to cheek) with his Confederates, and voted against the bill, after his attempt to sabotage it came to naught. That is the ugly truth behind the lie, told as recently as this past July, by Vice President Al Gore, that his father was a “great contributor to the cause of civil rights in the South.”

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End the Republican cover-up on Waco: Clean out the Justice Department

by Edward Spannaus

There is only one sure way that you will know that the cover-up of the Waco massacre and related events is finally coming to an end. That will be when career Justice Department official Mark Richard is at the witness table, sweating and squirming under interrogation about his role in setting up the Waco inferno and other atrocities and abuses. If Rep. Dan Burton (R-Ind.), for example, is as tough as he pretends, let him stop chattering about Janet Reno, and start going after the permanent bureaucracy in the Justice Department and FBI. Then, and only then, will you know that we are really getting somewhere.

Why Mark Richard in particular? Because, if you have been reading *EIR* and listening to Lyndon LaRouche, then you know that Mark Richard and Jack Keeney, the two most senior prosecutors in the Justice Department's Criminal Division, exemplify the problem of corruption and prosecutorial abuse in Federal law enforcement. And you also know that it was Mark Richard who pressured Attorney General Reno to approve the FBI plan to attack the Branch Davidian compound in Waco, Texas, in April 1993.

In July 1995, on the eve of the opening of House hearings on Waco, LaRouche issued a statement entitled, "LaRouche Hits Republican Cover-Up on Waco" — which we will review below, and we will see how prophetic was LaRouche's warning, in light of what has come to pass since.

FBI concealed evidence

First, we review the latest developments in the Waco case, in which we are now seeing the unravelling of the cover-up of an atrocity which was set into motion during the last year of the George Bush administration.

On the afternoon of Sept. 1, 1999, U.S. marshals went to FBI Headquarters and seized a videotape made by the FBI on the morning of the Waco assault. The FBI had previously denied that any such videotape existed. On the audio portion of the tape, according to reports, an FBI Hostage Rescue Team (HRT) member is heard asking for permission to fire military gas rounds, which are pyrotechnic — that is, they burn when fired. HRT commander Richard Rogers is then heard authorizing use of the military rounds.

As part of her reluctant approval of the FBI's plan, Attorney General Reno had ordered that no pyrotechnic devices be used, and she was assured by the FBI, both before and after the attack, that none were used; she subsequently testified to

this at a Congressional hearing.

In the days prior to the seizure of the FBI tapes, there were a number of other important developments which have triggered calls for a new examination and hearings on the Waco events.

First, on Aug. 25, the FBI admitted for the first time that pyrotechnic cartridges were used at Waco, after such spent cartridges were found among the evidence in the custody of the Texas Department of Public Safety (the "Texas Rangers").

Second, a Federal prosecutor from Dallas wrote to Reno, telling her that the FBI and sections of the Justice Department may have withheld information about their use of potentially flammable tear gas during the Waco assault. Assistant U.S. Attorney Bill Johnson had recently obtained a five-year-old document, consisting of notes of an interview with members of the FBI's Hostage Rescue Team, which included handwritten notations saying that its contents should not be disclosed.

The third important development concerned the surfacing of witnesses who say that U.S. military special operations forces, in particular the Delta Force, were present during the Waco assault. Although FBI and Pentagon officials maintain that there were only three Army special operations soldiers from the Delta Force unit at Waco in April 1993, and that these were merely "observers," a former CIA security officer has told a different story.

The officer, Gene Cullen, told his story to the *Dallas Morning News*, and also to *Salon* magazine. Cullen told *Salon* that he has had discussions with a number of Delta Force personnel while on overseas missions, and that he has been consistently told that "there were about ten guys, fully armed, fully operational, they were ready for war."

The sins of the father . . .

Those who maintain that Bill Clinton or Janet Reno (or Hillary Clinton or Vincent Foster) were primarily responsible for the deaths at Waco, are either ignorant of the facts, or are covering up for the real perpetrators.

The investigation of the Branch Davidians was initiated in June 1992, during the Bush administration. The training of units to be involved in the raid began months before President Clinton took office, and by mid-January 1993 — before Clinton's inauguration — a command post was set up, and authorization for the use of military equipment, including seven Bradley Fighting Vehicles, had been obtained. The ATF (Al-



Attorney General Janet Reno (left) is under attack by Republicans for covering up what happened at Waco, but her biggest offense is covering up for the likes of Deputy Assistant Attorney General Mark Richard (right) and the Department of Justice permanent bureaucracy.

cohol, Tobacco, and Firearms Division of the Treasury Department) had obtained authorization for military involvement on the pretext that drugs were being manufactured at the Davidian compound; this allowed the case to fall into the exception to the *posse comitatus* law, which otherwise prohibits the use of the military in domestic law enforcement.

