

# EIR

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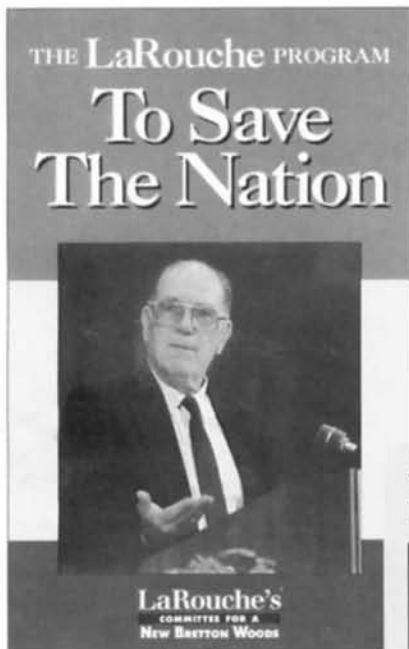
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LaRouche: An open plea to President Clinton  
Science versus 'new math' witchcraft  
Financiers fear Ukraine's anti-IMF leader Vitrenko

**Britain's war against FDR  
in the East Asian theater**



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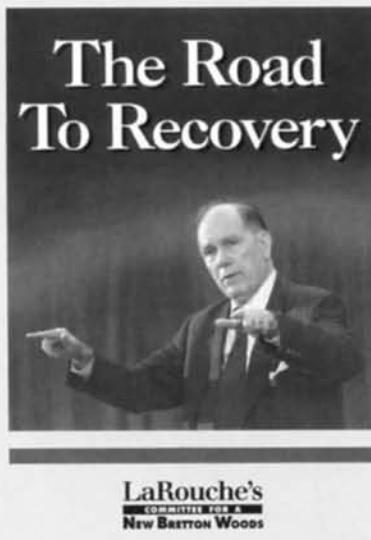
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## From the Associate Editor

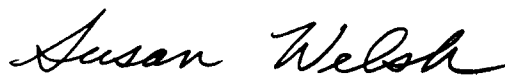
Look at the faces of the two leaders on our cover: Churchill, scowling, with his cigar clenched between his teeth; Roosevelt, cheerful, confident. The scene is Casablanca, January 1943. While engaged in a common war to defeat the Nazis, the two men are continuously quarrelling over what the *peace* will look like: specifically, what will become of England's colonies in Asia. Roosevelt demands that they be given independence, and help in raising their people's living standards; Churchill will have none of it. He wants American soldiers to fight and die to save the British Empire.

As Michael Billington shows in our *Feature*, the history of the postwar period in East Asia has been, in significant part, the history of the British effort to smash Roosevelt's Grand Design—to cut off the United States from its natural allies among the nationalist Asian leaders fighting for independence from the colonial powers. (Billington, a political prisoner who is serving the eighth year of a barbarous 77-year prison sentence in Virginia on trumped-up charges of "security violations," is himself a veteran of the Peace Corps in Asia, and a specialist in the history and culture of China.)

Today, we are in the "end-game" phase of that strategic battle waged between Roosevelt and Churchill. Lyndon H. LaRouche, Jr., in two statements published in our *Strategic Studies* section, stresses that unless President Clinton makes an *open break* with British policies, the world is heading straight for nuclear confrontation, including the use of weapons based on new physical principles—weapons which would render the Pentagon's current arsenal of "smart" technologies totally ineffective.

The necessity for such an open break by the President is underlined by the onrushing world financial crisis. As LaRouche writes in a message to Ukrainian candidate Natalia Vitrenko, who was injured in an assassination attempt because of her opposition to IMF policies (see *International*), the lunatic captain of the international financial ship "is ordering the mentally deranged members of the crew to destroy the lifeboats, because he does not wish anyone to lead the passengers to safety, away from his doomed ship."

LaRouche, and the forces rallying around him, are the lifeboats that offer hope to the world—if citizens and policymakers alike wake up in time, to the danger that is looming before them.



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## Malaysia's Mahathir says, 'The IMF is not an option'

by Gail G. Billington

Malaysia's Prime Minister Datuk Seri Dr. Mahathir bin Mohamad made an extraordinary intervention into the U.S. political and economic establishment during a four-day visit to New York City on Sept. 26-29, which included the annual dinner of the Asia Society, an interview on PBS-TV's Charlie Rose show, the launch of the Malaysia-U.S. Business Council, an address to the elite New York Council on Foreign Relations, and an address to the UN General Assembly. From New York, Dr. Mahathir traveled, via London, to Victoria Falls, Zimbabwe, for the third South African International Dialogue '99, where he joined nearly a dozen African heads of state and 400 participants in a three-day meeting to discuss their economic options.

The U.S. press blacked out the Prime Minister's trip. *EIR* provides limited excerpts from the address to the Asia Society and the speech to the UN General Assembly. The SAID '99 conference will be covered in a future issue. The message in New York and Africa was identical in this respect: "The International Monetary Fund (IMF) is not an option." Full texts of the four New York speeches are available, and well worth reading, at <http://www.smpke.jpm.my>. Subheads have been added.

### 'We are not about to lift controls'

*Excerpts from Dr. Mahathir's speech, "Financial Stability Through Exchange Controls: Malaysia's Experience," to the Asia Society annual dinner, New York, Sept. 27, 1999.*

. . . Since July 1997, Malaysia and a number of Southeast Asian economies together with Korea have been afflicted by such a severe financial crisis that it has destroyed the Asian tiger image of our countries. . . . As is well known, Malaysia adopted a home-grown set of policies and strategies as enu-

merated in the National Economic Recovery Plan (NERP) that was launched in late July 1998.

Since independence Malaysia had managed its economy and finances relatively well. We did not depend on foreign aid nor did we borrow much from foreign sources, neither the government nor the private sector. We, therefore, believed that we would not get into the kind of trouble that Thailand or the Latin American countries often suffer from.

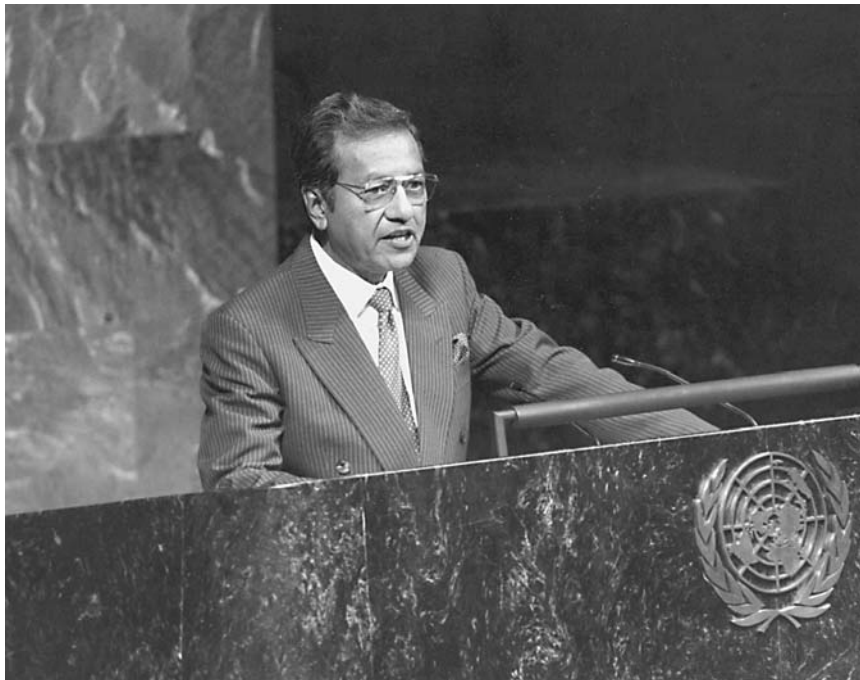
Unfortunately the currency traders did not spare us. . . . Corruption, nepotism, cronyism and lack of transparency were all there, all the while that the economies were achieving their so-called "miracles." . . .

The currencies only devalued rapidly when the currency traders started short-selling them. . . . Their leveraged funds were unlimited and it was futile for Central Banks to buy all that the traders were selling. . . .

I am sure all of you know how currency trading is done, but I have to relate the process because people talk of devaluation as if currencies have sensors and can detect when the governments are corrupt, nepotistic. . . .

Malaysia had some experience in currency trading, but we confined ourselves to the currencies of rich countries. . . . We never . . . could leverage enough in order to move the market in the direction we wanted. When Britain failed to join the European Monetary Union, we lost almost 2 billion ringgit [Malaysia's currency]. We got out, but we learnt valuable lessons, which stood us in good stead when our ringgit was attacked by currency traders. We knew what they were doing, how they were doing it . . . and were finally able to frustrate them and save our currency.

Initially, we thought of countering the currency traders' impoverishment of our country and people by increasing the



*“Since the IMF is not an option for Malaysia,” Malaysian Prime Minister Dr. Mahathir bin Mohamad told the Asia Society in New York during his recent visit, “we had to think of something homegrown. The only way for the economy to recover was for the exchange rate of the ringgit to be stabilized and the stock market to be protected from further attacks.” In this photo, Dr. Mahathir is shown addressing the UN General Assembly in 1992.*

incomes of all our people. This involved putting more money into circulation. . . . But it would not stop the currency traders. . . . We cannot print money and then destroy it. And so we rejected the idea. . . .

### **The National Economic Action Council**

We set up what we named the National Economic Action Council with members from both the private and public sectors. . . .

An Executive Committee of seven pored over economic data daily and decided on actions . . . to prevent the economy from collapsing and to rejuvenate it. Thus, the unemployment rate was minimized, inflation kept low, sales of goods . . . were stimulated, interest rates lowered and enough money made available to the banks; imports were reduced, while exports were increased. We watched the balance of trade as it turned in our favor.

We implemented scores of schemes to minimize the effect of the ringgit devaluation and the fall in share prices. We estimated we lost about \$50 billion in terms of purchasing power of imports and \$150 billion in market capitalization. . . . We had to put a stop to the slide or we would have to turn to the IMF . . . and surrender our control over our economy.

Malaysia is a multiracial country where wealth is not evenly distributed. In 1969, we had race riots due to jealousies

over economic wealth and political roles. We devised an affirmative action program and shared the governing of the country with more of the opposition parties. . . . Our strategy worked. . . .

The IMF wouldn’t understand this. They would force their standard formulas to be implemented. Banks owned by different ethnic groups, a politically sensitive matter, would be closed. Credit would be tightened, interest rates increased, and the NPL [non-performing loans] percentage would be increased by shortening the period of default. They would want to see companies bleeding to death to show how sincere the government is in implementing their orders. Foreigners should be allowed to buy shares unrestricted after the short-sellers had reduced the share prices to one-tenth of their former market value. The banks should be sold to rich foreign banks at fire-sale prices.

If the people suffer from unemployment and inflation, then they should blame the government for practicing cronyism and nepotism in the past, for being corrupt and not transparent. They should overthrow the government in order

to create confidence for foreign investors to buy up the local businesses. . . .

### **Preventing race riots**

The financial turmoil had already undone most of the success of the affirmative action. The IMF in its usual uncaring way, would worsen the situation further. And there would then be race riots and prolonged political instability. Then the foreign investors would not come in, as in Russia and Latin America, where there was a lot to be made by undermining the economies of these nations.

Since the IMF is not an option for Malaysia, we had to think of something homegrown. The only way for the economy to recover was for the exchange rate of the ringgit to be stabilized and the stock market to be protected from further attacks. . . .

To stop the currency traders from borrowing Malaysian ringgits and selling it down, the government declared that ringgits outside the country in whatever form . . . would not be allowed to be repatriated to Malaysia one month after the control was made official. . . . Effectively, this made ringgits held abroad totally worthless. . . . Short-selling was stopped and only the Malaysian government could determine the exchange rate. . . .

Making the ringgit worthless outside Malaysia . . . re-

sulted in a massive inflow of the ringgit. There were now sufficient funds in the banks for the interest rates to be lowered drastically. . . .

When the government was implementing the IMF policy without the IMF, an attempt was made to have a surplus budget by cutting back on government expenditure by 21%. Since 80% of government expenditure is on emoluments, cutting back by 21% meant no development expenditure. . . .

When controls were implemented, the government decided on a deficit budget and restarted all the development projects. . . .

When we imposed controls, we were vilified and condemned by practically the whole world. We were told our economy would be shattered. . . . We were called pariahs, idiots with no understanding of economics and finance.

Now the comments are kinder. Even our most virulent critics have admitted that we have succeeded. . . .

But now we are being advised to lift controls. . . . We are not about to do so, not unless the world curbs the currency traders and designs an international financial structure that is less liable to abuse by the avaricious.

I am trained as a medical doctor. I not only have to cure my patients but also to advise them not to expose themselves to a recurrence of the disease if possible. . . .

What is important to us is that we do well for our country and our people. . . .

### **'The world could become poorer because of free trade'**

*Excerpts from Prime Minister Dr. Mahathir's address to the 54th session of the UN General Assembly, New York City, Sept. 29, 1999.*

. . . Before we enter the 21st century, it is useful to review the events of the 20th century so we may learn from our experience and hopefully we will know how to conduct the affairs of the 21st century.

The 20th century saw the most destructive wars which destroyed billions of dollars of property and killed millions of people. . . .

When the greatest war in human history ended, this august body, the United Nations, was founded. We thought there would be peace as the great powers worked together in the United Nations. But not so. Immediately, the victors divided themselves into two camps and initiated the Cold War. . . .

For the colonies of European nations, there was an upside. . . . Countries gained independence, but their survival depended on their skills in playing the Western bloc against the Eastern bloc.

Unfortunately, this choice to defect to the other side did not last. Suddenly, the Communist side collapsed. . . . The Eastern bloc . . . were naive enough to think that after 70 years of command economy and dictatorship, they could overnight switch to the free market economy. . . . They soon found out

that they knew nothing about how to make the system work, and that they would get no help from the Western nations. Instead, the Western nations saw in their incompetent floundering, an opportunity to destroy the Eastern bloc, in particular, the principal flag-bearer [Russia], forever.

Even as the inability to manage a free market resulted in galloping inflation, destruction of state enterprises, and massive unemployment, the hedge funds and the Western financial institutions moved in to devalue the currencies and make debt defaulters of this once powerful enemy. . . .

The destruction of the Eastern bloc was complete. It could never again militarily challenge the Western liberal democratic free marketeers. . . .

For the small countries, the demise of the Eastern bloc is a major disaster. Now they are exposed to pressures, which they cannot resist. And, very quickly, they learnt that the free marketeers intend to milk them dry. As for their politics, the instability of the liberal democratic system that comes with a lack of understanding of its intricacies by the leaders, as well as the people, meant that they would stay in a state of continuous turmoil, verging on anarchy.

A few countries apparently managed to grow and prosper. But not for long. The currency manipulators and short-term investors of the rich soon impoverished these countries through devaluing their currencies and share prices. Impoverished and politically unstable, they were forced to borrow from the IMF. Whether by design or through sheer lack of understanding, the economic regime imposed by the IMF destroyed their economies further. Soon their political freedom was also subverted, and many had to accept political direction by the IMF, or the loans would not be made available. For practical purposes, there was no independence.

### **The threat of globalization**

And so, for the small independent countries of the world, the future looks bleak. They are now being told that the world should be borderless, that capital, goods, and services should flow freely between countries. There should be no discriminatory taxes to protect local industries or products. Local banks, industries, and products must compete on the same footing as imported products, and their banks and industries must compete with foreign banks and industries set up in their countries. No conditions must be attached to foreign banks and businesses. . . .

There will be no more big local companies. There will only be branches of large foreign companies. . . .

The efficient giants may produce better and cheaper goods, but if a country does not export its own products to earn foreign exchange, it will not be able to pay for imports. . . .

Free unrestricted flow of goods and services across borders may be good for a while. But, eventually, it will destroy markets and result in contraction of world trade. The world would actually become poorer because of free trade.

After the last World War, the confrontation between East



and West led to most of the colonies . . . becoming independent countries. . . . Unaccustomed to wielding so much power, many of these governments failed. . . .

But the principle that prevailed in the third quarter of the 20th century was that no one should interfere in the internal affairs of a nation. That, in fact, was the essence of independence. As long as the world was divided into Eastern and Western blocs, this principle was respected.

### **The 'Bush doctrine'**

But then a President [George Bush] decided that his country had a right and a duty to oversee that human rights are not abused anywhere in the world irrespective of borders and the independence of nations. No one conferred this right on this crusading President. But small things like that were not going to stop him.

The claimed victory of the West in the Gulf War was regarded as a moral endorsement of the right of the powerful to interference in any country's internal affairs. Soon it was not just human rights. Systems of government and the administration of justice, of the financial and commercial systems, came under the scrutiny of the powerful countries. They insist that there must be only one way of administering a country, . . . only one economic system for the whole world, and that is the free market system. They insist that there must be openness in everything. . . .

They seem to have forgotten that they took centuries to make their system work. Their transition from feudal oppressive rule was bathed copiously in blood. . . . Even today, their system has not brought about freedom and equity to large segments of their people. . . .

But the new countries are not going to be allowed time to learn and operate the system. . . . If their countries are destabilized, if their people suffer, if they regress economically, these are irrelevant. The important thing is that they must democratize and liberalize. If they fail to do so, they would be forced to do so through arm-twisting, trade sanctions, and military action, if necessary. That these measures are more oppressive than those of the disapproved regimes and systems does not matter. . . .

And so, giant currency traders, their funds leveraged a hundred times or more, are pitted against central banks with limited reserves and without leveraging rights. The economies of whole countries and regions are destroyed, but the cries for protection by these countries are ignored. . . . All the currency traders are doing is to discipline governments, so that they conform to the system. . . .

### **The issue of human rights**

There is a touching concern on the part of the West over human rights. But the definition of human rights seems limited to an individual's right of dissent against the government. Millions of people in a country will be made to suffer through sanctions and even bombings in order that a few

dissenters may enjoy their rights of dissent. Apparently, the rest of the population, hundreds of millions of them sometimes, have no rights. . . . Thus, the deprivation of the right to work for millions resulting from currency trading is not considered as a violation of human rights. In the Western perception, only individuals have rights, the masses do not. . . .

Child labor and sweat shops are not something which anyone would defend, but consider the extreme poverty of the people in some countries. They have no capital, no technology or expertise, no markets at home, no Harvard-trained managers. . . . For the workers, the tiny wages that they earn is far better than starvation and death. If we really care, then invest and pay high wages, and the sweat shops will disappear, and adults will earn enough to feed their children. . . .

The United Nations seems helpless. Indeed, it is often bypassed by the big and the powerful. Now, groupings of powerful nations or even one nation by itself seems to decide when to step in, and when to step out. While they like to wield power, they are inordinately unwilling to pay the price. Telewars are conducted using high-technology . . . to avoid the body bags from coming home. This unwillingness to face the enemy often results in unnecessary killing of innocent people and destruction of wrong targets.

Unfortunately, no one should expect any change for as long as the United Nations belongs to the Permanent Five. The structure of the United Nations will continue to reflect the glorious victory of these nations fifty years ago. . . .

This, then, is the scenario in the last quarter of the 20th century. We will carry this baggage into the 21st century and the new millennium. For the poor and the weak, for the aspiring tigers and dragons of Asia, the 21st century does not look very promising. . . .

Malaysia has just gone through a very traumatic experience. In a matter of weeks, 42 years of hard work to develop the country was destroyed, in particular, the affirmative action to reduce the animosity between the races in Malaysia.

We have devised our own formula for recovery. . . . But we are being pressured to abandon our currency controls. We do not understand. It has done us a lot of good. . . . But we are still being urged to conform to an international financial system, which has enabled the unscrupulous to destroy the wealth of many nations.

No serious attempt is being made to change the international financial system. So far, there is only talk. . . . But the threat of financial, economic, and political destabilization remains.

Malaysia only wishes to be allowed to manage things in its own way in the interest of its own people. . . .

We are not too enchanted by the prospects we foresee in the next century. But I can assure you that we will be a responsible nation, friendly toward all who are friendly toward us, and harboring no bad intentions toward anyone.

# Greenspan, Rubin balked at Eddie George gold sale

by Jeffrey Steinberg

The shocking Sept. 26 announcement by 15 European central banks, that they are placing a cap on gold sales and gold leases over the next five years, reversing the Blair government and Bank of England drive to demonetize gold, was de facto backed by America's two leading financial and monetary policymakers, Federal Reserve Board Chairman Alan Greenspan and former Treasury Secretary Robert Rubin.

On May 20, 1999, Greenspan and then-Treasury Secretary Rubin testified at the House Banking Committee. Toward the end of their questioning, Rep. Ron Paul (R-Tex.) asked them about the recent announcements by the International Monetary Fund (IMF) and the Bank of England, headed by Eddie George, that they planned to sell off portions of their gold reserves. Both officials responded sharply that the United States would not support such a policy, and would not take any steps to reduce America's gold reserves.

While the international press has all but ignored the Sept. 26 central bankers' policy announcement (which was endorsed the next day by the Bank of Japan), American physical economist Lyndon LaRouche characterized the move as a "breath of sanity" by the world's leading central bankers, and a potential move toward his own proposal for a New Bretton Woods System.

For the record, *EIR* provides excerpts from the Greenspan and Rubin remarks at the May 20 hearings:

## 'Gold is the ultimate means of payment'

**Paul:** Let me address my question on gold to what the central bankers are doing with gold, as well as the IMF. The IMF is planning to sell gold, and they've announced that. And they seem to do this in a way that it does affect the market. The gold prices usually go down.

Now the purpose of the IMF selling gold is to—is called to help the Third World nations' debt problems. Yet, at the same time, the money that they are getting from these sales of gold really isn't directly helping them, but is going to be put into account, and the interest, which I would think would be a very small amount, would be helpful. So, it seems like the announcement might have been the most important thing.

Central bankers around the world systematically have either announced loans, or sales from, for more—about six years. And if they sell the gold, they make the announcement,

and then usually several months later they sell the gold for a lot less than the market was when they decided to do it.

We saw the best example of this just recently with the British making an announcement—yes, indeed, they will sell 400 tons of gold, and the gold price promptly dropped. . . .

I have a couple specific questions. Once the sales are announced, and then they sell this after it falls, you just wonder why would they do it that way. And there may be some beneficiaries to this, because those individuals who have been borrowing gold from central bankers to a large degree over the past six years would be in big trouble if the price of gold goes in the other direction. They'll be hit with a short squeeze, and there will be major trouble. . . .

**Greenspan:** Congressman, it's fairly evident that central banks are acutely aware of the fact that if they announce they're going to sell gold, the price will go down, and if they then sell it, they're getting a lower price. And it's true no self-respecting private trader would ever think of doing such a thing.

The reason they do it, is they believe it's appropriate that they not take advantage of the market. . . . I can assure you it's not because they're dumb. They know fully well what they are doing.

**Paul:** Gold essentially has been demonetized and it's proceeding—even the Swiss now are talking about selling half of their gold. And if this is the case, would you advise that we should seriously think now about getting rid of our gold, getting rid of it out of the IMF, get rid of it out of our Treasury? Why hold it if we demonetized it? Milton Friedman would agree with this, and he's pretty good at monetary policy.

**Greenspan:** I agree with virtually everything Milton Friedman usually says. This is one of the few times I don't.

**Paul:** Why do we need it?

**Greenspan:** Well, it's a very interesting issue. This issue, incidentally, was debated in the United States in 1976, and the conclusion was that we should hold our gold. And the reason is that gold still represents the ultimate form of payment in the world. It's interesting that Germany in 1944 could buy materials during the war only with gold. Fiat money paper in extremis is accepted by nobody, and gold is always accepted and is the ultimate means of payment and is perceived to be an element of stability in the currency and in the ultimate value of the currency.

And that historically has always been the reason why governments hold gold. But I can wax eloquently on this issue. It's the Secretary of the Treasury and the Treasury which owns it, so I am—I am just really a side commentator. He has the real answers.

**Rubin:** It is always good to hear from a citizen, though.

I don't think, Dr. Paul—I do think it is correct, I do think that the IMF's selling of gold is sound and sensible for their purposes. I do not think the United States should sell its gold for a whole host of reasons. It is a complicated subject, but I agree with the conclusion of the chairman.

# Record U.S. current account deficit signals disaster ahead

by Richard Freeman

The U.S. current account deficit reached \$80.7 billion for the second quarter of 1999, the highest level in history, the Commerce Department announced on Sept. 14. This followed a current account deficit of \$68.7 billion for the first quarter, putting the current account deficit for the first half of this year at \$149.4 billion, also a record. Were this trend to continue, the United States would register a current account deficit of \$300-320 billion for 1999. This deficit indicates that America's trade flows, and other elements that make up the current account, are seriously misperforming. The high level of the current account deficit represents a strategic danger.

First, the U.S. trade deficit—trade is a major included element of the current account deficit—is large, and growing. In order to survive, America must import a growing amount of goods; its physical economy is no longer capable of producing the physical goods upon which the population's existence depends. A growing share of its imports are produced in countries dominated by free trade conditions, in which, exacerbated by the North American Free Trade Agreement (NAFTA), workers toil under virtual slave-labor conditions. Second, a traditional way that the United States has offset its current account deficit, is by having large flows of money come into America from abroad. Were foreigners—realizing the risk of having money invested in the bubble-ized U.S. financial system—to cut back or even reverse those flows, the United States would be unable to cover its current account deficit. The succeeding chain of events would be a large fall in the U.S. dollar, and a sharp de-leveraging of the U.S. financial system.

We look at what the current account balance is, and the process by which, during the 1990s, America's current account has grown increasingly negative.

## Current account

The current account balance is the sum of three balances: trade in goods and services, investment income, and net unilateral transfers. The balance on trade in goods and services is clear: Nations that run a surplus on trade in goods and services are exporting more goods and services than they import. The investment income balance is the income which American individuals, firms, and governments earn on their investments abroad, minus the income which foreign individuals, firms, and governments earn on their investments in the United States. The net unilateral transfers balance is the funds

that U.S. government agencies (such as the Agency for International Development) and private charities (such as the Red Cross) send abroad in food and humanitarian and other aid, plus the remittances that foreign workers living in the United States send to their home countries, minus the level of funds that foreign government agencies and private charities send to America in food and humanitarian and other aid, plus the remittances that American workers living abroad send to the United States.

**Table 1** shows that America ran a trade deficit on goods and services of \$54 billion in the first quarter and \$65 billion in the second quarter; for the first half of 1999, America's trade deficit on goods and services stood at \$119 billion. That constitutes 79%, nearly four-fifths, of America's first half of 1999 current account deficit of \$149.4 billion. The trade deficit is the leading component of the U.S. current account deficit.

**Figure 1** shows that the U.S. trade balance in goods and services has sharply deteriorated since 1970, the result of implementation of the British financier-steered post-industrial policy in the United States. Two policy decisions were key in this. The first was President Richard Nixon's delinking of the U.S. dollar from the gold reserve standard in 1971, which ushered in the floating exchange rate system. The effect was not seen immediately; in 1975, the United States ran a trade surplus on goods and services of \$12.5 billion. But, starting in 1976, the balance on trade in goods and services became negative, and has grown worse ever since. Second, in October 1979, Federal Reserve Board Chairman Paul Volcker began instituting a decisive phase of the policy he called "con-

TABLE 1  
**Balances and current account balance**  
(billions \$)

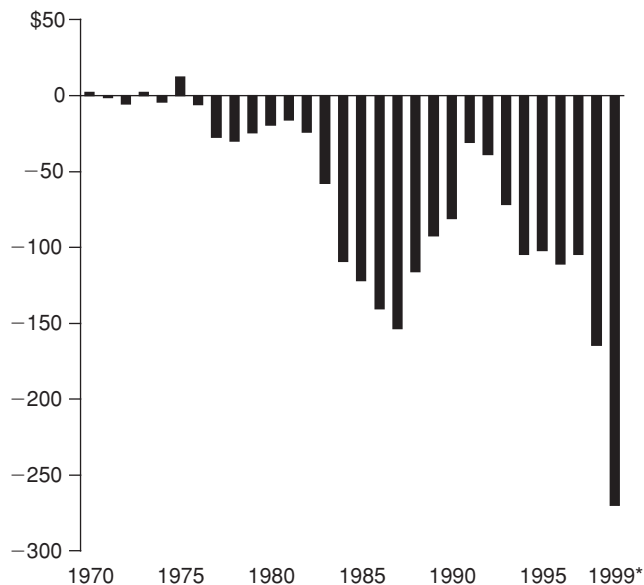
	1st Quarter	2nd Quarter	First two quarters combined
Balance on goods and services	-54.0	-65.0	-119.0
Balance on investment income	-4.3	-4.4	-8.7
Balance on net unilateral transfers	-10.3	-11.3	-21.6
Balance on current account	-68.7	-80.7	-149.7

Source: U.S. Department of Commerce.

FIGURE 1

**U.S. trade balance on goods and services**

(billions \$)



\*Estimated.

Sources: U.S. Department of Commerce; *EIR*.

trolled disintegration.” Volcker sent interest rates into the stratosphere; by February 1980, the prime lending rate in the United States was 21.5%. By design, this withered manufacturing and agriculture; hundreds of machine-tool plants, steel factories, and other productive operations shut down. In this environment, speculation flourished. America began to make up for the goods that it no longer produced, by importing.

The passage of NAFTA in 1993 was an additional, powerful negative force. It established a system of slave-labor *maquiladoras* in Mexico; American industry began outsourcing production there, closing down operations and firing workers in the United States. But, while NAFTA is formally a treaty among the United States, Mexico, and Canada, in fact, it enforced a system of slave-labor throughout the world, as other regions gouged wages in order to compete.

The U.S. trade deficit in goods and services for the first seven months of 1999 was severe. In July, it was \$25.2 billion. (The U.S. Commerce Department’s accounting of the U.S. trade deficit is of goods and services, so that is what we use here. But, *EIR* has shown that concentrating on the deficit of physical goods alone—putting aside services, which in many cases add nothing of value to the economy—the picture is even worse. For example, in July, the U.S. deficit of physical goods was \$31.7 billion.) It is estimated that the U.S. trade deficit of goods and services for 1999 will reach an unprecedented \$250-270 billion.

**Figure 2** shows that the U.S. current account deficit paral-

lels the U.S. trade deficit of goods and services.

America’s gigantic current account deficit shows that the U.S. physical economy and financial system have serious problems which require correction. However, many U.S. policymakers and financiers have become cavalier about the deficit, stating that it is a minor problem that “can be handled.”

**‘Balancing’ the current account deficit**

No country can continue to run huge current account deficits without incurring drastic consequences. For good reason, in traditional international trade and capital terms, it is required that a current account deficit be balanced, or covered by an offsetting flow of money. In 1998, the United States ran a record \$220.6 billion current account deficit. If present trends continue, the United States will register a current account deficit of \$300-320 billion for 1999. This means that during the course of the year, America will ship the equivalent of \$300-320 billion in net funds out of the country to pay for goods and services, and for other purposes—an amount equivalent to more than half of America’s entire physical cash money supply now in circulation. Two years of American current account deficits of \$300 billion, and the United States would exhaust all its cash trying to pay for them. Since 1980, America has run a cumulative current account deficit of \$1.58 trillion. While America does not pay for most of its imports in physical dollar bills, had it tried to do so, it would have long ago run out of money.

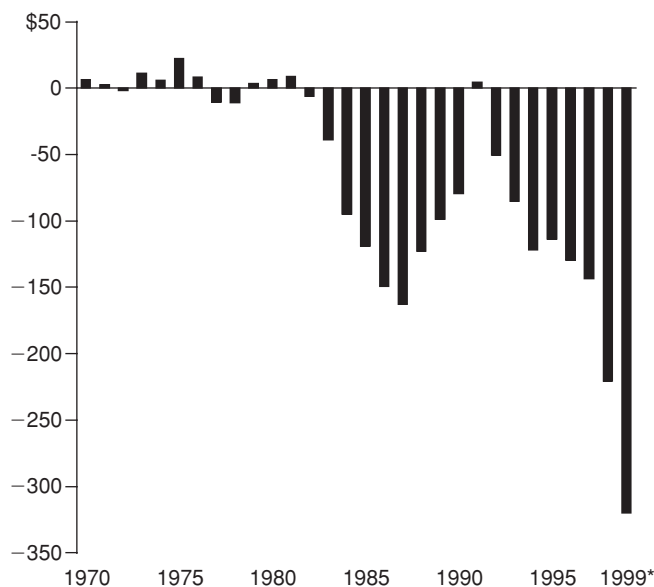
What foreigners receive from America are bills of trade, or comparable instruments, that is, dollar-denominated U.S. IOUs. These are real obligations. America has historically sought to have foreigners bring those dollar-denominated IOUs back into the United States, by investing them, or their equivalent, in U.S. assets in the United States. Thus, foreigners would buy U.S. assets, such as U.S. Treasury bonds, U.S. stocks, U.S. corporate and municipal bonds, or buy outright, that is, take over, U.S. companies. In each case, the foreigner would pay for the purchase with dollars, bringing the dollars back into the United States.

This gets to what is called the capital-financial account. America runs a *capital-financial account surplus*, where foreigners buy more U.S. assets (U.S. stocks, bonds, etc.) than Americans buy foreign assets (foreign stocks, bonds, etc.). America “benefitted” from this, in the (short-sighted) short term. During the second quarter, American individuals and institutions bought \$124.2 billion worth of foreign assets, but foreigners bought \$241 billion worth of U.S. assets. This led to a second quarter \$116.8 billion *net* capital-financial account surplus for the United States: that is, \$116.8 billion more foreign capital seeking investments flowed into the United States than flowed out of the United States abroad.

Since the net capital-financial account offsets the net current account deficit, then, during the second quarter, America’s \$116.8 billion net capital-financial account surplus was more than sufficient to offset America’s \$80.7 billion current account deficit. It is this gimmick that America has been play-

FIGURE 2  
**U.S. current account balance**

(billions \$)



\*Estimated.

Sources: U.S. Department of Commerce; *EIR*.

TABLE 2  
**Composition of foreign-owned investment in United States, 2nd Quarter 1999**

(billions \$)

Foreign direct investment	\$118.6
U.S. liabilities (largely banks) to foreigners	49.4
Net foreign purchase of U.S. stocks	28.8
Net foreign purchase of U.S. corporate bonds	48.5
Net foreign purchase of U.S. Treasuries	-5.5
Other	1.2
Total	\$241.0

Source: U.S. Department of Commerce.

ing for much of the past decade and a half. It creates tremendous instabilities, with the potential for an explosion of the financial system.

First, consider **Table 2**, which shows the composition of the \$241 billion which foreigners made in new investments in the United States during the second quarter. It offers a glimpse into the nature of the movement of the active financial flows between the United States and the rest of the world; it also pinpoints the great dangers.

Table 3 shows that during the second quarter, foreigners

sold off net \$5.5 billion of U.S. Treasuries (they sold \$5.5 billion more U.S. Treasuries than they bought). Also during the second quarter, foreigners increased their purchases of U.S. stocks and corporate bonds by a sizable \$28.8 billion and \$48.5 billion net, respectively. Moreover, they made considerable foreign direct investment, at \$118.6 billion; foreign direct investment means foreigners are gobbling up U.S. companies.

The United States has been desperately relying on the hope that the level of purchases by foreigners of U.S. assets will continue to go higher and higher, as the U.S. current account deficit rises higher and higher. In part, U.S. financial arrangements are rigged to keep this game going.

But, there are unresolvable problems. First, during the second quarter, foreigners made direct investments, that is, took over American companies, to the tune of \$118.6 billion. This is an annualized rate of almost a half-trillion dollars of foreign take-overs of U.S. companies per year. That is far from a sound strategy for dealing with a growing current account deficit. Second, the more that foreigners purchase U.S. assets, the more that America will have to pay in *income* to foreigners on their U.S. holdings. It will be recalled that the income paid on investment is an element of the current account balance. Thus, this will increase the U.S. current account deficit further.

This strategy cannot be sustained—there is no way that such high volumes of foreign funds could continue to pour into the United States, at the rate of nearly one-quarter of a trillion dollars per quarter. No policymaker should think that that could happen. The U.S. financial system is a speculative casino, which exists because of high levels of leverage. It has attached to it \$23 trillion worth of indebtedness, and \$55 trillion in U.S.-held derivatives outstanding. As financial instabilities increase, the danger of financial disintegration increases. Foreign investors, many of whom are skittish about the U.S. financial bubble, will yank out funds, rather than put them in. Foreign new investment flows into the United States, which were \$241 billion during the second quarter, will fall to less than \$100 billion, or, as conditions become intense, may become negative, as foreigners disinvest. The whole rigged game then falls apart.

At that point, two pronounced consequences would follow. First, U.S. dollar-denominated instruments and, consequently, the U.S. dollar itself, will be seen as unstable, and not advisable to hold. This will create a severe dollar crisis. In turn, that would accelerate the flow out of the dollar and dollar-denominated instruments. This would implode the inflated U.S. financial system. It would abet the process of reverse-leverage of U.S. financial instruments.

Second, foreign nations and companies would be less willing to sell their products in exchange for U.S. dollar-denominated IOUs. This would expose the fundamental weakness—that America cannot produce its own existence. The contraction of imports would collapse the physical economy even further.

# Business Briefs

## Trade

### CIS customs union belies hopes for integration

The Commonwealth of Independent States (CIS) has failed to promote regional economic integration, Kazak President Nursultan Nazarbayev said on Sept. 24 in the Kazak capital of Astana, according to Xinhua, the Chinese news agency, on Sept. 30. "The CIS is losing its sense as a cooperative organization," he stated. "The CIS is not heading for integration but rather disintegration."

Nazarbayev's remarks followed talks with government heads from Russia, Belarus, Kyrgyzstan, and Tajikistan, who had met to sign a series of accords on economic cooperation. The four and Kazakstan had set up a customs union last February in Moscow, in an effort to survive the severe economic aftermath of Russia's financial crisis, in addition to the financial crises in Asia and Brazil.

CIS integration should be economic integration first of all, said Nazarbayev, yet trade among CIS countries has shrunk 70% since 1991. In the first half of this year, he added, Transcaucasian countries saw their trade with CIS members down 40%, and that with Kazakstan down 20%. Moreover, he complained, CIS members have signed thousands of documents, but only 5-10% of them have been implemented.

Nazarbayev said that he hoped that, with concrete actions and measures, the five-nation customs union will be able to set an example for CIS integration.

## AIDS

### Drug cocktail treatments are failing

The "triple drug cocktail" treatments, consisting of antiretroviral drugs including protease inhibitors, are becoming less effective, and the number of deaths from side effects of the drugs are rising, scientists told a recent meeting of the American Society of Microbiologists, Reuters reported on Sept. 27. Drug-

resistant strains of HIV are on the rise, and, according to Dr. John Mellors of the University of Pennsylvania, "The concern is that there will be a new wave of disease."

Deaths from AIDS had dropped by 42% between 1996 and 1997, but between 1997 and 1998, the number of deaths was only 20% fewer. Serious side effects of the multidrug treatment, such as high levels of lactic acid in the blood, have led to weight loss.

According to a study by the Food and Drug Administration, more than half of patients who developed lactic acidosis due to multidrug treatment died. The new study also showed that about one-third of patients who started on the triple-drug therapy a few years ago are now seeing increased levels of the virus in their bloodstream.

## Infrastructure

### Italy's D'Alema wants Europe-wide projects

"National projects are not enough" to create a favorable climate for economic growth in Europe, Italian Prime Minister Massimo D'Alema told an audience in Nimes, France during a recent visit. The Italian premier cited the white paper of former European Commission President Jacques Delors, and Delors's investment program, as giving the needed direction, according to reports in the Italian daily *L'Unita* on Sept. 27.