All of this occurred while George Bush was President. One may ask: Will the sins of the father—in launching the process that led to the Waco massacre—come back to haunt G.W. Bush in his quest for the Presidency? A thorough, non-partisan probe of Waco would find George Bush, Sr. complicit before the fact, in the subsequent disaster.

After the bungled Feb. 28, 1993 shootout, in which four agents of the ATF were killed, control of the Waco operation was taken over by Justice Department and its component agency, the FBI.

It is essential to realize that, in the early months of 1993, there were two categories of officials at the top levels of the Justice Department: 1) the new political appointees, who were just learning their way around the building; and 2) the careerists who stay on for one administration after another, such as Jack Keeney (since 1951), and Mark Richard (since 1967).

For the eighth time in his career, during the first half of 1993, Keeney was the acting head of the powerful Criminal Division, since a new Assistant Attorney General had yet to be appointed and confirmed. (Because of the illness of his wife and her death on the day of the Waco assault, Keeney was not present during the final period of the Waco planning.) The crucial decisions were made by the number-two man in the Criminal Division, Deputy Assistant Attorney General (DAAG) Mark Richard, under whose jurisdiction the Branch Davidian case fell.

Richard personally went to Waco twice in the weeks before the April 19 assault. After each trip, he personally briefed

the new Attorney General, Janet Reno. And, it was Richard who briefed Reno on the FBI's proposal to insert gas into the Branch Davidian compound to attempt to flush out the Davidians—a plan which Richard strongly supported, but which Reno opposed.

The Justice Department's own report on Waco describes a discussion which took place on April 16, three days before the final raid. Richard had just been informed by then-Associate Attorney General Webster Hubbell that Reno had vetoed the FBI's plan to use gas to end the siege. "The FBI will not be pleased," was Richard's comment.

But, with the enormous pressure being put on her by Richard and by top FBI officials, Reno was finally persuaded to go ahead with the gassing plan. It was Richard who handed to Reno the documentation from the FBI justifying the planned attack—which played to Reno's weaknesses, using what turned out to be false reports of ongoing child abuse.

The DOJ's own report states: "AG Reno relied a great deal on DAAG Richard during the latter days of the crisis."

Republican cover-up

Nevertheless, when the hearings on Waco were held in the House of Representatives in the summer of 1995, Mark Richard was the "invisible man." On July 29, 1995, Richard appeared on a panel with former Associate Attorney General Hubbell, former FBI Director William Sessions, and former top FBI officials Larry Potts and Floyd Clarke. The committee members opportunistically focussed their attention on Webster Hubbell—Republicans doing so in hopes of implicating President Clinton in the Waco fiasco, and Democrats trying to "defend" the President. It was obvious that no one—neither Democrats nor Republicans—was interested in getting at the truth of how the Waco disaster was set up.

Some of the committee members didn't even seem to

know (or pretended not to know) who Richard was, referring to him as an official of the FBI. Others, who obviously did know who he was, were too frightened to ask him anything — indicating the fear which the DOJ-FBI permanent apparatus strikes into the hearts of members of Congress. After all, Mark Richard virtually invented the category of “white collar crime,” which has been used to target so many public officials, including members of the Congress itself.

Two weeks before that hearing, Lyndon LaRouche had warned of plans by the Republican majority in the Congress to cover up the real story of both the Waco and Randy Weaver (Ruby Ridge) cases, to protect the permanent bureaucracy in the Justice Department centered around Richard and Keeney. LaRouche identified a number of elements common to the two cases, such as that in both cases, the slaughter was set into motion on George Bush’s watch, that both cases involved the use of so-called “experts,” from government and from outside private organizations, and that in both cases, the center of the scandal was the corrupt role of the DOJ permanent bureaucracy.

LaRouche also said that the crucial question was whether the Waco and Weaver cases were isolated cases, or if they were “merely predicates of a continuing pattern of policy-shaping within the Federal government’s permanent bureaucracy.” The answer to that, LaRouche said, depends upon considering other cases in which the same concert of combined official and private agencies had “joined forces to perpetrate a kindred atrocity.”