Prime Minister D'Alema has focussed repeatedly on the need for infrastructure development, in a series of recent speeches which have been blacked out by the press.

In a speech to a business fair in Bari, southern Italy, earlier in September, D'Alema said: "In 1997 the index of economic infrastructure (transportation, communications, energy, water) in the Mezzogiorno [Southern Italy] was equal to 52% of the infrastructure in the center-north of the country. In the same year, the level of social infrastructure (education, health) amounted to slightly less than 60% of that in the center-north. To close this gap is the direct responsibility of the state."

In the speech, D'Alema also spoke of Italy's role in reconstructing the Balkans: "It is

an opportunity for Italy and the Mezzogiorno, in this Mediterranean which can cease to be a border to patrol, and become a bridge to the Balkans, toward the other side [of the Mediterranean]. I'm thinking of the policy of friendship with Iran, which is now coming onto the international scene; I'm thinking of Libya, which is coming out of her isolation and again finding her place among nations; I'm thinking of Algeria, for whom we hope to see a future of peace, and we want to help end her conflicts; I'm thinking of the peace in the Middle East, to which we have also contributed, and which is an extraordinary opportunity for Italy and the Mezzogiorno.

"The Mezzogiorno thus finds itself at the center of a Mediterranean in which the specter of war and integralism is retreating, and the possibility of cooperation, peace, and development is moving forward."

## Germany

### Professors urge: Don't abandon nuclear energy

On Sept. 29, a "Memorandum by German Scientists on the Planned Abandonment of Nuclear Energy," signed by 570 German professors from 50 research institutions, was handed over to the German government. The memorandum calls on the government to "seriously rethink the role of nuclear energy," in particular due to the important improvements in security technology in recent years and the devastating consequences the abandonment of nuclear technology would have for the German economy.

Under these circumstances, energy policy cannot just automatically follow "party congress decisions from the 1970s and 1980s without any revision." If Germany were to close down its nuclear power plants, and at the same time stick to the environmental aims agreed to at the Rio conference, investments of up to 700 billion deutsche-marks (roughly \$450 billion) would be required, they said.

While German politicians are unwilling to recognize the improvements made in nuclear technology in recent years, there is obviously a different trend in the German popu-

**RUSSIA** plans construction of a new oil pipeline, bypassing Chechnya, for the transport of Azerbaijan's Caspian Sea oil. Russian Fuel and Energy Minister Viktor Kalyuzhny said at a meeting with Azeri President Heidar Aliyev on Sept. 22. If the project becomes a reality, it would be an important flank against British operations to isolate Russia.

**RICHARD GRASSO**, head of the New York Stock Exchange who recently met with FARC narco-terrorists in Colombia, said that Americans are unprepared for the sort of "nuclear winter" bear market that occurred in the late 1960s and early 1970s, but that he thought it was coming, according to business columnist Fred Barbash. Grasso apparently expects a 2,500-point dive in the Dow.

**THE IRAN-CHINA** Joint Economic Commission is preparing for its 10th meeting in Beijing. China has appointed Wu Yi, said to be one of the key figures in the country's economic affairs, to head up its side. This has been read in Tehran as an indication of the importance China places on relations with Iran. China's projects in Iran include five cement factories, hydroelectric and thermal power plants, the Tehran subway, and a zinc mill.

**ANTIGUA**, a member of the British Commonwealth, has issued banknotes bearing images of the most feared pirate ships, with "the most recently approved official portrait" of Queen Elizabeth alongside in at least one of the designs, according to a brochure issued by the government. The banknotes are intended for collectors.

**UNICOM**, the Chicago-based parent of Commonwealth Edison, and Philadelphia-based PECO Energy announced on Sept. 23 that they will merge. The new company will be the fourth-largest power generator in the nation and will have, said PECO chairman Corbin McNeill, "the largest nuclear fleet in the country." Since 1997, PECO has concentrated on increasing its nuclear power plants in a venture with British Energy Co.

lation. According to a recent poll by the Allensbach agency, 38% of the German population believes that the government's position on nuclear power is "irrational." The percentage of Germans who perceive themselves as "enemies of nuclear energy" has continuously fallen, from 18.6% in 1992 to 11.8% today. In particular, among young people in Germany, states the poll, nuclear energy is no longer seen as a dangerous matter.

## Agriculture

### European farm crisis enters new phase

A catastrophic fall in farm prices, resulting in a strong decline in total farm income, and additional cuts in support payments for agriculture by the governments and the European Union, paint a very grim picture for the farm economy. And, future prospects are that things will become even worse.

In Great Britain, which led the European agricultural downturn, farmers have started to cull their animals because they can no longer afford to feed them. Older lambs especially are practically unsellable. The London *Daily Telegraph* prints photos showing farmers standing in a heap of dead lambs, which they are about to put into a mass grave. The paper quotes one of them saying, "We are farmers, and it is our job to produce food for people to eat, not to act as slaughtermen." Neighboring farmers are helping each other to kill the animals, because usually the owner just cannot overcome his revulsion to this senseless slaughter, and upon which the economic existence of his family depends. In other places, such as North Wales, farmers dumped 300 sheep at an animal welfare center, telling the animals' rights people to take care of them.

On the continent, farmers and farm organizations have been staging protests to alert the public. In south Germany, there have been numerous local and regional demonstrations and confrontations with politicians. In France, there have been protests going on for many weeks throughout the country. There, the farmers declared "a war for the

profits in the food trade." They are battling against steadily growing pressure by the big food chains, that are lowering the prices they pay to farmers as they wish. With that, they get a free hand to lower the consumer prices and to expand their market share.

One of the big targets is MacDonald's. A few weeks ago, one MacDonald's restaurant under construction was completely destroyed by farmers. The farmers are protesting what they call an "aggressive policy of the United States against European farmers," in respect to the upcoming World Trade Organization negotiations.

## Brazil

### Supreme Court rejects 'excessive' taxes

A Brazilian Supreme Court ruling has rattled markets and put into question Brazil's ability to pay its debt. As a result of the Supreme Court's ruling striking down two tax measures, the Cardoso government will lose \$1.3 billion in revenues.

Last January, after much arm-twisting and four defeats, the government finally won congressional approval of a plan to impose an 11% social security tax on retired public employees' pensions, and a 25% tax on the salaries of current public employees. But the Supreme Court ruled that the two measures represented "excessive" taxation. Both were crucial elements in the package the government had presented to the International Monetary Fund (IMF) early this year, and were supposed to aid in reducing the \$62 billion budget deficit, and thereby boost "investor confidence."

While the usual gaggle of Wall Street "experts" insists that this is an "isolated incident," there is great nervousness over the implications of the ruling, especially coming after Ecuador's default. One ING Barings analyst moaned, "This is real bad. They're going to have to come up with something to replace this lost revenue, and they're already running a tight budget." A Brazilian banker added, "It increases the perception of risk. It's an outcome the market wasn't counting on."

## Britain's Cold War against FDR's Grand Design: the East Asian theater, 1943-63

by Michael O. Billington

*Editor's note: The following report is the work of a veteran of U.S. Peace Corps service in Southeast Asia, who, in 1989, resumed his role as a specialist in the modern history of Southeast Asia and its relations. For today's readers, especially those government officials and other specialists who are, chiefly, ignorant of the actual 1941-99 history of U.S.A., British, India, and China policies in this region, Michael Billington's report provides an urgently needed warning against the new quagmires and other follies into which the U.S. government is stumbling, once again, today.*

### Introduction

One of the most precious legacies of the U.S. Presidency of Franklin Delano Roosevelt, was his unremitting dedication to the abolition of Portuguese, Dutch, British, and French colonialism. He told Winston Churchill, as reported by his son Elliott Roosevelt, that he was not fighting World War II in order to preserve the British Empire, but that the post-war world must see the former colonies developed economically with American System methods and technology.

With FDR's untimely death in April 1945, the British monarchy succeeded in reversing Roosevelt's intent to eradicate imperialism. President Harry Truman, guided by British assets Dean Acheson and Averell Harriman in the State Department, openly endorsed the recolonization process. This included the Asian colonies which had been conquered and occupied by the Japanese during the war.

But the spirit of freedom unleashed worldwide by Roosevelt's America, both in prosecuting the war against fascism, and in linking that fight to the cause of independence and

development in the once-colonized regions of the world, did not die with Roosevelt's passing. For the following two decades, nationalist leaders committed to the freedom and economic modernization of their nations fought to create a new world economic order, and looked to the United States for support against continued colonial and neo-colonial oppression and forced backwardness under British, French, Dutch, Belgian, and Portuguese control. Many nationalists in the colonial nations developed a clear understanding of the difference between the two opposing ideas within the Western allied leadership. Rather than seeing only a monolithic, British-centered colonial structure in the West, as had been the case for most of the twentieth century, they saw in FDR a different type of leader, with an American-System outlook which revived the founding principles of the Republic, that "all men are created equal, with certain inalienable rights."

Those principles of the American Founding Fathers were, and still are today, the highest political expression of the idea of the nation-state as developed during the fifteenth-century European Renaissance. Based on the revival of the Platonic/Christian view of man as being in the image of God, the nation-state rejected the feudal, imperial model which considered the majority of mankind as no better than cattle, serving the feudal lord and the imperial sovereign. Based on the view that every child was born with the capacity for creative reason, the nation-state aimed to serve the citizen, providing a means for each man or woman to contribute to the enhancement of the nation, and to civilization as a whole.

The battle to create sovereign nation-states in Europe was largely defeated by the oligarchical powers centered in Ven-





*President Harry Truman (left) with Sir Winston Churchill, 1952. After Franklin D. Roosevelt's death, Truman endorsed the recolonization process which Churchill had demanded, and which Roosevelt had so strenuously opposed. But still, the spirit of freedom did not die, as nationalist leaders in Asia continued, for two decades, to look to the United States for support against the recolonizers.*

ice and, later, in London, over the course of the sixteenth through the eighteenth centuries. The proponents of the Renaissance world view turned the focus of their efforts and their hopes toward the New World. The American revolutionary victory against the British was supported by, and gave strength to, those who upheld the Greek-Classical tradition in Europe, just as it inspired true nationalists throughout the Third World in the twentieth century.

Within the United States, however, the legacy of the Founding Fathers and of Abraham Lincoln's republican leadership was nearly destroyed under such Anglophile Presidents as Theodore Roosevelt and Woodrow Wilson, who ushered in a twentieth century of British-instigated global wars and global depressions. Franklin D. Roosevelt's Presidency marked a dramatic return to American System principles, to meet the greatest crisis faced by mankind up to that time.

Unfortunately, under President Truman, and then under the domination of the Dulles brothers, Allen and John Foster, during the Eisenhower years of the 1950s, the United States increasingly functioned as an enforcer of a renewed British imperial order. The medium for this "British brains, American brawn" system of global domination, was the British-created and British-run Cold War.

This report will explore the British destruction of the post-war global economic development potential pursued by FDR, focussing on East Asia, the central battleground between the renewed colonialism and a new world economic order. It will examine the role of Indonesia's independence leader Sukarno, India's Jawaharlal Nehru, and China's Zhou Enlai, in bringing about the famous Asian-African Conference in

Bandung, Indonesia in 1955, and the subsequent creation of the Non-Aligned Movement. It will explore the promise of America's return to its historic principles under the leadership of John Fitzgerald Kennedy, snuffed out by British intelligence in 1963. It will also examine the treachery of Louis Mountbatten, Winston Churchill, Anthony Eden, and others of the British oligarchy in replacing FDR's dream for Asia with a half-century of the most genocidal warfare in the history of mankind—and the perfidy of those Americans who served that British purpose.

Today, Asia has again become the center of a battle between development-oriented sovereign nation-states and the "world government" dictates of the new colonial power centered in the British-American-Commonwealth banking cartels and their wholly-owned subsidiary, the International Monetary Fund (IMF). And, again, the United States is being called upon by the British and the financial oligarchy to betray the majority of the world's population, to serve as the enforcer of a new colonialism. May the lessons of the failure of American leadership in the 1950s and 1960s contribute to more reasoned and more courageous leadership today.

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## **I: Subverting the Atlantic Charter**

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By Spring 1945, the opportunity to exert a new world power, superseding the kind of financier oligarchical world-power hitherto exerted by Britain et al., lay within the reach of the U.S. President. Under Roose-

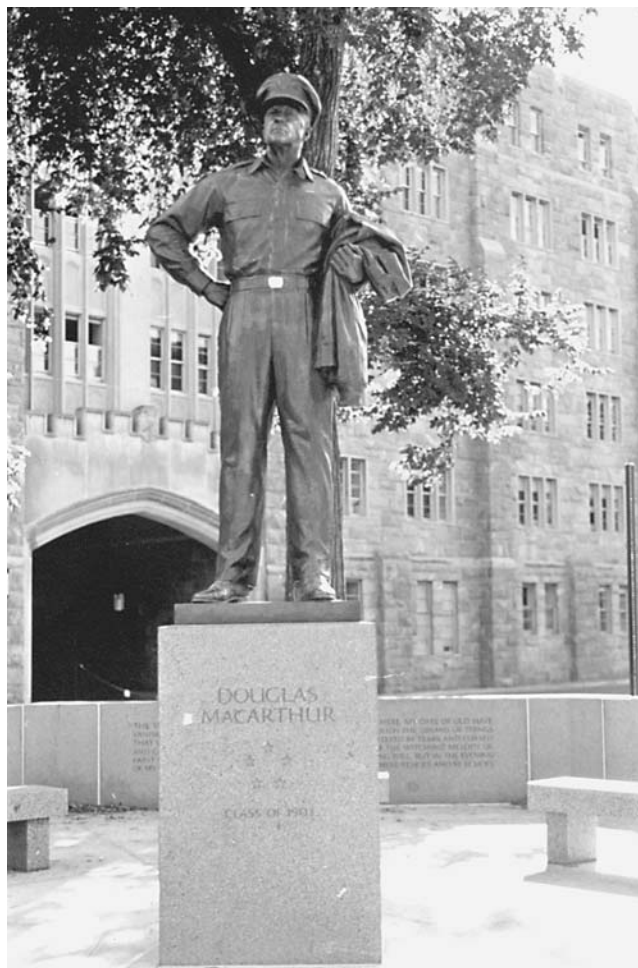
velt's post-war policy, the U.S.A. would be no empire; nonetheless, we were in a position to determine the shared, characteristic features of the global financial, monetary, and economic relations among sovereign nation-states. Under those historically specific circumstances, we in the U.S., had nothing to fear from the power of a Soviet Union or China, nor need we desire to establish imperial authority over their internal affairs. It was we, the U.S.A., who were now in a position to determine the global set of financial, monetary, and economic rules of the game, rules which would affect the relations among all states of this planet.

If only we had seized that wonderful opportunity. —  
Lyndon LaRouche<sup>1</sup>

The British diplomatic archives of the last years of World War II are replete with whining and hair-pulling about American intentions regarding the Japanese-occupied European colonies of Asia. The British knew that neither FDR nor U.S. Supreme Commander in the Pacific, Gen. Douglas MacArthur, could be trusted to defend European “property rights” in Asia. The Atlantic Charter, signed by Roosevelt and Churchill in 1941, pledged to “respect the right of all peoples to choose the form of government under which they will live, and . . . to see sovereign rights and self-government restored to those who have been forcibly deprived of them.” This pledge meant nothing to Churchill, who claimed, with classic British imperial arrogance, that the Charter simply did not apply to the British Empire. In fact, the British intended to exempt all the European colonies, not just their own, from the promise of self-determination in the Atlantic Charter, and in particular those of the Dutch in Indonesia (the Netherlands East Indies) and the French in Vietnam, Laos, and Cambodia (French Indochina).

A British War Department memo of February 1944 captures British sentiment: “Our main reason for favoring the restoration of Indochina to France is that we see danger to our own Far Eastern Colonies in President Roosevelt’s ideas that restoration depends upon the UN (or rather the U.S.) satisfying themselves that the French record in Indochina justifies the restoration of French authority.”<sup>2</sup>

When General MacArthur was appointed Commander of the Southwest Pacific Area in 1942, his command included all of Japanese occupied Southeast Asia. In 1943, at the first Quebec Conference, Churchill succeeded in establishing a British Southeast Asia Command (SEAC), headquartered in Kandy, Ceylon, with Adm. Louis Mountbatten in command, which divided up Southeast Asia between MacArthur’s Pacific Command and Mountbatten’s SEAC. The British got



*Statue of Gen. Douglas MacArthur at West Point. The British knew that, as U.S. Supreme Commander in the Pacific, MacArthur could not be trusted to defend their “property rights” in Asia. So, they set up an alternate command, the British Southeast Asia Command (SEAC), under Adm. Louis Mountbatten, to grab as much territory as they could. (Americans dubbed SEAC “Save England’s Asian Colonies.”)*

Burma and Malaya, their previous colonies, as well as Thailand and Sumatra, the large northwestern island of Indonesia. But they were not satisfied, and continued to pressure the United States to allow British priority in “liberating” the entire region.

The choice of Mountbatten to command British operations in Asia, was critical to British post-war designs. His appointment was entirely due to his royal pedigree. As a direct descendant of Britain’s Queen Victoria, Mountbatten was related to virtually every king in Europe, whether of Denmark, Germany, Greece, Russia, Spain, or Sweden. More particularly, he was a cousin both of Britain’s Edward VIII, who abdicated in 1936 and took the name Duke of Windsor, and of his successor, George VI. He was maternal uncle and virtual foster-father of Prince Philip (Mountbatten), Duke of Edin-

1. Lyndon H. LaRouche, “Where Franklin Roosevelt Was Interrupted,” *EIR*, July 17, 1998.

2. Rolf Tanner, *A Strong Showing—Britain’s Struggle for Power and Influence in Southeast Asia 1942-1950* (Stuttgart: Franz Steiner Verlag, 1994).

burgh, and he arranged Philip's marriage with the present Queen, Elizabeth. Lord Mountbatten's military policies were restricted by the demands of his primary assignment—the reestablishment of the European colonies in Asia.

The U.S. intention in agreeing to the establishment of SEAC was that the British would take a larger role in defeating the Japanese in Burma, thus opening up a southern route for the resupply of China. The British had other plans. By 1944, Mountbatten had sabotaged the planned China Road through Burma by stopping the Ledo Road at Mytkyina, and generally abandoned plans for the recapture of Burma, turning his eyes toward Singapore and Sumatra. Gen. George "Vinegar Joe" Stilwell, Commander of U.S. forces in China-Burma-India, declared quite bluntly: "The Limies have now shown their hand. This pusillanimous and double-crossing program amply confirms our suspicions. They are determined to keep China blocked and powerless."<sup>3</sup>

Many Americans began to believe that SEAC actually stood for "Save England's Asian Colonies."

Roosevelt's idea for the former colonies following the defeat of the Japanese, was for "Territorial Trusteeship," whereby an international institution (such as the proposed United Nations) would oversee a transition to independence and self-determination over a specified time frame, such as had already been established by the United States in the Philippines during the 1930s. He insisted that all colonization must end, and that Hong Kong, in particular, must be returned to China. Only a few weeks before his death, Roosevelt, according to his close friend and adviser Charles Taussig, said that "there are 1.1 billion brown people. In many Eastern countries they are ruled by a handful of whites and they regret it. Our goal must be to help them achieve independence. 1.1 billion potential enemies are dangerous. He said he included 450 million Chinese in that. He then added, Churchill doesn't understand this."<sup>4</sup>

Roosevelt knew that the British were plotting with the other colonial powers to reassert direct control of Asia after the war. He instructed the U.S. Ambassador in London, to inform the British that no "understanding" among the European powers on Asia would be valid without U.S. concurrence.

The situation within China during the war exemplified the British role in subverting the war effort in order to assure the eventual return of European colonial possessions. The wartime U.S. Office of Strategic Services (OSS), set up by Roosevelt in 1941, ran U.S. intelligence operations in China, but was constantly factionalized between those who supported Roosevelt's policy of U.S. support for a strong Chinese nation, and the British effort to keep China weak and divided.

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3. Maochun Yu, *OSS in China—Prelude to Cold War* (New Haven: Yale University, 1996).

4. Christopher Thorne, *Allies of a Kind—The U.S., Britain and the War against Japan 1941-1945* (New York: Oxford University Press, 1978).

The head of British intelligence operations in China was the notorious John Keswick, chairman of Jardine Matheson, Britain's preeminent "Dope, Inc." corporate structure in colonial Hong Kong. Keswick and his minions made no secret of their hatred for Chiang Kai-shek and the Nationalist Party (Guomindang). His energies were divided between dirty tricks against Chiang Kai-shek and Chiang's intelligence chief, Tai Li, and efforts to prevent any independent American intelligence capacity within China. Keswick tried to convince the United States that the Nationalists' anti-British sentiments were actually anti-foreign, and that the "white folk" should therefore stick together and operate within China independently of the Chinese government.

However, in April 1942, Chiang and Tai Li ordered Keswick and his entire operation out of the country. Keswick argued vigorously for the United States to defend him, but Roosevelt refused. Instead, Adm. Ernest King, head of the U.S. Fleet, escalated plans for an independent U.S. presence in China, sending U.S. Naval officer and old China hand Milton (Mary) Miles to work directly with Chiang Kai-shek and Tai Li. Chiang, on his part, instructed Tai Li to deal exclusively with the Americans.<sup>5</sup> Miles and Tai Li proceeded to establish a highly effective intelligence capability in prosecuting the war against the Japanese.

Miles also served as head of OSS China in 1942 and 1943, but the OSS remained drastically compromised by British agents. OSS chief William Donovan, although generally loyal to Roosevelt, was himself split on the question of the British role. Exemplary of the problem is the fact that Keswick, upon being ousted from China, went directly to New York to meet his friend, Sir William Stephenson ("Intrepid"), head of British intelligence in the United States. Stephenson, in turn, arranged for Allen Dulles, who was head of the OSS office in New York, to hire Keswick for the OSS!

Keswick's primary operative within China after his organization was expelled was C.V. Starr, the newspaper and insurance mogul from Shanghai who founded American International Underwriters (now called AIG, and headed by Henry Kissinger's crony Hank Greenberg). Starr, also a friend of Stephenson, had transformed his "company men" across China into an intelligence network for the OSS. But when Miles insisted that all foreign intelligence within China must be subordinate to the sovereign government of our Chinese allies, Starr bolted and went to work directly for the British.

The OSS was also involved in contacts with Mao Zedong, Zhou Enlai, and the Chinese Communist Party (CCP) in Yen'an in northern China. However, the factional divisions within the OSS made it nearly impossible for President Roosevelt to know who was playing the Chinese Communists against the Nationalists (which was the British policy), and who was seriously trying to bring the two sides together to

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5. Op. cit., Yu.

fight the Japanese—and to prevent civil war after the defeat of Japan. Roosevelt assigned a personal emissary to China, Maj. Gen. Patrick Hurley. Hurley met with the CCP in Yen'an, but later learned that OSS officers were working out a secret deal with the CCP, behind his back (and therefore behind Roosevelt's back), to provide weapons to the CCP without first establishing an agreement with the Chinese government.

Hurley reported this to Roosevelt, who ordered an investigation. Both Hurley and Gen. Abert Wedemeyer, Commander of U.S. forces in China, recognized this as essentially a British-run operation. Wedemeyer cabled the War Department in December 1944: "We Americans interpret U.S. policy as requiring a strong unified China and a China fighting effectively against Japanese. There is considerable evidence that British policy is not in consonance with U.S. policy. British Ambassador personally suggested to me that a strong unified China would be dangerous to the world and certainly would jeopardize the white man's position immediately in Far East and ultimately throughout the world."<sup>6</sup>

The British therefore supported all sides, by various means, among the warlord, communist, and government forces in China, during and after World War II. In the words of Carton de Wiart, the official liaison between Lord Mountbatten and Chiang Kai-shek, in a cable to London: "I am not really worried about civil war, which is after all usual here."<sup>7</sup> The actual target of this British policy was revealed in an article in the London *Daily Mail* in October 1945, which complained that "anti-British psychology has not been discouraged by our American ally. U.S. propagandists have been working from Lanchow, gateway to Tibet, to the Gobi Desert of Mongolia. . . . A great plan to dam the Yangtze, known as the 'Yangtze Valley Authority,' will be one of the greatest engineering contracts of modern times. . . . Their geologists have plodded the old caravan trails to the fringes of Tibet and the wild western tribal countries."<sup>8</sup> In other words, the British identified the "threat," over fifty years ago, of China establishing itself as a truly independent nation-state through such great projects as the Yangtze dam (now near completion as the Three Gorges Dam) and the reconstruction of the old Silk Road (now the center of China's development policy under the name of the Eurasian Land-Bridge).<sup>9</sup> And, as today, the British were particularly energized to prevent U.S. collaboration with China on such great projects.

General Hurley flushed out the British plans for Southeast Asia, devised without informing the United States: "The British, French and Dutch in the Far East are bound together by a

6. Ibid.

7. Lanxin Xiang, *Recasting the Imperial Far East; Britain and America in China, 1945-1950* (New York: M.E. Sharpe, 1995).

8. Ibid.

9. "The Eurasian Land-Bridge: The 'New Silk Road'—Locomotive for Worldwide Economic Development," *EIR Special Report*, January 1997.

vital common interest, namely, repossession of their colonial empires. . . . You may therefore expect Britain, France and the Netherlands to disregard the Atlantic Charter and all promises made to other nations by which they obtained support in the earlier stages of the war. . . . In the foregoing you have an outline of the reason why the Council of the Three Empires recently formed at Kandy (SEAC Headquarters) has been built up without the consent or approval of the U.S."<sup>10</sup>

10. Op. cit., Thorne.

## The clash between Roosevelt and Churchill

*The following eyewitness account of the struggle between President Franklin D. Roosevelt and Sir Winston Churchill, during negotiations for the Atlantic Charter at the naval base of Argentia in Newfoundland in March 1941, is taken from the book As He Saw It, by Elliott Roosevelt (New York: Duell, Sloan and Pearce, 1946). Elliott Roosevelt, FDR's son, was his aide at all but one of the Big Three conferences during World War II. A continuous theme throughout the book, is the clash between the two leaders on the issue of Britain's colonies, as FDR fought for his vision of a postwar world without empire. The following are two short excerpts.*

It must be remembered that at this time Churchill was the war leader, Father only the president of a state which had indicated its sympathies in a tangible fashion. Thus, Churchill still arrogated the conversational lead, still dominated the after-dinner hours. But the difference was beginning to be felt.

And it was evidenced first, sharply, over Empire. Father started it.

"Of course," he remarked, with a sly sort of assurance, "of course, after the war, one of the preconditions of any lasting peace will have to be the greatest possible freedom of trade."

He paused. The P.M.'s head was lowered; he was watching Father steadily, from under one eyebrow.

"No artificial barriers," Father pursued. "As few favored economic agreements as possible. Opportunities for expansion. Markets open for healthy competition." His eye wandered innocently around the room.

Churchill shifted in his armchair. "The British Empire trade agreements" he began heavily, "are—"

Father broke in. "Yes. Those Empire trade agreements

Roosevelt stood his ground at the Yalta Conference in February 1945, forcing British agreement to the Trusteeship principle. Historian William Roger Louis declared: “The British post-war colonial vision died at Yalta.”<sup>11</sup> Nonetheless, when FDR sent Hurley to Moscow and London the following month to get Soviet and British agreement to his strong-China

11. William Roger Louis, *Imperialism at Bay, 1941-1945—The U.S. and the Decolonization of the British Empire* (New York: Oxford University Press, 1978).

policy, Churchill told him to his face, “Hong Kong will be eliminated from the British Empire only over my dead body,” and called the strong-China policy a “great American illusion.”<sup>12</sup>

The specifics of the Trusteeship policy, however, were left to the founding conference of the United Nations in San Francisco, which began on April 25, 1945. Roosevelt, in prep-

12. Op. cit., Xiang.

are a case in point. It’s because of them that the people of India and Africa, of all the colonial Near East and Far East, are still as backward as they are.”

Churchill’s neck reddened and he crouched forward. “Mr. President, England does not propose for a moment to lose its favored position among the British Dominions. The trade that has made England great shall continue, and under conditions prescribed by England’s ministers.”

“You see,” said Father slowly, “it is along in here somewhere that there is likely to be some disagreement between you, Winston, and me.

“I am firmly of the belief that if we are to arrive at a stable peace it must involve the development of backward countries. Backward peoples. How can this be done? It can’t be done, obviously, by eighteenth-century methods. Now—”

“Who’s talking eighteenth-century methods?”

“Whichever of your ministers recommends a policy which takes wealth in raw materials out of a colonial country, but which returns nothing to the people of that country in consideration. *Twentieth-century* methods involve bringing industry to these colonies. *Twentieth-century* methods include increasing the wealth of a people by increasing their standard of living, by educating them, by bringing them sanitation—by making sure that they get a return for the raw wealth of their community.”

Around the room, all of us were leaning forward attentively. Hopkins was grinning. Commander Thompson, Churchill’s aide, was looking glum and alarmed. The P.M. himself was beginning to look apoplectic.

“You mentioned India,” he growled.

“Yes. I can’t believe that we can fight a war against fascist slavery, and at the same time not work to free people all over the world from a backward colonial policy.”

“What about the Philippines?”

“I’m glad you mentioned them. They get their independence, you know, in 1946. And they’ve gotten modern sanitation, modern education; their rate of illiteracy has gone steadily down. . . .”

“There can be no tampering with the Empire’s eco-

nomie agreements.”

“They’re artificial. . . .”

“They’re the foundation of our greatness.”

“The peace,” said Father firmly, “cannot include any continued despotism. The structure of the peace demands and will get equality of peoples. Equality of peoples involves the utmost freedom of competitive trade. Will anyone suggest that Germany’s attempt to dominate trade in central Europe was not a major contributing factor to war?”

It was an argument that could have no resolution between these two men. . . .

*The conversation resumed the following evening:*

Gradually, very gradually, and very quietly, the mantle of leadership was slipping from British shoulders to American. We saw it when, late in the evening, there came one flash of the argument that had held us hushed the night before. In a sense, it was to be the valedictory of Churchill’s outspoken Toryism, as far as Father was concerned. Churchill had got up to walk about the room. Talking, gesticulating, at length he paused in front of Father, was silent for a moment, looking at him, and then brandished a stubby forefinger under Father’s nose.

“Mr. President,” he cried, “I believe you are trying to do away with the British Empire. Every idea you entertain about the structure of the postwar world demonstrates it. But in spite of that”—and his forefinger waved—“in spite of that, we know that you constitute our only hope. And”—his voice sank dramatically—“*you* know that *we* know it. *You* know that *we* know that without America, the Empire won’t stand.”

Churchill admitted, in that moment, that he knew the peace could only be won according to precepts which the United States of America would lay down. And in saying what he did, he was acknowledging that British colonial policy would be a dead duck, and British attempts to dominate world trade would be a dead duck, and British ambitions to play off the U.S.S.R. against the U.S.A. would be a dead duck.

Or would have been, if Father had lived.



*John Foster Dulles, one of Roosevelt's most outspoken enemies. Roosevelt recognized the Dulles version of a United Nations as an apology for the preservation of the European empires.*

aration for that conference, developed a plan to send international teams of technicians, doctors, economists, and others to thoroughly investigate the conditions and needs in the colonies such that Trusteeship would lead directly to independence. He had no intention of leaving the development of the former colonial world to the "free trade" of Adam Smith's "invisible hand," which he knew to be neither free nor invisible, but a direct tool of colonial oppression.

Unfortunately, Roosevelt died on April 12, 1945, just two weeks before the founding conference of the United Nations. Even more unfortunately, a leading delegate to that conference was John Foster Dulles.

John Foster Dulles was one of Roosevelt's most outspoken political enemies, and the mentor of Roosevelt's 1944 Republican Presidential opponent, Thomas Dewey. Dulles was an isolationist, and an open admirer of Mussolini and Hitler in the early 1930s, praising both Italian and German fascism as "dynamic," while the rest of the world he considered "static." "I dislike isolation," he said in 1939, "but I prefer it to identification with a senseless repetition of the cyclical struggle between the dynamic and the static forces of the world."<sup>13</sup>

In 1943, Dulles published a book called *The Six Pillars of Peace*, calling for a World Government, to be called the United Nations. Roosevelt recognized the Dulles version of a United Nations as an apology for the preservation of the European empires. Just before his death, Roosevelt tried to prevent Dulles from attending the San Francisco conference. The President asked his friend Charles Taussig to attend on his behalf. Taussig later reported sadly to Eleanor Roosevelt "how little influence the memory of FDR had with [the other

U.S. delegates at San Francisco]."<sup>14</sup>

Dulles, in a manner which would become his stock-in-trade as the controller of foreign policy in the Eisenhower administration, "explained" (falsely) to the conference that Trusteeship really only meant autonomy for the colonies within the European empires.

Such "autonomy" was designed to lure would-be nationalist leaders into accepting a concept of nationalism which was no more than national leaders ruling over a colonial entity. Under this arrangement, all international political and economic relations remained under the control of the colonial power. While the native populations may have had some say over local matters, the fundamental conception of the nature of the individual remained that of the subservient subject to a foreign imperial power.

Dulles's fellow Republican delegate to the San Francisco Conference, Harold Stassen, made this explicit, showing himself to be a worthy student of Winston Churchill: "There were some areas which could never govern themselves and hence could not, for their own welfare, be allowed to determine their own political status. . . . We did not wish to find ourselves committed to breaking up the British Empire."<sup>15</sup>

Churchill, for his part, treated the Yalta agreement as he had the Atlantic Charter, declaring that Yalta "in no way governs any arrangement that may be made for the future."<sup>16</sup>

The British delegate to San Francisco, Colonial Secretary Lord Cranborne, after the idea for Trusteeship for colonial possessions had been abandoned, gloried in the "genuine conviction of the U.S. delegation that the unity and strength of colonial empires (not only the British) is essential to world security." This, he continued, was "a very healthy development in U.S. opinion."<sup>17</sup> The die was cast.

The British were not confident, however, that the U.S. military in Asia, still under the direction of General MacArthur, would simply turn over the liberated nations of Asia to their previous colonial masters. With Roosevelt's death, the British pushed the malleable Truman to transfer post-war responsibility for all of Southeast Asia to the British SEAC, under Mountbatten. At the Potsdam Conference in July 1945, they achieved their goal. President Truman removed all of the Netherlands East Indies and most of French Indochina from the command of General MacArthur. Hong Kong was to be obediently handed back to the British. At the same time, Burma was removed from the U.S.-run China-Burma-India command, very much against the wishes of Chiang Kai-shek and General Wedemeyer, and placed entirely under SEAC. The United States had already reconquered the Philippines, but the British were to have full control over the remainder of

14. Op. cit., Thorne.

15. Ibid.

16. Op. cit., Louis.

17. Op. cit., Thorne.

13. Leonard Mosley, *Dulles; A Biography of Eleanor, Allen and John Foster Dulles and their Family Network* (New York: Dial Press, 1978).

Southeast Asia, with the single exception of the northern half of Vietnam, where China would be responsible for accepting the Japanese surrender.

The supposed justification for transferring responsibility for the liberation of Southeast Asia from MacArthur to Mountbatten, was the need for MacArthur to prepare for the invasion of Japan. This was a witting fraud. The British knew that no such invasion would take place.

MacArthur's successful blockade of Japanese shipping routes had already forced the Japanese to seek terms of surrender, through Vatican channels, which terms were not significantly different from those ultimately imposed after the war — although the same Japan military faction which had forced through the second Sino-Japan war, over the objections of Emperor Hirohito, were defying the Emperor's peace negotiations made through Vatican channels. Thus, the MacArthur war plans called for no invasion of the main islands of Japan. Rather, MacArthur intended that the effects of the blockade would bring the recalcitrant Japan war-party to the Emperor's knees, a result anticipated by no later than October 1945.

Even worse than the British hoax, demanding an unnecessary invasion of Japan, the British had already persuaded Truman to deploy America's newly developed nuclear weapons against Japanese cities, an act of barbarism which served no military purpose whatsoever, because Japan was already a defeated nation.

As LaRouche has shown,<sup>18</sup> the British wanted the United States to display a willingness to use weapons of mass destruction on civilian populations, in order to terrorize the nations of the world into acceptance of a post-war world government as the only means of escaping the threat of nuclear annihilation. With Roosevelt's death, Truman proved to be a willing partner for the British strategy.

The expansion of Mountbatten's sphere of control, then, had only one purpose: the reestablishment of European colonial power, and the defeat of all nationalist resistance to that power — without U.S. interference.

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## II: Recolonization

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Had the Truman administration not swung over to Winston Churchill's anti-American policies, the proper course of action for the post-World War II U.S.A. would have been to mobilize and expand the U.S. machine-tool-design sector as a whole, to supply the nations of Asia, Africa, and the Americas the high rates of development of infrastructure and technology needed to fulfill Roosevelt's vision of a post-war "American Century." Instead, we substantially col-

lapsed the levels of production, rather than capitalizing the accumulated investment in war-production capacity as an active new industry for development of the world as a whole. — Lyndon LaRouche<sup>19</sup>

Immediately after the Japanese surrender, the British moved to occupy Burma, Singapore, Malaya, and Hong Kong, their former colonies, as well as Indonesia, Thailand, and South Vietnam. The shortage of troop transports, mostly American owned, caused some delay. While the Truman administration made some noises about not using U.S. materiel to reestablish colonialism, in fact it was U.S. ships and planes which transported the European colonial armies back to their former possessions.

### The British vs. Sukarno

President Sukarno, the leader of the movement for national independence of the Dutch East Indies since the 1920s, issued a proclamation of independence for the United States of Indonesia on Aug. 17, 1945. The Dutch refused to recognize the Indonesian government, and declared Sukarno to be a Japanese collaborator who should be treated as an enemy.

Sukarno, in fact, was a collaborator. When the Japanese conquered the Dutch forces defending Indonesia in March 1942, the Japanese authorities immediately freed Sukarno from house arrest, where he had been confined for eight years by the Dutch. Sukarno and other nationalist leaders were told, that the Japanese came as liberators, with the eventual goal of an independent Indonesian state.

As early as 1929, Sukarno had forecast that Indonesian freedom would come only from a Pacific war, with Japan playing the central role in expelling the European empires. He, and others, accepted leadership positions within the Japanese occupation government, while maintaining contact with the underground opposition networks. While some aspects of the occupation were brutal and repressive (in particular, the impressed labor of hundreds of thousands of Indonesians in overseas work projects), Sukarno was given essentially free access to the population, both via radio and through direct travel throughout the archipelago. During the three-year Japanese occupation, Sukarno organized the Indonesian people into a united force, a nation, based on principles distilled from his study of the history of both Western and Eastern civilizations.

Sukarno had obtained a degree in engineering and architecture from the Bandung Technical School in 1926. His home in Bandung became the center of pro-independence ferment through the "General Study Group," that discussed history and politics. He published an article, entitled "Nationalism, Islam and Marxism," in the journal *Young Indonesia*, in 1926, which was to characterize his entire life's dedication

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18. Lyndon H. LaRouche, Jr., "How Bertrand Russell Became an Evil Man," *Fidelio*, Fall 1994.

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19. Op. cit., LaRouche, "Where Franklin Roosevelt Was Interrupted."

to a unity of principle between these three apparently disparate paths of political and social organization. He was critical of the Marxist rejection of religion, but he distinguished between “historical materialism” and “philosophical materialism,” defending the former against the latter, and he insisted that Marxism need not be anti-religious. The common goal of nationhood, and a dedication to universal principles, provided the basis for unity.