LaRouche identified three such cases which should have been included, to avoid a cover-up in the Waco case. The first was that of Cleveland autoworker John Demanjuk, who was almost executed on the basis of forged evidence knowingly used by the Justice Department under the personal direction of Mark Richard. The second was the Justice Department’s targeting of black elected officials, known within the FBI as “Operation Fruehmenschen” (“early man”). The third case, LaRouche said, “is my own case, which the evidence shows to have been also a complete fraud upon the court by the same Bush-linked elements within the Justice Department and intelligence community generally.”

“Not to feature the Demjanjuk case, the “Fruehmenschen” issue, and the LaRouche cases in the same series with Weaver and Waco, is, in itself,” LaRouche declared, “the appearance of a cover-up.”

The Waco hearings were indeed a farce. But in the summer of 1998, many Republican Congressmen did rally around the McDade-Murtha bill to hold the Justice Department accountable for prosecutorial misconduct—breaking, at least temporarily, the decades-old bipartisan consensus around ignoring and tolerating Justice Department abuses.

Military role

Another area in which a comprehensive investigation is needed, is that of the role of the military in the Waco blood-

bath, and whether this was part of a consistent pattern. A determined inquiry in this area may show that the involvement of military units in domestic covert operations never really ceased, even after extensive Congressional hearings on this subject in the early 1970s.

During a discussion of the new Waco evidence, which took place on ABC’s “This Week” on Aug. 29, former FBI Special Agent Bob Ricks, who was the chief spokesman for the FBI during the 1993 Waco events, made an extraordinary statement. When asked if he were troubled by the fact that Delta Force was involved, Ricks answered: “I’m really not, George. We have used Delta and JSOC for years, every time we’ve had a major operation. . . .”

Asked about “JSOC,” Ricks responded: “It’s the Joint Special Operations Command which has oversight over Delta.” He added that the FBI’s hostage rescue team was formed by working with Delta and other special forces. “So they have a role, domestically, if something should get out of control. . . . So they very much were properly there.”

In 1992, *EIR* obtained FBI documents showing that JSOC and the Joint Special Operations Agency (JSOA) in the Joint Chiefs of Staff, were involved in preparations for the FBI raid which was conducted against facilities associated with the LaRouche movement in Leesburg, Virginia, in October 1986. Declassified FBI documents showed that the FBI had arranged through the Pentagon’s Special Operations Division for two truckloads of documents seized in the Leesburg raid to be secretly taken to a secure military facility.

The specific office through which these arrangements were made was the Support Activities Branch of the J-3 Special Operations Division; subsequent investigation determined that this was the location of the secret communication channel known as the Focal Point System, originally created as the CIA’s covert-action channel into the Pentagon. In fact, the Justice Department’s memorandum making the formal request for assistance in the LaRouche case stated: “The procedure by which the [Justice] Department requests assistance from the military on matters such as this is classified.” No specialist consulted by *EIR* on this matter has been able to explain why, what appeared on its face to be simply a request for storage space, had to utilize this secret, “classified” procedure—unless there was far more being planned, under the rubric of “national security.”

Additionally, the FBI’s Hostage Rescue Team, trained by JSOC, was also on standby during the Leesburg raid, and was prepared to participate in a bloody Waco-like assault on LaRouche’s residence, which was aborted only after LaRouche sent a warning telegram directly to President Reagan on the evening of Oct. 6, 1986.

Looking at the involvement of the military at Waco, from the standpoint of what happened in the LaRouche case seven years earlier, suggests that there is much more to be discovered about the relationship between the Justice Department and the Pentagon, than has surfaced so far.

That George Bush problem

From the beginning of the Clinton administration, *EIR* identified one particular form of problem that we feared would prove fatal. In certain areas of foreign policy—especially Haiti and Iraq—as well as economic and justice policy, the administration left itself on “Bush autopilot,” as we called it, to its potential peril, and strategic catastrophe.

To those who thought we were exaggerating, the current eruption of the Russia and Waco embarrassments in the face of the administration should be a lesson. The policies which have led to disaster were all crafted under the Bush administration, and simply kept in place. And, given LaRouche’s warnings, there was no excuse for it.

In both this issue of *EIR* and the last, we have provided more than enough documentation to show that the criminal policy in Russia is of Bush administration origin. Does that matter, you ask? Only if you wish to eliminate the *cause* of the problem, which we do.

In no case did we warn more vociferously about the Bush holdovers and their policies than in the case of the Department of Justice, and its permanent bureaucracy. True, that bureaucracy goes back beyond the Bush administration, its most venal hired guns coming from the J. Edgar Hoover period of the 1950s and 1960s. The capability and predilection for a subversion of justice are inherent in the creation of such a group of permanent bureaucrats, who respond to financial and political interests outside the government.

The LaRouche movement documented this reality in great detail, you will recall. We publicized the stories of the “political assassinations” carried out by the Department of Justice hit-squads against African-American politicians, in the form of “Operation Fruehmen-schen.” We uncovered the politically motivated travesties of justice carried out against those targeted by the DOJ Office of Special Investigations. And we demonstrated that the very same *modus operandi* lay behind the politically motivated witch-hunt against Lyndon LaRouche and his associates. As a result, there was a public outcry for hearings exposing these crimes, an outcry that ultimately resulted in the passage of the

McDade-Murtha Citizens Protection Act, in the summer of 1998.

But, the Clinton administration didn’t listen. Attorney General Janet Reno refused to admit the outrageous conduct of the “career professionals” in her department and the FBI, and specifically declined to investigate and review the well-documented crimes of the DOJ in the LaRouche case. She declared that she took responsibility for the actions of her *de facto* subordinates—but she never cleaned house, nor got the full story of what the career bureaucrats had done under this and previous administrations.

Now, the whole process has blown up in her face. The DOJ permanent bureaucracy, which had planned the entire Waco fiasco long before she came on the scene, not only stampeded her into making the disastrous decision for the April 19, 1993 raid, but then lied to her about what had been done. Attorney General Reno is reportedly finally angry at being set up. Is she angry enough to face the fact that these same two-faced bureaucrats also set up the outrages of the LaRouche case, and hundreds of other political witch-hunts around the country?

Contrary to what many wish, the problem cannot all be blamed on the Clinton administration, however. They didn’t want to face the traitors within their midst—but the American population didn’t want to face the issue, either.

Now, the opportunity for cleaning out this problem exists again. The first step is to tell the truth about the origins of the problem. The second is to act effectively to reverse the *policies*, and to get rid of the personnel who carried out the crimes.

In the case of the Department of Justice, such a cleanout should lead directly to the exoneration of Lyndon LaRouche, one of the leading targets of George Bush personally, and of the permanent bureaucracy, as well as other victims of political persecution. LaRouche’s exoneration would be the most efficient way to both restore justice in our country, and to open up the political environment for the kind of debate which this nation needs, if this country and the world are going to survive.

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SALEM—Adelphia Ch. 13

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Thursdays—8:30 p.m.
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WISCONSIN

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When Communism fell in Russia in 1991, the free-market economists moved in, promising the Russians that if they stuck with 'the reforms,' the streets would soon be paved with gold.



Who was right . . .

Lyndon, H. LaRouche, Jr.:

"If Yeltsin and his government were to go with a reform of the type which Harvard Prof. Jeffrey Sachs and his co-thinkers demand—chiefly from the Anglo-American side—then the result in Russia would be chaos. In such a case, the overthrow of Yeltsin, or somebody, by a dictatorship . . . would probably occur. In that case, then we have a strategic threat."

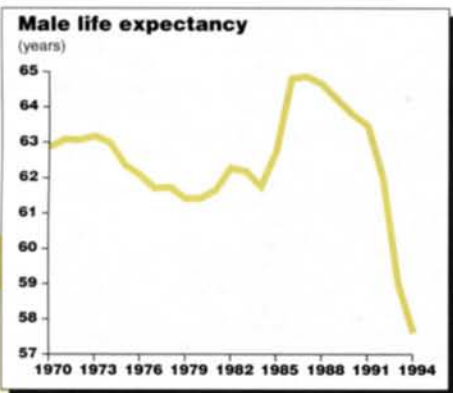
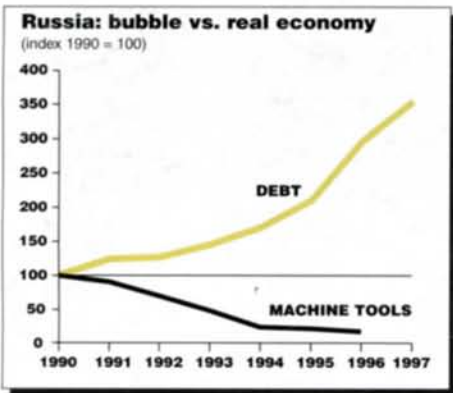
—Dec. 28, 1991

And who was wrong?

**Harvard economist
Jeffrey Sachs:**

"It is wrong in principle to judge of the progress of the reforms by the level of physical production, regarding its decline from month to month as evidence of failure of the reforms. Russia, for example, was the biggest steel producer, but did the people live better because of this? . . . The imbalances will be abolished only when millions of factory and office workers from the heavy industry sectors leave their usual jobs and get down to the business that society really needs."

—May 6, 1992



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