The character of Indonesia, with 17,000 islands, and multiple ethnic, linguistic, and religious divisions within the population, convinced Sukarno that the concept of “self-determination” could easily be used *against* the struggle for national independence, as a tool of colonial control, by dividing a nation against itself. He insisted that nationalism must embrace the nation as a whole, while providing each citizen with the means to participate in both national and international affairs.

In March 1945, the Japanese occupation government, aware that the war was lost, established a committee for independence in Indonesia (and implemented similar measures in other Southeast Asian nations). On June 1, Sukarno spoke to the committee, presenting a concept he called Panca Sila (Five Principles), which were to become the constitutional principles of the Republic of Indonesia, and are still to this day. As presented in that speech, the Panca Sila are:

1. Nationalism—“one National State . . . one Indonesian soil from the tip of Sumatra to the tip of Irian.”
2. Internationalism—but “not cosmopolitanism, which does not recognize nationalism. . . . Internationalism cannot flower if it is not rooted in the soil of Nationalism.”
3. Representative government—“the principle of consent, of consultations.”
4. Social justice—“in the field of economy, too, we must create equality, and the best common prosperity.”
5. Belief in God—“Free Indonesia with faith in God the Almighty,” with full freedom for all religions.

Sukarno was a great admirer of Abraham Lincoln, and also of Dr. Sun Yat-sen, the founder of republican China, who was himself a follower of Lincoln. Like Dr. Sun’s Three Principles of the People, which Sun had accredited to Lincoln’s concept of “government of the people, by the people, and for the people,” so also, Panca Sila contained these three notions of nationalism, representative government, and social justice, with the additional points of internationalism and belief in God.

Sukarno then compressed the five principles into three. Like Friedrich Schiller, he insisted that one must be simultaneously a patriot of one’s nation and a citizen of the world, and therefore united nationalism and internationalism into a single principle. Also, since democracy without social justice “is not democracy at all,” he combined representative government and social justice. The resulting three principles, in turn, were combined into one, which Sukarno called “mutual cooperation.”

Sukarno and the Panca Sila inspired nationalists through-

out Southeast Asia over the coming decades of struggle against colonialism. In Malaya, especially, a nation of very similar racial and cultural roots, Sukarno and his associates were viewed as heroes. The Committee for Independence in Indonesia even voted, in 1945, in favor of including Malaya and the British colonies in northern Borneo as part of a united Indonesia, an idea that was to be revived in the 1960s.

The British arrived in October 1945. Sukarno agreed to their presence, but only to oversee the release of European prisoners held by the Japanese. Within two weeks of the prisoners’ release, however, the British broke the agreement, militarily seized the city of Surabaya, and launched bitter and bloody fighting against nationalist forces. Mountbatten, as usual, deployed almost entirely Indian, not British, troops against the nationalists, along with air strikes. He later ordered the capital, Jakarta (then called Batavia), and most of Western Java, to be cleared of nationalist forces, but again ordered the British officer in charge to use Indian troops, since he did not want British wives “widowed at this time so long after the war.”<sup>20</sup>

This paved the way for the arrival of the Dutch in November, on U.S. ships. While the U.S. population was revolted by reports of the brutal recolonization in Indonesia (and elsewhere), the Truman administration continued quiet but explicit support for the Dutch. For public consumption, Truman struck a hypocritical pose reminiscent of the Northern Abolitionists during the American Civil War, who decried the horror of slavery, but led the opposition to Lincoln’s war effort, arguing that the North should be free of slavery, but should let the South go its own way! Without lifting a finger to prevent re-colonization, Truman ordered an end to all U.S. participation in Mountbatten’s SEAC. This “Pontius Pilate”-like act was only the beginning of Truman’s complicity in British tyranny.

The Dutch were brutal in reasserting power. They only reluctantly agreed to even talk with Sukarno’s government, and refused to consider discussions about independence, because of the “manifest incompetence of the Indonesians to rule themselves,” as they told the British.<sup>21</sup>

The British performed the role of “soft cop” after the arrival of the Dutch forces, telling the Dutch to compromise with the nationalists, while telling Sukarno to settle for less than independence. The most interesting aspect of the British role in Indonesia, was the plan put forward by Mountbatten’s political adviser, Sir Esler Dening, for the Balkanization of the country. If the attempt to get the Dutch and the nationalists to agree on a (colonial) policy failed, argued Dening, the British should divide the country between western and eastern Java, mineral-rich Sumatra, and the outer islands in the east, with the Dutch taking over western Java. He proposed this to Mountbatten as a means of assuring that the United States

20. Peter Dennis, *Troubled Days of Peace—Mountbatten and the Southeast Asia Command 1945-46* (New York: St. Martin’s Press, 1987).

21. Op. cit., Tanner.



FIGURE 1

**Southeast Asia in the 1950s**



would not intervene to mediate. This plan, we shall see, in nearly the same form, was to be implemented ten years later under British and American covert direction, in order to subvert both Sukarno's rule and the emerging movement of the non-aligned nations.

**Burma and Thailand**

At one point, the British advised the Dutch to deal with Sukarno the same way the British had dealt with Burma's nationalist leader, Aung San. This could be interpreted in various ways. Although Mountbatten negotiated Burma's in-

dependence with Aung San, the British also arranged for Aung San's assassination soon before the scheduled date for independence. Perhaps not coincidentally, the assassination of Aung San took place on the day before the "First Dutch Police Action" in Indonesia in July 1947, the first of two rounds of full-scale war against the nationalists.

Burma was not a major source of mineral wealth—its importance was more geopolitical. The mountain country in the north, bordering Thailand, Laos, China, and India, was a desolate but strategic pivot point in Asia which was under nobody's control. Sparsely populated by various hill tribes, it

was the site of some of Britain's richest opium production. In 1946, Mountbatten decided to grant Burma full independence while retaining covert control of the hill-tribe country. Aung San, a nationalist leader who, like Sukarno, had worked with the Japanese occupation forces (he and his "30 comrades" had been trained militarily and politically during the 1930s in Japan), was the only figure who could conceivably have united the country. With his assassination, the country predictably fell into civil war immediately following independence. The hill country became a staging ground for British and U.S. covert operations in the region for the next fifty years, and a primary source of drugs for London's Dope, Inc.

Although the British policy toward India's independence is not a subject of this report, it must be noted that Lord Mountbatten, following his *de facto* partition and instigation of civil war in Burma, proceeded to oversee the British-mandated partition of India into India and Pakistan, assuring instability and bloody communal warfare for many years to come.

Mountbatten tried to portray himself as the friend of nationalism, both for his role in decolonizing Burma and India, and as a vocal critic of the Dutch and the French for their heavy-handed treatment of nationalist forces in their colonies. But, in fact, Mountbatten's crucial role for the Empire was in recognizing that the existing form of nineteenth-century European colonialism could not survive in a world forever changed by the U.S. role in World War II, and the threat of a U.S.-led world economic order based on technologically driven collaboration among sovereign nation-states. To preserve the reality of the British Empire in a new form required granting independence, but only after fostering multiple points of division. The "weak China" policy was applied universally.

British policy toward Thailand, situated between British Burma, British Malaya, and French Indochina, was a special case. Thailand was the single Southeast Asian nation which had never been colonized. In part, this was due to an agreement between Britain and France to keep Thailand neutral as a buffer between the two empires, but it was also due in part to the historical role of the United States in Thailand, through diplomats and missionaries who supported and strengthened the freedom and sovereignty of the Thai kingdom.<sup>22</sup> Nonetheless, the British were the primary foreign investors and trading partners in Thailand before the war.

During the war, the Thais officially allied with the Japanese occupation force, and even declared war against the British and the United States. In the year preceding the Japanese arrival, Phibun Songkhram, one of the two nationalist leaders of the 1932 peaceful revolution which had established a constitutional monarchy in Thailand, declared himself "Phu Nam," the Leader, and established fascist forms of social organization and control. Taking advantage of the British and

French preoccupation with the war in Europe, Phibun seized portions of Burma, Laos, and Cambodia as part of "Greater Thailand." When the Japanese arrived, they retained Phibun as Prime Minister, and enforced Phibun's expanded borders, even adding four Malay states to "Greater Thailand."

The second nationalist leader of the 1932 revolution, Pridi Bhanomyong, had pursued a far more enlightened policy after 1932, including rail and canal development, the establishment of rural co-ops, irrigation systems, and the founding of Thammasat University. But, Pridi was pushed out of power after 1938, and when the Japanese forces moved in, Pridi set up the "Free Thai," creating both rural and urban resistance networks against the Japanese. The Free Thai established contacts with the OSS in China, providing intelligence on Japanese activities and carrying out acts of sabotage with OSS support.

Following the war, Pridi became Prime Minister. He established a new constitution, returned the captured lands to Thailand's neighbors, and declared the earlier declaration of war against the Allies to be null and void. The British would have none of this. While the United States had not even acknowledged the war declaration in the first place, the British demanded that Thailand be treated as a defeated enemy, and that British military forces be deployed indefinitely to occupy and control the country. Horrendous conditions were imposed, including: free rice for at least two years for transfer to British colonies, a huge financial indemnity for war reparations, and an agreement that "no canal linking the Indian Ocean and the Gulf of Siam shall be cut across Siamese territory without prior concurrence of the Government of the United Kingdom."

This last condition, banning the so-called Kra Canal (**Figure 2**), as in the case of Britain's efforts to sabotage China's great projects, is a classic example of colonial "enforced backwardness." In fact, German, French, Russian, and Japanese concerns had shown interest in Thailand's Kra Canal, but the British preferred retaining the choke-point at Singapore over all Asian shipping.

However, the United States, at least in this case, did not buckle under to the British. Pridi appealed to his OSS friends for help, and the United States forced the British to accept an agreement far short of the virtual colonization they had demanded. There would be no permanent occupation, rice exports would be paid for, and Thailand was not to be treated as a defeated nation.

However, only two years later, Truman and the British supported the return to power of "Phu Nam" Phibun Songkhram—this time as an "anti-communist" friend and ally of the West.

## Vietnam

The disaster of America's involvement in Vietnam, Cambodia, and Laos in the 1960s and 1970s will remain a black page in the history of the twentieth century. To understand

22. Anton Chaitkin, "Report on Dan Beach Bradley and the American Missionary Movement," unpublished, 1986.

FIGURE 2

**Strategic location of the proposed Kra Canal**



how the incompetent accountant’s mentality of Robert “Body Count” McNamara, and the genocidal fantasies of London’s asset Henry Kissinger, guided America through that nightmare, we must look at London’s launching of thirty years of colonial warfare in 1945, using French and American forces to carry out their policy.

As referenced above, the British were particularly concerned that Roosevelt would take a stand in Vietnam against

the restoration of colonialism. FDR told Secretary of State Cordell Hull in 1943 that “France had the country—thirty million inhabitants—for nearly a hundred years, and the people are worse off than they were at the beginning.”<sup>23</sup> Just before his death, Roosevelt consented that perhaps France could itself run the Trusteeship for Indochina, but only if eventual independence were the stated goal.

Despite FDR’s death, London had another problem in Vietnam—the OSS. The China-based OSS had been in close contact with Ho Chi Minh and his Vietminh forces. Unlike many nationalist leaders across Southeast Asia who collaborated with Japan’s “liberators” from European colonialism, Ho gave his full backing to the Allies, in the expectation that they would defeat the Japanese and grant independence to Vietnam. This was in spite of the fact that the Soviet Union was at the time in an alliance with Hitler (the Hitler-Stalin Pact) and had instructed communists worldwide not to oppose the Axis powers. Ho would not obey.

Ho Chi Minh had joined the communist movement in 1920 in Paris, and spent several years in Moscow. But, he would later insist that “it was patriotism and not communism that originally inspired me.”<sup>24</sup> He also served as interpreter to Mikhail Borodin in China in 1924, when Borodin was Soviet adviser to the coalition between the Chinese Nationalist Party and the Communist Party at Whompoa Military Academy, where Chiang Kai-shek and Zhou Enlai worked closely together under Sun Yat-sen’s direction. Ho returned to Vietnam in 1941 after thirty years abroad, to lead the Vietnam Independence League—the Vietminh—with Pham Van Dong and Vo Nguyen Giap.

Ho Chi Minh was much respected by the American OSS officers who trained and supplied his forces for operations against the Japanese and the Vichy French regime which was collaborating with the Japanese. In fact, OSS officers saved Ho’s life with malaria medicine dropped into his jungle base.

Ho had long admired the spirit of the American Revolution, and had hopes that America would live up to the Atlantic Charter. He saw the American tutelage in the Philippines, with the peaceful granting of independence and national sovereignty, as a demonstration of American sincerity and goodwill. Even earlier, as a young man of 29 in 1919, Ho had prepared a charter on behalf of Vietnam to present to President Wilson at the Versailles Conference following World War I, but he was snubbed by Wilson. Ho spoke fluent English (and about a dozen other languages), and had spent a year living in the United States during World War I.

OSS officer Archimedes L.A. Patti became a friend and confidant of Ho Chi Minh during the war. After the Japanese surrender, Patti accompanied Ho and the Vietminh into Ha-

23. Barbara Tuchman, *The March of Folly; From Troy to Vietnam* (New York: Ballantine Books, 1984).

24. Stanley Karnow, *Vietnam—A History* (Harmondsworth, Middlesex, England: Penguin, 1983).



*Vietnamese leaders in 1954, left to right: Pham Van Dong, Ho Chi Minh, Truong Chinh, Gen. Vo Nguyen Giap. The OSS had been in close contact with Ho Chi Minh during the war, and Ho gave his full backing to the Allies, in the expectation that they would defeat the Japanese and grant independence to Vietnam.*



*Ho Chi Minh in 1954. OSS officer Archimedes L.A. Patti accompanied Ho into Hanoi when the war ended, and helped Ho draft the Vietnamese Declaration of Independence, which quoted from the U.S. Declaration of Independence on the inalienable rights of man.*

noi, where they assumed power. Patti even helped Ho draft the Vietnamese Declaration of Independence, delivered by Ho on Sept. 2, 1945, in Hanoi Square, quoting directly from the U.S. Declaration of Independence on the inalienable rights of man. Ho sent a letter to President Truman through Patti, and several subsequent appeals asking the United States to intervene and to accord Vietnam “the same status as the Phil-

ippines,” with a period of tutelage leading to independence. He appealed to the Atlantic Charter, the UN Charter, and even to Truman’s own words of support for national self-determination. The Truman administration refused to even answer the letters.

The only concession regarding Southeast Asia that Truman had demanded of the British at Potsdam was that the Chinese be allowed to accept the Japanese surrender in the northern half of Vietnam. Chiang Kai-shek’s forces arrived and performed their duty, but, unlike the British in the South, the Chinese made no effort to replace Ho Chi Minh’s Vietminh government.

In the South, British troops arrived in September 1945 (on U.S. C-47s) and immediately declared martial law, closed the Vietnamese newspapers, and released 1,400 French Vichy troops

who had been interned by the Japanese when they turned against their Vichy collaborators in March 1945. These French Vichy troops went on a rampage, expelling the Vietminh committees which had assumed power, and generally looting the city of Saigon. The Vietnamese called a general strike which paralyzed the city, and general warfare broke out.

The OSS team in Saigon, headed by Lt. Col. Peter Dewey, clashed directly with the British commanding officer, Maj. Gen. Douglas Gracey, over his outrageous colonial policies and tactics. Gracey accused Dewey of collaborating with the enemy (i.e., the Vietnamese nationalists). This was particularly disingenuous since Gracey was collaborating with the real enemy—the Japanese troops and their Vichy allies—to suppress the native population!

Gracey threw OSS officer Dewey out of the country. The night before his scheduled departure, one of Dewey’s officers was attacked and injured. The French blamed it on certain Vietnamese nationalists, and Dewey went to meet with them. For reasons that have never been explained, Dewey was ambushed and killed—the first of nearly 60,000 American deaths in Vietnam over the next 30 years.

The British were determined to get out quickly, leaving the chaos they had provoked in the hands of the French. A request to use U.S. ships to bring in the French Army met with no objections from Washington.

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### III: Cold War

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Throughout the 1943-46 period of recolonization, the British (and, to a lesser extent, the Dutch and the French) tried to whitewash their re-conquest with promises of good

intentions to eventually de-colonize. Once they had established their power militarily, however, they quickly formulated a way to renege on that pledge. The colonial powers, they claimed, were the only forces capable of stopping the spread of Russian-dictated communism across Asia and the world.

Winston Churchill's Iron Curtain speech in Fulton, Missouri (Truman's home state) in 1946 set the tone. By 1947, every nationalist was being described as a communist, and military force was being applied everywhere against pro-independence forces in the name of fighting communism. Sukarno was no longer denounced as a "Japanese fascist collaborator," but was now a "communist sympathizer." In Thailand, the Free Thai's Pridi was dumped and replaced by Phibun, who was more amenable to serving the Anglo-American Cold Warriors, as he had the Japanese during the war.

Once the adversarial Cold War relationship was firmly established, Stalin responded in profile, with a blockade of Berlin, the occupation of Czechoslovakia, and a similar confrontational policy in Asia. The Soviets sponsored a World Federation of Democratic Youth conference in Calcutta in February 1948, which gathered many of the Communist Party leaders from Southeast Asia, who then returned to their homelands with a call for armed revolution. The subsequent communist actions, in several cases against the nationalists as much as against the colonial powers, were relatively minor, but served the purpose of justifying Cold War rhetoric and strengthening colonial control.

The most dramatic case was Malaya. The Communist Party of Malaya was drawn primarily from among the 37% Chinese minority. The British had supplied some weapons to the mostly communist resistance during the war for operations against the Japanese occupation forces, and their leaders had been honored with British medals. Similar resistance against British occupation in 1948, however, was not as much appreciated.

The British declared an "Emergency" in June 1948, testing out various methods of counterinsurgency which would later be used in colonial wars around the world—including, especially, in Vietnam. The British resettled 400,000 ethnic Chinese Malays, the majority of the Chinese minority, into "strategic hamlets"—barbed wire camps intended to separate the insurgents from their popular base of support. "Counterinsurgency," through the destruction of the social fabric of target populations, became standard colonial fare. Similar policies were implemented across Africa.

In December 1948, the Dutch launched a second "police action" in Indonesia. The British, who had previously feigned a critical attitude toward Dutch brutality in Indonesia, now offered their full support for the Dutch effort to "contain communism." The hypocrisy was particularly self-evident, because Sukarno, only three months earlier, had suppressed an actual communist revolt led by a faction of the Indonesian Communist Party!

A most interesting transformation transpired in the British attitude toward the U.S. involvement in Southeast Asia. Following the war, they had done everything in their power to keep the United States out of the region altogether—and were duly obliged by Truman and Acheson. They specifically rejected any discussion of an Asian "Marshall Plan," because that would have invited U.S. policy input—and the anti-colonial spirit was still alive among some American officials, if not in the White House. The British, after all, had no resources, and no desire, to invest in the development of the region, and U.S. aid would therefore serve to discredit the bankrupt colonial powers.

However, once colonial power was firmly reestablished in Asia, and the American population's spirit of freedom had been smothered under President Truman's and Sen. Joe McCarthy's "red scare" hysteria, the British changed their tune on U.S. involvement in Asia. U.S. military hardware and U.S. money were desperately needed to carry out British policy, and it soon began to flow most liberally into the region. Even the 1948 Marshall Plan itself, when viewed from the perspective of the Asian recolonization wars, loses some of its luster. The money provided to Europe under the Marshall Plan went largely to the British, French, and Dutch, and matched fairly closely the money spent by those countries in their Asian colonial campaigns.

The fall of Chiang Kai-shek's Nationalist Party to Mao Zedong's Communist forces in late 1949 pushed the red scare into high gear in the United States. The British were set on breaking any lingering U.S. resistance to the lie that "nationalism is communism," and that anything was justified in order to crush evil communism, as seen in this statement by the Marshall of the Royal Air Force, Sir John Slessor: "We have some Indian and some American politicians still enjoying the luxury of talking nonsense about 'colonial imperialism' in relation to the French in Indochina and the British in Malaya and Hong Kong, though it should be glaringly obvious that the only present alternative to British rule in either place is that it would become a Communist Chinese colony."<sup>25</sup>

Only months after the revolution in China, North Korean troops, armed and advised not by the Chinese, but by the Soviet Union, invaded South Korea. Under America's military genius, Gen. Douglas MacArthur, U.S. troops (primarily) enveloped the enemy forces in the famous Inchon landing, and pushed the North Korean forces all the way back to the Chinese border regions. At that point, Truman, driven by raucous denunciations from London of MacArthur's "recklessness," countermanded MacArthur's strategic battle plan, denying the use of "hot pursuit" air strikes against the bridges over the Yalu River connecting China and North Korea, or the airfields on the Chinese side of the border being used for air strikes against MacArthur's forces. Chinese forces soon

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25. *Op. cit.*, Tanner.



*CIA director Allen Dulles in Thailand in 1956 reviews mercenaries hired for combat against China. Under the domination of Allen and John Foster Dulles, during the Eisenhower years of the 1950s, the United States increasingly functioned as an enforcer of a renewed British imperial order.*

swept across the border. Truman dumped MacArthur, and a bloody war of attrition set in.

Lyndon LaRouche, in the strategic analysis quoted above, placed this event in its universal context: “The farce of making the war in Korea a ‘United Nation’s war,’ was the root of the problem. Had MacArthur been allowed to pursue a sovereign U.S. solution to the challenge, there would have been no war with China; it was the weakness of the U.S., as demanded by the British-dominated UNO, and self-imposed by Truman, which lured, and virtually provoked China into the war. China did not cause the expansion of the war; it was the disgusting weakness displayed by Truman and the UNO command, which incited the attack from China. Had MacArthur been allowed to assert his clearly enunciated, and militarily obligatory set of rules of engagement at Korea’s northern border, there would have been no further war, and the world would have become, rapidly, a far better place than it has been since 1950, to the present date.”<sup>26</sup>

Having set a course for failure in Korea, Truman also expanded military support for the French in Vietnam, who were now engulfed in full-scale warfare against Vietminh forces under General Giap’s command. In 1949, Ho Chi Minh had made one last appeal to the United States and the French for a compromise, promising Truman that Vietnam would remain neutral in the emerging Cold War between the West

and the Soviet bloc. Rebuffed again, Ho finally called on the Soviets and the new People’s Republic of China for support. Both of those governments then officially recognized Ho’s government and expanded military support. Truman’s Secretary of State Acheson, after years of rejecting every call for collaboration from Ho, declared that the recognition of his new government by the Soviets and the Chinese proved that he was a Soviet puppet and the “mortal enemy of independence in Vietnam.”<sup>27</sup>

Displaying his subservience to London’s Cold War colonialism, Acheson noted: “Question whether Ho as much nationalist as Commie irrelevant. All Stalinists in colonial areas are nationalists.”<sup>28</sup>

Between 1950 and 1954, the U.S. direct support for the French war in Indochina steadily increased, reaching 80% of the total cost by 1954. Dwight D. Eisenhower’s election in 1952 was based in part on a promise to get the U.S. out of the Korean War, and an armistice was signed in the summer of 1953. A similar peace was under consideration for Vietnam, as the French economy and population were both worn out by the fruitless drain of the colonial war. But, under the direction of Eisenhower’s Secretary of State, the rabid Cold Warrior John Foster Dulles, the United States pressured the French to escalate the war, and U.S. military assistance

26. Op. cit., LaRouche, “Where Franklin Roosevelt Was Interrupted.”

27. Op. cit., Tuchman.

28. Op. cit., Karnow.

mounted. Dulles advised Eisenhower to provide air cover, and even to use nuclear weapons, to get the French out of a foolish and foredoomed showdown they had initiated at an isolated valley crossroad town called Dien Bien Phu. The potential for an explosion, and a new global conflagration, reached another inflection point.

However, dramatic changes were taking place around the world in 1953 and 1954. The British “Thirty Years’ War” scenario for the destruction of FDR’s Grand Design was in place, and much of Southeast Asia was in flames, but the idea of global peace through development was alive, both among nationalists fighting for independence, and, in a diluted form, among some Western leaders. The stage was set for another effort to redirect the trajectory of world history. That effort was characterized by the extraordinary Conference of Asian and African Nations held in Bandung, Indonesia in 1955, and the global diplomacy surrounding that conference. We must now examine the paradigm shift that created the Spirit of Bandung.

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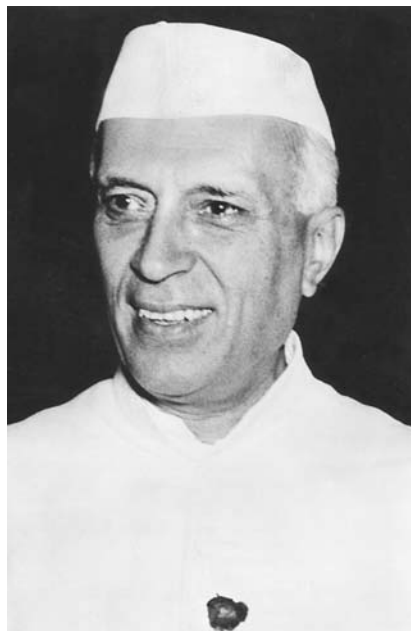
## IV: Spirit of Bandung

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The most important factor in the process leading to the 1955 Conference of Asian and African Nations was the fact that, in several cases, the colonial powers were simply defeated, militarily, despite their vastly superior technology. The Republic of Indonesia’s victory against the Dutch in 1949 showed that nationalist military forces, with republican leadership, could defeat a European occupation army. India’s Prime Minister Jawaharlal Nehru had sponsored two Asian conferences, one in 1947 and another in 1949, aimed at forging Asian unity against colonialism, with the defense of Indonesia a primary focus. Indonesia’s victory gave hope to colonial nations throughout the world. By 1953, it was clear to all but the blind, that the French in Vietnam were soon to face the same fate as the Dutch in Indonesia.

There were also serious changes taking place in all three of the nations which had been the pillars of FDR’s Grand Design—the Soviet Union, China, and the United States. General Eisenhower was inaugurated as President in January 1953, Joseph Stalin died in March of that same year, and in China, Zhou Enlai’s approach, toward “peaceful coexistence” with the West, was winning out over the advocates of sponsoring violent revolutions abroad.

Eisenhower had certain positive instincts in favor of technology-driven global development, as reflected in his “Atoms for Peace” policy to spread nuclear energy capacity worldwide to fuel industrialization. His military experience served him well in resisting British pressures aimed at drawing the United States into reckless and potentially disastrous military adventures. However, Eisenhower also had John Foster Dulles, and his brother CIA chief Allen Dulles, running his foreign policy.



*India’s Prime Minister Jawaharlal Nehru, together with Indonesia’s Sukarno and China’s Zhou Enlai, organized the famous Asian-African Conference in Bandung, Indonesia in 1955—the predecessor to the Non-Aligned Movement.*

Truman had appointed John Foster Dulles as Ambassador-at-Large in 1950, despite the fact that Dulles had been Roosevelt’s sworn enemy. Dulles spearheaded the diplomatic side of Truman’s McCarthyite Cold War—including the refusal to recognize the People’s Republic of China. As the primary powerbrokers in the Republican Party, the Dulles brothers chose to sponsor Eisenhower’s candidacy (over that of General MacArthur or Robert Taft), believing Eisenhower would be a weak President, and thus maximizing their own influence. The Dulles brothers ran the State Department and CIA as arms of London’s Cold War strategy, while undermining the occasional positive impulses emerging from the President.

Stalin’s death in 1953 led to proposals for an easing of tensions from the new Soviet leaders, proposals which were welcomed by Eisenhower. Détente was seriously discussed, including even a joint U.S./U.S.S.R. development program for China. John Foster Dulles was violently opposed to such ideas. He also tried to sabotage the armistice in Korea, by placing impossible demands on the Chinese. Eisenhower reined in his Secretary of State, at least in regard to Korea, in order to carry out his campaign pledge to end the war.

Dulles was extremely unhappy that the Chinese were even “allowed” to participate in the Korean armistice talks. In 1954, when the French were searching for a way out of Vietnam, Dulles reacted even more vehemently against the proposal for a conference in Geneva on Vietnam with China’s participation. But he was again overridden by Eisenhower, and the 1954 Geneva talks proceeded.

Despite Dulles’s efforts to isolate the Chinese at the Geneva Conference—including his ostentatious refusal to accept Zhou Enlai’s outstretched hand—Zhou nonetheless es-

established contacts within the U.S. delegation to the conference. As a result, the United States and China set up a process for regular formal (if unofficial) meetings in Geneva, beginning in August 1955 and lasting into the Kennedy administration. Zhou Enlai's personal leadership role within China was crucial in the move toward establishing normal relations with the West.

The Soviet-sponsored North Korean invasion of South Korea had occurred only months after the 1949 revolution in China. China's subsequent massive involvement in the Korean war, beginning in October 1950, cost the country dearly in lives and resources, aggravating the already massive task of reconstruction facing the new government. The ongoing wars in Korea and Vietnam served to promote the interests of the more radical voices within China, such as those who had denounced Nehru, Sukarno, and Burma's U Nu as puppets of imperialism. With the Korean armistice in 1953, Zhou Enlai's approach, advocating peaceful coexistence with China's neighbors and the Western powers, rose in influence within China, such that by 1956 Zhou was Premier, Foreign Minister, and the second-ranking member of the hierarchy after Mao Zedong.

In April 1954, just before the Geneva Conference on Vietnam, Zhou initiated bilateral agreements with India and with Burma which established the first expression of the Five Principles of Peaceful Coexistence. The Five Principles declared mutual respect for sovereignty, territorial integrity, equality, and non-interference in internal affairs. This initiative by Zhou, Nehru, and U Nu, would become a central concept motivating the Spirit of Bandung.

The day before the opening of the Geneva Conference, the Vietnamese Army under General Giap overran the French position at Dien Bien Phu. Dulles's position—his “brinkmanship”—was essentially defaulted on the field of battle. Zhou Enlai, rather than gloating, used his influence to persuade Ho Chi Minh to accept a compromise, allowing a continued French presence in South Vietnam pending a national election within 24 months. Zhou believed that any more militant stance would push the United States toward the Dulles policy, and U.S. forces would simply move in to replace the French. He hoped that a temporary peace based on a divided Vietnam and neutrality in Cambodia and Laos, as was established at Geneva, would allow time for broader agreements on regional and international development, even though the Vietnam settlement itself was full of loopholes and uncertainties, and wasn't even signed by most of the participants. The stage was set for Bandung.

The original idea for an Asian-African meeting came from Indonesian Prime Minister Ali Sastroamidjojo at a meeting of the Colombo group, comprising India, Pakistan, Ceylon, Burma, and Indonesia—an alliance of formerly colonized nations. The proposed conference was to be the first time that nations of the Third World had met together, without the Western powers present. Sukarno described it in his opening

speech as “the first international conference of colored peoples in the history of mankind.”<sup>29</sup>

The unifying principles were anti-colonialism and the commitment to peace and development in nations which had won their independence. But the most crucial strategic issue in the minds of the conference initiators was the threat of a U.S.-China war. The initial statement calling for the conference to be held in Bandung in April 1955, included a reference to “the desire of the five sponsors to lay a firmer foundation for China's peaceful relations with the rest of the world, not only with the West, but equally with themselves and other areas of Southeast Asia peripheral to China.”

George Kahin, an American scholar who attended Bandung and interviewed many of the leading participants, said that the conference initiators were concerned both with war avoidance, especially in regard to U.S.-China relations, and the curtailment of Chinese and Vietnamese military and political sponsorship of subversive activities in Southeast Asia. This was hardly a “pro-communist China” grouping, but, as Nehru told his Congress Party after the 1954 China-India agreement on the Five Principles of Peaceful Coexistence, China should have a chance to prove itself.

The twenty-nine nations from Asia, the Arab world, and Black Africa who attended the conference had many serious differences, especially in regard to alliances with either the West or with the Soviet bloc, which threatened to disrupt their unity of purpose. These conflicts resulted in an extraordinary process of constructive dialogue and diplomacy, with Zhou Enlai, the head of China's delegation, exerting exceptional leadership. But before examining that dialogue, a review of the opening speech by President Sukarno, the host, will demonstrate the level of consciousness of the world historic nature of the undertaking by the participants themselves.

Sukarno, speaking in the city where he had been introduced to the struggle against colonialism, called on the nations of Asia and Africa to take world leadership to project reason and moral strength into a world of chaos:

Great chasms yawn between nations and groups of nations. Our unhappy world is torn and tortured, and the peoples of all countries walk in fear lest, through no fault of their own, the dogs of war are unchained once again. . . . The nations of Asia and Africa cannot, even if they wish to, avoid their part in finding solutions to these problems. . . . We have heavy responsibilities to ourselves, and to the world, and to the yet unborn generations.

The peoples of Asia and Africa wield little physical power. . . . What can we do? We can do much! We can inject the voice of reason into world affairs. We can

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29. All the following quotes from the Asian-African Conference are from: George M.T. Kahin, *The Asian-African Conference; Southeast Asia Progress* (Ithaca: Cornell University, 1955).





*Leaders at the Bandung conference in 1955. From left: Indonesian President Sukarno and his wife; Indonesian Vice President Hatta and his wife; Ne Win of Burma and his wife; Indian Prime Minister Jawarhalal Nehru. Sukarno, in his opening speech, described the conference as “the first international conference of colored peoples in the history of mankind.”*

mobilize all the spiritual, all the moral, all the political strength of Asia and Africa on the side of peace. Yes, we! We the peoples of Asia and Africa, 1.4 billion strong, far more than half the human population of the world, we can mobilize what I have called the Moral Violence of Nations in favor of peace.

He referenced Franklin Delano Roosevelt, without needing to speak his name: “We are living in a world of fear. . . . Perhaps this fear is a greater danger than the danger itself.”

Sukarno’s tribute to the American Revolution was a stirring call to arms:

Today is a famous anniversary in that battle [against colonialism]. On the 18th of April, 1775, just 180 years ago, Paul Revere rode at midnight through the New England countryside, warning of the approach of the British troops and of the opening of the American War of Independence, the first successful anti-colonialist war in history. About this midnight ride the poet Longfellow wrote:

“A cry of defiance and not of fear,  
“A voice in the darkness, a knock at the door,  
“And a word that shall echo for evermore. . . .”

Yes, it shall echo forevermore. That battle which began 180 years ago is not yet completely won.

He identified neo-colonialism at its roots—the free trade dogma of the British colonial system:

Colonialism has also its modern dress, in the form of economic control, intellectual control, actual physical control by a small but alien community within a nation. . . . It behooves us to take particular care to ensure that the principle which is usually called the “live and let live principle”—mark, I do not say the principle of *laissez-faire*, *laissez-passer*, of Liberalism, which is obsolete—is first of all applied by us most completely within our own Asian and African frontiers.

As with Roosevelt, Sukarno knew that China’s Republican hero Sun Yat-sen would be recognized by his words alone:

Bear in mind the words of one of Asia’s greatest sons:  
To speak is easy. To act is hard. To understand is hardest. Once one understands, action is easy.

Sukarno concluded with an appeal to the liberation of the human spirit, applying his *Panca Sila* to the universal family of mankind:

The highest purpose of man is the liberation of man from his bonds of fear, his bonds of human degradation, his bonds of poverty—the liberation of man from the

physical, spiritual and intellectual bonds which have for too long stunted the development of humanity's majority. And let us remember, Sisters and Brothers, that for the sake of all that, we Asians and Africans must be united.

Although Bandung is generally considered to be the beginning of what came to be called the Non-Aligned Movement, the question of non-alignment was actually the most contentious issue at the conference. Prime Minister Nehru was the most passionate advocate of non-alignment, arguing that picking sides in the Cold War would prevent economic development and inevitably lead to World War III: "If all the world were to be divided up between these two big power blocs . . . the inevitable result would be war. Therefore, every step that takes place in reducing that area in the world which may be called the unaligned area is a dangerous step and leads to war."

Contrary to most Soviet historical accounts of Nehru's position at Bandung, he did not single out the Western military blocs as the only problem. NATO, said Nehru, "is one of the most powerful protectors of colonialism." But he believed that it was equally true that the "Cominform"—the bloc of communist nations formed in 1947—"cannot in the nature of things fit in with peaceful coexistence." Nehru told the Bandung delegates: "I belong to neither [bloc], and I propose to belong to neither whatever happens in the world. . . . India has stood alone without any aid against a mighty empire, the British Empire, and we propose to face all consequences. . . ."

"Are we, the countries of Asia and Africa, devoid of any positive position except being pro-communist or anti-communist? . . . It is most degrading and humiliating to any self-respecting people or nation. It is an intolerable thought to me that the great countries of Asia and Africa should come out of bondage into freedom only to degrade themselves or humiliate themselves in this way."

The resistance to non-alignment came primarily from the Asian members of the Southeast Asia Treaty Organization (SEATO). SEATO was put together by the British and John Foster Dulles immediately after the Geneva agreement on Vietnam, as an anti-communist bloc. It served to place the United States in a direct military alliance with the colonial powers in Asia, Britain and France, along with the Commonwealth countries Australia and New Zealand. The only Asian members were Thailand, Pakistan, and the Philippines.

The opposition to non-alignment by these three Asian nations was not, however, merely paying obeisance to their Western allies. Several smaller nations argued that India was a huge nation, with the capacity to defend itself against powerful enemies, but that smaller nations could not afford the luxury of non-alignment in the Cold War environment of the 1950s. Thailand, in particular, was legitimately concerned about Chinese support for communist insurgency movements in the country and on its borders. Prince Sihanouk of Cambo-

dia had similar concerns. Prince Wan Waithayakon, representing Thailand, told the conference that the Vietminh forces had militarily occupied portions of Laos in 1953 and 1954, and were only a few miles from the Thai border. They could not be disregarded as a threat, said the Prince, of either subversion or even direct aggression. He protested the fact that Pridi Bhanomyong, the former Prime Minister and Free Thai leader, was in exile in China, and was reported to be organizing Chinese of Thai ethnicity for subversion against the government of Thailand.

Connected to the fear of Chinese-sponsored subversion across Southeast Asia was the question of the Chinese diaspora. Millions of ethnic Chinese lived throughout the region, and, although a minority, they played a disproportionately significant role in the business activities in each country. Under the Chinese Nationalist government, both on the mainland before 1949, and later in Taiwan, the overseas Chinese were recognized as citizens of China, regardless of their place of birth. This issue of "dual citizenship" posed a serious dilemma to Southeast Asia's national leaders, who sometimes questioned the patriotism of the Chinese minority. The possibility that that minority might support communist insurgency, supported by the government in Beijing, was not paranoid or racist speculation. Forming a military alliance with the Western powers, it was argued, was the only defense available to small nations against such dangers from China or from "world communism."

At Bandung, Zhou Enlai did not try to deny that such concerns were legitimate. His critical contribution to the conference was the pursuit of solutions to such problems based on the common interests of all nations—including the Western powers. He appealed directly to participants to "facilitate the settlement of disputes between the U.S. and China by peaceful means," and insisted, "We have no bamboo curtain." He said that China's "struggle against colonialism lasted more than 100 years," and he pledged that China would not do anything for the expansion of communist activities outside its territory. He quoted Confucius, who said, "Do not do unto others what you yourself do not desire."

Zhou met privately with Prince Sihanouk and Prince Wan, as well as the delegates from Pakistan, the Philippines, and Laos, assuring them that China was anxious to reach agreements based on the Five Principles of Peaceful Coexistence. He invited Prince Wan to visit China, and to inspect the newly established Thai ethnic autonomous region of Sipsongpanna in Yunnan Province, to confirm that there were no subversive activities or intentions.

He announced that China was prepared to solve the dual nationality problem, which he described as "something left behind by Old China." Agreements were set in motion such that ethnic Chinese born in Southeast Asia would choose one or another nationality. (Such a choice was also complicated by the pretense of "two Chinas," because the UN still followed the U.S. policy of recognizing the Nationalist government in Taiwan as the legitimate representative of all China.)



*Chinese Prime Minister Zhou Enlai (second from left) with other members of the Chinese leadership (Mao Zedong is second from the right). Zhou's personal leadership role within China was crucial in the move toward establishing normal relations with the West, beginning in 1955.*

Historian Kahin's appraisal at the conclusion of the Bandung Conference was that Zhou Enlai "had done much to convince previously skeptical delegates that Nehru's thesis was plausible, and that peaceful coexistence with Communist China might be possible after all."

### **A moment of hope**

President Eisenhower sent a message of greeting to the Asian-African Conference. He also called a Four-Power summit in Geneva, with the British, the French, and the Soviet Union, held in July 1955. However, in the days preceding the summit, Eisenhower gave his approval to a Dulles brothers' scheme to deploy secret U-2 surveillance missions over the Soviet Union—a blatant breach of territorial integrity. Then, before those spy missions had begun, and very much to the surprise of his Secretary of State, Eisenhower proposed to the Soviets in Geneva an "Open Skies" policy, allowing surveillance flights by both sides as a measure of mutual assurance against war preparations. The offer was refused by Premier Nikita Khrushchev, much to the relief of the Dulles brothers.

President Eisenhower spoke of the "Spirit of Geneva" and the potential for détente, although John Foster Dulles adopted the habit of appearing before the press the day following one of Ike's various proposals for peaceful relations, "explaining" what the President had meant in Cold War terminology.

Still, some concrete steps were taken toward reviving America's nation-building approach to foreign policy in Asia.

In February 1956, a team of American engineers from the Bureau of Reclamation met with representatives of Vietnam, Laos, Cambodia, and Thailand to begin a survey of the Mekong River basin. With the Tennessee Valley Authority as a model, the United States signed a joint development agreement with Laos, Thailand, and Cambodia in 1957.

The United States had not yet adopted the British policy of "technological apartheid" so common today, whereby technology is denied to Third World nations due to its supposed "dual use" for military purposes. In Burma, for instance, the United States provided a nuclear library as part of "Atoms for Peace" to that neutral nation, even while the Soviets were providing technological assistance.

To John Foster Dulles, on the other hand, the idea of neutrality "has increasingly become an obsolete conception, and except under very exceptional circumstances, it is an immoral and short-sighted conception." As we shall see,

Dulles soon set to work with his British allies to eliminate those guilty of such "immoral" neutrality.

The primary British concern regarding the Bandung Conference, when it became clear that they could not scuttle it altogether, was to prevent the development of close ties between nationalists in Asia and those in Africa. As the British Colonial Office put it, the Asia-Africa Conference was "engineered by certain Asian Prime Ministers" who were not to be considered "competent to pronounce on the affairs and destinies of Africa."<sup>30</sup> The same office also pontificated that there would be "no advantage in encouraging either Asians or Africans to believe that there are any valid natural political links between their two continents."<sup>31</sup>

One participant at Bandung, Egypt's Gamal Abdel Nasser, was to cause the British a great deal of consternation over the following months. Nasser, one of the young officers who overthrew the monarchy of King Faruk in 1952, had become Prime Minister of Egypt in 1954. The Eisenhower administration was generally maintaining good relations with Nasser, and was supporting the construction of the huge Aswan Dam on the Nile.

However, on July 19, 1956, Dulles suddenly informed Nasser that the United States was withdrawing its support for the Aswan Dam, thus collapsing a World Bank loan package.

30. Nicholas Tarling, "Ah, Ah—Britain and the Bandung Conference of 1955," *Journal of Southeast Asian Studies*, 23, 1 (March 1992).

31. *Ibid.*

A week later, Nasser nationalized the Suez Canal — legally — in order to use the proceeds from the canal to finance the dam.

British Prime Minister Anthony Eden went ballistic, demanding that the canal must be returned to its “rightful owners,” and kept out of the hands of “foreigners.” Eisenhower, however, refused to support British efforts to overthrow Nasser and regain the canal. When Britain, France, and Israel invaded Egypt and seized the canal in the fall of 1956, Eisenhower was furious, and the “Anglo-American Special Relationship” was severely threatened. “Bombs, by God!” Eisenhower exclaimed. “What does Anthony think he’s doing?”<sup>32</sup>

Ike’s refusal to back his “allies,” and the world’s condemnation of the invasion, eventually forced the withdrawal of the invading forces and a peaceful settlement, brokered by the United States and the Soviet Union through the UN.

The Dulles brothers’ views on Suez were ambiguous. They were opposed to the British-led invasion, but primarily because they preferred other means to the same end. They had developed a tight working relationship between Allen’s CIA and John Foster’s State Department which was a veritable devil’s workshop in subversion. In 1953, they ran their first experiment in overthrowing a sovereign government by covert means, in Iran. Using a British-scripted plan, designed to save the Anglo-Iranian Oil Corp. from possible nationalization by the nationalist Prime Minister Mohammad Mossadegh, the Dulles boys, together with Teddy Roosevelt’s grandson Kermit Roosevelt, ran a successful “insurrection” that dumped Mossadegh, and kept the world’s third-largest oil producer safely in British hands.

Later that same year, they launched a similar operation in Guatemala, overthrowing the nationalist Jacobo Arbenz in June 1954, using both CIA covert operations and official (but undeclared) acts of war, such as a naval quarantine to prevent Guatemala’s totally legal purchase of armaments. Both Dulles brothers were shareholders in United Fruit Co., and their law firm represented the company, which virtually owned Guatemala. Both Mossadegh and Arbenz were, of course, labelled communists. Arbenz called it the “internationalization of McCarthyism.”

The Dulles brothers believed that their covert methods were superior to the old nineteenth-century colonial methods utilized by the British in their invasion of Egypt. They were particularly angry that the British-French-Israeli aggression made it virtually impossible for the West to respond when the Soviet Union sent troops and tanks into Hungary to crush an anti-Soviet uprising — on the very same day as the British invasion of Egypt. Eisenhower noted: “Just when the whole Soviet fabric is collapsing, now the British and French are going to be doing the same thing over again.”<sup>33</sup>

The CIA was deeply involved in sponsoring the revolts in eastern Europe, but in these circumstances, Eisenhower

would not authorize any direct U.S. intervention against the Soviet takeover in Hungary. As to the British, they were far less concerned with who won the Cold War than with keeping it going, as a means of facilitating their neo-colonial strategy: keep Europe divided, while maintaining and expanding the Empire.

When the Suez adventure collapsed, the British took steps to patch up their special relationship with the United States. The combination of Bandung and Suez raised the specter of a renewed FDR-style agreement between the United States, the Russians, and the Chinese on the development of the Third World — a prospect not to be tolerated in London. Sukarno, the host of the Bandung Conference and a global symbol of what Dulles labeled “immoral” neutralism, was a convenient target for reestablishing U.S.-British collaboration in subversion.

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## V: Cold War vs. Spirit of Bandung

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To understand how U.S. foreign policy under John Foster Dulles had become subservient to the British colonial worldview, we need only review the instructions which Dulles imparted to the newly appointed U.S. Ambassador to Indonesia, Hugh S. Cumming, Jr., in September 1953.

Recall the fierce conflict during World War II between Franklin Roosevelt’s policy of a strong, united China versus Winston Churchill’s policy of a weak, divided China. Dulles’s orders in regard to Indonesia, as recorded by Cumming, were as follows:

“Don’t tie yourself irrevocably to a policy of preserving the unity of Indonesia. . . . The territorial integrity of China became a shibboleth. We finally got a territorially integrated China — for whose benefit? The Communists. . . . In between a territorially united Indonesia which is leaning and progressing towards Communism, and a break-up of that country into racial and geographic units, I would prefer the latter as furnishing a fulcrum in which the U.S. could work later to help them eliminate Communism in one place or another, and then in the end, if they so wish, arrive back again at a united Indonesia.”<sup>34</sup>

In 1957, John Foster Dulles formed the Ad Hoc Interdepartmental Committee on Indonesia, composed of the State Department, the CIA, and the Department of Defense, which issued a special report in September. The report called for covert operations to “exploit the not inconsiderable potential political resources and economic leverage available in the outer islands, particularly in Sumatra and Sulawesi,” and to “strengthen the determination, will and cohesion of the anti-communist forces in the outer islands . . . to provide a rallying

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32. Peter Grove, *Gentleman Spy—The Life of Allen Dulles* (New York: Houghton Mifflin, 1994).

33. *Ibid.*

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34. Audrey R. and George M.T. Kahin, *Subversion as Foreign Policy: The Secret Eisenhower and Dulles Debacle in Indonesia* (New York: New Press, 1994).

point if the Communists should take over Java.”<sup>35</sup>

Note that this supposedly U.S. plan was a carbon copy of the 1946 proposal by Mountbatten’s political adviser Sir Esler Dening, referenced above, to divide Indonesia along regional lines in order to facilitate Dutch recolonization.

Although Eisenhower officially rejected the Special Report on Indonesia, subsequent developments followed the prescription to the letter. CIA Chief Allen Dulles gave the green light for covert military operations, dubbing it Operation Hike.<sup>36</sup>

However, contrary to most popular accounts, the 1957-58 subversion of Indonesia was not initiated by the United States, but was already in full swing under British direction. Several regional military officials in Sumatra had established extensive smuggling operations with British Singapore. British intelligence utilized these contacts to activate the old Dening plan. In December 1956, with British backing, the regional military commanders in North and Central Sumatra took power from the governors of their respective regions, although they stopped short of totally breaking relations with Sukarno’s government in Jakarta. A similar declaration of regional martial law took place in the eastern island of Sulawesi.

Throughout 1957, Sukarno met openly with the rebellious officers, trying to work out a peaceful settlement of regional grievances.

In May 1957, the rebels in Sumatra were joined by former Finance Minister Dr. Sumitro Djojohadikusomo, a Dutch-trained economist and close ally of the British banking establishment. Sumitro travelled between Sumatra, Singapore, and London, working with British and American intelligence to establish funding, bank accounts, and supplies for the rebels. He arranged the marketing of the abundant natural resources of Sumatra through London, using false credentials provided by London to facilitate his travels.<sup>37</sup>

This was the situation in September 1957, when the Dulles group issued its Special Report on Indonesia. Two developments in November were used to justify Dulles’s deployment of covert U.S. military power in support of the British subversion. First, Indonesia took strong actions against Dutch interests in Indonesia when the UN refused to take up Indonesia’s demand that Irian Jaya be returned to Indonesian sovereignty—an issue that was supposed to have been decided within a specified period of months after the 1949 independence agreement. Dutch businesses and properties across Indonesia were seized and small-scale military operations were initiated in Irian Jaya. A few days later, Sukarno barely escaped an assassination attempt which left 11 dead. Martial law was imposed in December.

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35. Ibid.

36. Op. cit., Grove.

37. Op. cit., Kahin, *Subversion*. Much of the material in this section comes from this book.

The second event in November 1957 was an election which included another significant gain for the Communist Party of Indonesia (PKI), which won more than 30% of the vote in Java and nearly 20% nationwide. While the vote determined seats in the parliament, it had little effect on the government itself. Since the spring of that year, Sukarno had implemented his “Konsepsi”—a government of “deliberation and consensus,” rather than competing political parties. He created a “functional group” composed of the four major political parties, including the Communist PKI, choosing cabinet members as individuals rather than as party representatives. No communists were chosen for the cabinet, but two cabinet members were considered close to the PKI.

Sukarno’s approach to the PKI was basically unchanged since his 1926 “Nationalism, Islam, and Marxism.” He had militarily suppressed a communist revolt in 1948, but after the defeat of the Dutch, he had treated the PKI as a legitimate party bound only by Panca Sila and the laws of the Republic. He welcomed the PKI’s aggressive organizing in support of Indonesia’s nationalist policies, both foreign and domestic. The role of the PKI was not unlike that of the Communist parties in the western European democracies—and yet, their popular support in Indonesia was proclaimed by the Cold Warriors to be proof that Indonesia was the next domino.

John Foster Dulles used this supposed communist threat to advocate full U.S. support to the Dutch colonial position! “In view of the pro-communist trend of Sukarno . . . it is almost absurd to be neutral toward the extending of the Indonesian authority to a new area,” referring to Irian Jaya.

The Anglo-American subversion was then unleashed in full force, only barely maintaining “plausible deniability.” Military supplies poured into Sumatra and Sulawesi by air and by submarine, while training camps were established in the Philippines, Okinawa, and Singapore. U-2 spy missions were deployed over the entire archipelago. A fleet of B-25 and B-26 bombers and F-51 fighters was turned over to the CIA’s “civilian” airline, Civil Air Transport, and a team of crack U.S. Air Force pilots were given “leave” to become mercenaries in support of the rebellion. Singapore served as a command center and meeting place for the various rebel leaders, who were provided with bank accounts in the British colony. In February 1958, a “Revolutionary Government of the Republic of Indonesia” was created. Currency for the new “government” was to be printed in London. A central plank of each faction of the rebellion was a ban on the PKI.

Secretary Dulles, while officially maintaining the lie that the United States was not involved, warned that the threat to the Caltex oil fields in Central Sumatra would require the deployment of U.S. troops “to protect American lives and property.” When Indonesia’s Army Chief, General Nasution, received reports that the rebels were planning to burn the Caltex installations as a pretense for a U.S. invasionary force, the government’s planned counter-attack was advanced by several days, to March 12, 1958. On March 11, a meeting of SEATO was held in Manila, attended by an official represen-

tative of the rebel's "Revolutionary Government." The British and American delegates advocated granting "belligerent status" to the rebel forces. The Balkanization of Indonesia was nearly accomplished, and virtual re-colonization was a distinct possibility.

However, the Indonesian Army invasion of Sumatra on March 12 both surprised and overwhelmed the rebels. The Army occupied and secured the oil fields immediately, undercutting any excuse for the introduction of foreign troops, and rapidly spread out across Sumatra. In Manila, John Foster Dulles held an emergency meeting with British Foreign Secretary Lloyd and Australian Foreign Secretary Sir Richard Casey. Rather than cutting their losses, Casey cabled Australian Prime Minister Menzies that "it is agreed between U.K. and U.S. that all help that is possible to provide should be given to the dissidents although every possible care should be given to conceal origins."<sup>38</sup>

British Commissioner for Southeast Asia Sir Robert Scott in Singapore added that the rebellion in the East, in the Moluccas, must receive expanded support in order to "widen the basis of the international attitude that the Indonesian government was not in control of the country." The recommendation was adopted. Operating with extensive U.S. air cover, there were even serious plans for an invasion of Java.

Then, on May 18, the CIA's "plausible denial" was blown to bits when a B-26 was shot down after bombing the port city of Ambon in the Moluccas. The American pilot was captured, complete with U.S. Air Force identification and passes to Clark Air Base in the Philippines.

Within two days, John Foster Dulles was making speeches about the terrible civil war in Indonesia, his hopes for peace, and the need to prevent "outside interference." The rebellion soon collapsed, and the United States restored military aid to the government in Jakarta, hoping to salvage some credibility. The claim that Indonesia would collapse into communism if the rebellion failed was shown to be a total sham.

However, the Spirit of Bandung, as far as the prospect for U.S. participation in an anti-colonial alliance, was shattered. The Dulles brothers' belligerence toward China was stepped up at the same time. In June 1957, John Foster Dulles described the Chinese Communist regime as a "passing phase," calling on the United States and its allies to "do all that we can to contribute to that passing."<sup>39</sup> After seventy meetings between the United States and China in Geneva following the Bandung Conference, the talks were suspended at the end of 1957.

Major changes were taking place within China as well, which were significantly influenced by the British-American assault on the Spirit of Bandung. Mao Zedong, in November 1957, gave his famous "East Wind over the West Wind"

38. Ibid.

39. Roger Hilsman, *To Move a Nation: The Politics of Foreign Policy in the Administration of John F. Kennedy* (New York: Doubleday, 1967).

speech, declaring that "the characteristic of the current situation is that the east wind prevails over the west wind; that is, the strength of socialism exceeds the strength of imperialism." Zhou Enlai's diplomacy, based on the Five Principles of Peaceful Coexistence, was largely supplanted by a policy advocating armed insurgency and other more radical versions of revolutionary violence. Zhou Enlai's influence within China declined dramatically over the coming decade.

The United States and China did reopen talks in 1958, soon after the collapse of Operation Hike in Indonesia, but China was retreating into the Great Leap Forward and the Anti-Rightist Campaign, while increasingly denouncing both the United States and the Soviet Union. A Chinese military challenge to Quemoy and Matsu, two Taiwan-controlled islands off the China coast, provided John Foster Dulles with another opportunity for brinkmanship. In South Vietnam, Vietcong terrorist attacks escalated, and the United States stepped up its advisory role as the French withdrew their troops.

Nonetheless, the Spirit of Bandung still lived in the hearts of many nationalist leaders of Asia and Africa, and plans were afoot for the creation of a Non-Aligned Movement. But the opportunity created by Bandung had been lost, dashed by the storm of Britain's Cold War. The embers of that flame were rekindled in the early 1960s, with the election of John F. Kennedy in 1960, and with the founding of the Non-Aligned Movement in 1961. We now turn to that brief but hopeful era, the last before the present day in which the FDR dream was on the agenda.

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## VI: Kennedy and the Non-Aligned Movement

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John F. Kennedy entered the White House in 1961 in the midst of several ongoing explosions detonated by the Cold Warriors, and when several other time bombs ticked away on a short fuse. The ill-conceived Bay of Pigs adventure in Cuba was in the final planning stages, and there were extensive U.S. covert operations both in Africa and in Asia in defense of European colonial interests.

In the Congo, which had been granted independence from Belgium in 1960, British and Belgian mineral cartels had sponsored the separation of the mineral-rich Katanga Province by a subservient warlord, Moise Tshombe. Only weeks after Kennedy's inauguration, nationalist leader Patrice Lumumba was murdered while being held captive by Tshombe's forces. The CIA had been deeply involved in plotting Lumumba's assassination. In Laos, a "dirty war" run by CIA operatives was backing an army which was fighting not only the communist Pathet Lao, but also the neutralist government. And, of course, there was Vietnam.

Kennedy, as a Senator in the 1950s, had distinguished himself as an enemy of colonialism, while equally outspoken



*President John F. Kennedy with Peace Corps volunteers. Motivating Kennedy's promotion of programs for Third World development, such as the Peace Corps, was the understanding reflected in his statement to the Democratic Convention which nominated him for President: "More energy is released by the awakening of these new nations than by the fission of the atom itself."*

on the subjects of Soviet- or Chinese-sponsored subversion and terrorism. Kennedy had spoken forcefully, in 1951, against support for the “desperate effort of a French regime to hang on to the remnants of Empire in Indochina.”<sup>40</sup> A 1957 speech in defense of Algeria’s right to independence was roundly denounced in London and Paris, but won the admiration of nationalists everywhere. As his friend and adviser Theodore Sorenson put it, Kennedy “considered communist aggression and subversion as intolerable, but not communism itself.”<sup>41</sup> Kennedy told Khrushchev: “What your government believes is its own business; what it does in the world is the world’s business.”<sup>42</sup>

Just after his inauguration, Kennedy wrote: “Where nature makes natural allies of all, we can demonstrate that beneficial relations are possible even with those with whom we most deeply disagree — and this must someday be the basis of world peace and world law.”<sup>43</sup> Such a view of alliances between sovereign nation-states was despised by proponents of world government, of either the old colonial variety or the new surrogate colonialism run by financial institutions and raw materials cartels.

Soon after the April 1961 Bay of Pigs invasion, the same advisers who had persuaded Kennedy to approve that strate-

gic blunder, were telling him to send U.S. military forces into Laos to stop the dominoes. JFK refused, although he would not abandon the country to a Pathet Lao takeover backed by foreign powers. He pushed instead for a neutralist government, which required negotiating with the Chinese and the North Vietnamese. He was encouraged on this latter course by his meeting in April 1961 with Gen. Douglas MacArthur, who strongly advised him against any new ground war in Asia. This advice was later backed up by another General with some experience in Southeast Asian affairs, Charles de Gaulle.

Despite the considerable tensions between the United States and France under De Gaulle, the General and the young U.S. President established a strong rapport. “I could not have more confidence in any man,” said Kennedy, describing De Gaulle as a “wise counselor for the future.”<sup>44</sup> As to his advisers, who often seemed to be clones of the Dulles brothers, Kennedy quipped: “Thank God the Bay of Pigs happened when it did. Otherwise, we’d be in Laos by now — and that would be a hundred times worse.”<sup>45</sup>

### **The Non-Aligned Movement**

The Non-Aligned Movement (NAM) was founded in Belgrade, Yugoslavia, in September 1961, eight months after Kennedy took office. The criteria for membership included support for national independence and liberation struggles in

40. Ibid.

41. Theodore C. Sorenson, *Kennedy* (New York: Konecky & Konecky, 1965).

42. Ibid.

43. Op. cit., Hilsman.

44. Op. cit., Sorenson.

45. Ibid.

the colonial world, peaceful coexistence between sovereign nations, and no participation in multilateral military alliances, including NATO, SEATO, the Central Treaty Organization, and the Warsaw Pact. As a result, only 16 of the 29 participating nations at the Bandung Conference were qualified to join NAM. From Asia, only Indonesia, Cambodia, Burma, and India were founding members. Neither China nor the Soviet Union were invited, although communist Yugoslavia was a member and the host of the founding conference.

The primary organizers of NAM were Nehru, Nasser, President Tito of Yugoslavia, Kwame Nkrumah of Ghana, and Sukarno. Cuba was the only Ibero-American member, but others joined in 1962. They viewed their enemy as the Cold War itself, which was serving to maintain colonialism in both old and new forms while preventing the economic and social development of the Third World.

NAM was inspired by the Spirit of Bandung, but, as with world affairs generally, the hope of 1955 had been subjected to intense Cold War pressures. Even before the Bandung Conference, the Communist parties of Asia had formed an Asian Solidarity Committee, which expanded into the Afro-Asian People's Solidarity Organization, including Nasser and other African leaders, after the Suez crisis. It was not an alliance of nations, but of parties, and was not exactly counter to the Spirit of Bandung, but was clearly driven by the Soviets and the Chinese, combining Nasserist anti-colonialism and communist anti-imperialism. The organization grew through the early 1960s, but disintegrated along with the new phase of the Sino-Soviet split, after 1965.

Within NAM, there were intense debates over the role of the U.S.S.R. and China. NAM leaders generally welcomed the East bloc's support for armed liberation wars against colonialism, but not their effort to dominate the political and economic policies of the liberation movements themselves, nor their support for communist subversion within independent nations.

Another debate within the NAM centered on economic policy: Should they demand a New International Economic Order based on the transfer of technology to the developing nations, or should all offers of assistance or investment from the North be treated as neo-colonial subterfuge aimed at domination?

This latter view was given a theoretical cover, known as "developmentalism," associated with Raúl Prebisch, an Argentine economist who headed the UN Economic Commission for Latin America. Prebisch had an extensive resume as a British asset—he had negotiated a treaty between England and Argentina in the 1930s, which tied Argentina to debt payments during the depression, even while other Latin American countries declared debt moratoria. Then, in the 1950s, after the overthrow of nationalist Juan Peron, he collaborated with the Bank of England to scrap Argentina's National Bank, in favor of a British-style Central Bank. His "Developmentalism Theory" rejected the development of



*Indonesian President Sukarno with President Kennedy in 1961. Sukarno, a great admirer of Abraham Lincoln, understood that the concept of "self-determination" could easily be used as a tool of colonial control, by dividing a nation against itself. He insisted that nationalism must embrace the nation as a whole, while providing each citizen with the means to participate in both national and international affairs.*

heavy industry in the Third World in favor of light industries producing consumer goods as "import-substitution," thus saving foreign reserves—to assure payment of the foreign debt.

Prebisch's developmentalism locked the Third World into relative backwardness, while imposing an artificial economic model on the development process which considered the industrial nations as themselves "dependent" upon exploitation of the Third World, due supposedly to the nature of capitalist development. This obscured the distinction between British free-trade economics and the Hamiltonian, American System policies for nation-building.<sup>46</sup>

A more radical version, called "Dependency Theory," was promoted by certain Marxists, by the British and the French at their training centers for colonial assets in London and Paris, and at European-run institutions in the Third World, such as Dar es Salaam University in Tanzania. Dar es Salaam University peddled "autonomous socialist development" through "self-sufficiency" and "self-reliance." These often

46. Lyndon H. LaRouche, Jr., *Operation Juárez*, *EIR Special Report*, Aug. 2, 1982.



violently anti-West and anti-technology ideologies served the colonial powers by undermining those nationalist forces dedicated to the form of a New International Economic Order which is based on technological progress and industrialization. In their most extreme forms, mixed with the rhetoric of the Cultural Revolution, these ideologies produced such horrors as Cambodia's Khmer Rouge and Peru's Shining Path.

However, the core of NAM member nations were dedicated to the New International Economic Order, based on peace between East and West as well as North and South, and global collaboration to industrialize the sovereign nations in the South. John F. Kennedy believed such collaboration was both possible and necessary.

Kennedy ridiculed Dulles's formulation of neutrality as "immoral." He argued that neutralism had been "part of our history for over 100 years," and that it was "inevitable" among the emerging free nations. He wrote: "Our view of the world crisis is that countries are entitled to national sovereignty and independence. . . . That is the purpose of our aid. . . . That is a different matter from suggesting that, in order to be entitled to our assistance . . . they must agree with us, because quite obviously these people are newly independent, they want to run their own affairs, and would rather not accept assistance if we have that kind of string attached."<sup>47</sup>

Kennedy was worried about communism, but insisted that "those who make peaceful revolution impossible will make violent revolution inevitable." In words reminiscent of Sukarno's opening speech at Bandung, Kennedy said: "The great battleground for the defense and expansion of freedom today is the whole southern half of the globe — Asia, Latin America, Africa and the Middle East — the lands of the rising peoples. Their revolution is the greatest in human history. They seek an end to injustice, tyranny and exploitation. More than an end, they seek a beginning."<sup>48</sup>

Motivating Kennedy's promotion of numerous programs for Third World development (including The Alliance for Progress, The Peace Corps, Food for Peace, Atoms for Peace, and U Thant's UN Development Decade) was an understanding that this new revolution was both the spark and the fuel for global peace and development. He told the Democratic Convention, in his nomination acceptance speech: "More energy is released by the awakening of these new nations than by the fission of the atom itself."<sup>49</sup>

## Kennedy versus Pugwash

The demise of JFK's vision for the world, marked by his assassination in November 1963, and the subsequent horror across (especially) Southeast Asia, can be usefully under-

stood as the result of a showdown between Kennedy and the Pugwash movement.

Pugwash, founded in 1958 by British intelligence networks launched by Bertrand Russell and H.G. Wells, was an alliance of scientists and political representatives from both the U.S.S.R. and the West, committed to the British utopian policy of world government. The keynote speech at the founding conference was given by the U.S.-based physicist Leo Szilard. Szilard had become a protégé of H.G. Wells while a student at Oxford, and his Pugwash speech presented Wells's version of nuclear terror as a basis for establishing world government. The policy became known as Mutually Assured Destruction (MAD).

The Russell-Szilard Pugwash doctrine, which became U.S. policy under SALT I and the 1972 ABM treaties, was set forth in lurid detail in what came to be known as Szilard's "Dr. Strangelove" address, delivered at the Quebec Second Pugwash Conference of 1958. This "Dr. Strangelove" dogma was supported by Wall Street's John J. McCloy and McCloy's agents, such as McCloy's New York Council on Foreign Relations subordinates McGeorge Bundy and Henry A. Kissinger. This MAD doctrine called upon the two superpowers to amass enough nuclear firepower, targeted against each other, to assure mutual annihilation in the case of full-scale war — supposedly assuring that such a global holocaust would never occur.

Regional wars, including the use of tactical nuclear weapons, would let off steam while keeping up the environment of terror, so that all nations would relinquish their sovereignty to a world government in order to avoid destruction. The underlying thesis, however, was that in the thermonuclear age, the constant upgrading of military and industrial technology was no longer necessary for security purposes, since MAD eliminated the possibility of global war.

Thus, the sponsors and dupes of MAD assumed, the New Age, post-industrial-society paradigm-shift would end the American System of scientific and technological progress. The Orwellian New Age of post-industrial, world-government utopianism, could be safely ushered in by its London creators.

The Cuban missile crisis in the fall of 1962 set the New Age process toward world government in motion. With Pugwash creator Bertrand Russell providing guidance and support to Pugwash supporter Nikita Khrushchev along the way, the world was brought to the brink yet again — but this time, far closer to the physical and psychological environment of the American population.

Lyndon LaRouche has vividly described the effect of the Cuban Missile Crisis on the baby-boomer generation in the United States, and the subsequent flight into the fantasy world of the counter-culture of the 1960s and 1970s.<sup>50</sup>

47. Op. cit., Sorenson.

48. Ibid.

49. Op. cit., Hilsman.

50. Op. cit., LaRouche, "How Russell Became an Evil Man."

Simultaneous to the Cuban Missile Crisis, the 1962 border war between China and India destroyed the potential for Indian-Chinese collaboration. The history of this dispute was rooted in British imperial policy. Both Nehru and Zhou Enlai, who had argued against the invasion within China, saw their dream of Indian-Chinese collaboration and peace evaporate, along with the remnants of the Spirit of Bandung.

Nehru appealed to Moscow for assistance, but, despite the escalating Sino-Soviet split, Khrushchev, preoccupied with the Cuban events, and apparently unwilling to risk a second front against China, said no. The three pillars of FDR's Grand Design were now at each others throats.

Nehru then turned to the United States, and Kennedy immediately took India's side, offering public support for India's position and substantial supplies of military equipment. Kennedy harshly criticized the Chinese as being "in the Stalinist phase, believing in class war and the use of force."<sup>51</sup> In fact, in the mid-1960s, China descended into chaos and political hysteria during the bloody Cultural Revolution, while the name of "Maoism" was used worldwide by fanatical, terrorist sects, usually created and controlled by London.<sup>52</sup>

## Maphilindo

A new effort toward unity, at least in Southeast Asia, emerged in the early 1960s. Sukarno initiated a campaign to forge an alliance between Indonesia, the Philippines, and Malaya, which had gained its independence in 1957. This alliance, called Maphilindo, went beyond the common ethnic heritage of these three nations as Malay people, and their closely related languages. Even more important was the fact that such a union would bridge the divisions imposed by British, Dutch, and Spanish colonialism, while also binding the vast island chains of Indonesia and the Philippines to the mainland of Asia, making the South China Sea into an "Asian Lake." Maphilindo represented the seed crystal for unity throughout Southeast Asia—a process ultimately realized only in the 1990s with the alliance of all ten Southeast Asian nations in the Association of Southeast Asian Nations (ASEAN).

Back in 1945, the committee formed to implement Indonesian independence at the end of the war had voted to include Malaya and British Borneo (Sabah, Brunei, and Sarawak, all on the northern coast of Borneo) as part of the United States of Indonesia. Sukarno said at that time that the only reason the Philippines was not included was respect for their national sovereignty, since the United States had already granted independence before the Japanese invasion.

Soon after his inauguration in 1961, Kennedy invited Sukarno to visit the United States, which he did. According to Kennedy aide Roger Hilsman, "Kennedy recognized the

politician and dedicated nationalist in Sukarno, while Sukarno came away with a growing sense of Kennedy's statesmanship and his empathy for the striving peoples of the world."<sup>53</sup> Kennedy assigned a team of economists to study Indonesia's needs, which issued an optimistic report, proposing significant development aid. Kennedy also sent his brother Robert Kennedy, then the Attorney General, on a special mission to Indonesia and to the Netherlands, where he successfully forced the Dutch hand on turning over Irian Jaya to Indonesian sovereignty. The President personally endorsed the idea of Maphilindo.

The British, however, were violently opposed to Maphilindo, as a threat to their dominance in Malaya, and in Asia generally, especially because of the U.S. involvement. Working through their favorite compradore in Asia, colonial Singapore's Prime Minister Lee Kwan Yew, the British succeeded in convincing Malaya's Prime Minister Tunku Abdul Rahman to prepare a merger of Malaya with Singapore, which was still a British colony, to create Malaysia. In addition to bringing their trusted Lee Kwan Yew into a position of influence within Malaya, the British intended to use their banks in Singapore to further control Malaya's economy. They would also preserve their military basing rights in Singapore.

Later, in 1962, it was agreed to include the three north Borneo colonies in the Malaysian merger. The bulk of Borneo is a province of Indonesia, Kalimantan, but the Sukarno government did not at first object to the north Borneo states joining Malaysia. However, in December 1962, there was an armed revolt against the British and against the merger by forces connected to the majority political party in Brunei. The revolt spread to Sarawak, and was only defeated by a full detachment of British armed forces. Indonesia then took a far greater concern in the fate of the Borneo colonies. Philippines Prime Minister Diosdado Macapagal joined Sukarno in objecting to the merger unless it were ascertained whether or not the people of the Borneo states agreed.

Sukarno announced a policy of "Konfrontasi" in regard to the merger—not against Malaya, or even against the planned Malaysia, but against "the neo-colonialist policy of an outside power which is bent on wrecking Maphilindo. This divide and rule policy, backed by preponderant military force, can only be checked by a firm defensive policy of confrontation, lest the national independence and security of the countries of this region succumb to foreign domination."<sup>54</sup>

Nonetheless, the three nations of Maphilindo continued their consultations. Sukarno, Macapagal, and Tunku met in Manila in July 1963. Despite British efforts to sabotage the meeting, the three leaders signed the Manila Declaration establishing Maphilindo, and set a course for a peaceful solution to the creation of Malaysia. They called on UN Secretary

51. Op. cit., Sorenson.

52. See, e.g., "British Under Attack for Harboring Global Terrorism," *EIR*, Jan. 2, 1998.

53. Op. cit., Hilsman.

54. J.A.C. Mackie, *Konfrontasi—The Indonesian-Malaysian Dispute 1963-1966* (Kuala Lumpur: Oxford University Press, 1974).

General U Thant to personally oversee a survey of Sabah, Brunei, and Sarawak to determine the sentiment of the population. It was expected by all that U Thant would find that the majority did wish to join, and Sukarno agreed to abide by U Thant's findings.

U Thant and President Kennedy had worked closely together around the world. U Thant's proposal that the 1960s must be a "Development Decade" was championed by the President. In 1962, U Thant had directed U.S. peacekeeping forces in the Congo to march against the break-away Katanga Province, much to the consternation of the British and the Belgians, but with the full backing of JFK. In response to the Manila Declaration, U Thant, with Kennedy's support, agreed to carry out the requested north Borneo survey, and announced that it would be completed by mid-September 1963.

Then, the British pulled the plug. With help from Lee Kwan Yew, British Minister of Commonwealth Relations Duncan Sandys pressured Prime Minister Tunku to agree to an announcement in August that the merger would proceed with or without a satisfactory result of U Thant's survey. This ploy, serving absolutely no purpose other than to insult Sukarno, U Thant, and every other party to the Manila Declaration, succeeded in provoking a virtual declaration of war in Jakarta against the merger, which the Indonesian government denounced as "British-made Malasia." All hope for Maphilindo was extinguished.

The United States maintained support for Sukarno, but two months later, Kennedy was killed, and President Johnson immediately cut all aid to Indonesia. Robert Kennedy travelled to Jakarta in February 1964, in an attempt to bring a peaceful end to the Konfrontasi. He made some progress, but his report-back was ignored both in the White House and in the U.S. Congress. In March, Sukarno confirmed JFK's warning concerning "conditions" on assistance to developing nations, telling the United States: "To hell with your aid." Over the next year, Sukarno became increasingly hostile toward the West generally, and forged ever-closer ties to China. In October 1965, a suspicious coup attempt led to Sukarno's downfall and the unleashing of mass hysteria, as upwards of a half-million people were butchered as "communists" by uncontrolled mobs, tolerated (or instigated) by the authorities, with public support from London and Washington.

## Vietnam, again

The Spirit of Manila and the Spirit of Bandung were essentially dead. However, Pugwash and the MAD doctrine required more tension — surrogate warfare between the superpowers, sustaining global tension through a controlled conflict stopping short of full-scale strategic confrontation. The British and their Pugwash-connected allies in the United States, including the circles around National Security Adviser McGeorge Bundy and Undersecretary of State Averell Harriman within the Kennedy administration, geared up for their desired bloodbath, with Vietnam the convenient target.

President Kennedy, however, had not gone along with the drive for war in Laos, and opposed another war in Asia. He agreed to the expansion of the number of U.S. advisers in Vietnam, including Special Forces, to train the South Vietnamese Army, but he refused to deploy ground troops or provide large-scale U.S. air cover. Nonetheless, under the direction of Harriman, Bundy, and Secretary of Defense Robert Strange McNamara, the war was being transformed into a British colonial-style "population war," including McNamara's infamous accounting tool, the "body count," to measure the war's progress.

Harriman protégé Roger Hilsman, head of the Far Eastern Bureau at the State Department, and Bundy's aide Michael Forrestal, during several trips together to Vietnam, allied themselves with British Colonial Office official Robert K.G. Thompson, who had designed the Strategic Hamlet program in Malaya. Hilsman and Forrestal lavished praise on Thompson and his Strategic Hamlet strategy, and persuaded Kennedy to go along. Hilsman's own glowing description of the model strategic hamlet could just as easily be describing a U.S. prison: ". . . consolidate the inhabitants into a compact, defensible unit which could be surrounded by a moat and barbed wire. . . . In some cases whole villages would have to be moved, as had happened in Malaya. . . . Plastic identity cards had to be issued, curfews established, and forces trained to set up checkpoints and ambushes during curfew hours. An iron grid of security had to be established to control the movement of both goods and people, of rice and recruits."<sup>55</sup> Areas outside these concentration camps became free-fire zones, where anything that moved was a fair target, while defoliants were used to destroy crops and forests which might serve as protection for the Vietcong. By the end of 1962, fifty-five hundred strategic hamlets were completed or under construction.

Kennedy was not unaware of the pending disaster of this misguided policy. His friend and economic adviser, John Kenneth Galbraith, on his way to assume his post as Ambassador to India, stopped for an inspection tour of Vietnam at Kennedy's request. His report back warned the President that the United States was becoming wedded to certain failure, that a political settlement with Ho Chi Minh was essential, that India's Nehru could help in that regard, and that in any case the strategic hamlets and the use of defoliants must end immediately.<sup>56</sup> Several others conveyed similar messages, and Kennedy took them seriously.

Kennedy decided to disengage from Vietnam. But he did much more — he began to move directly against the entire Pugwash agenda of world government, balance of terror, and post-industrial society, much to the discomfort of McGeorge Bundy and his fellow Cold War strategists. As opposed to the

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55. Op. cit., Hilsman.

56. Op. cit., Tuchman.

arguments from both “left” and “right” that the age of Mutual Assured Destruction no longer required rapid technological development, Kennedy insisted that peace were possible only through strength, both militarily and economically. His most dramatic presentation of this rejection of Pugwash was planned for Nov. 23, 1963, in Dallas, Texas. Kennedy’s prepared text for that speech ridiculed the post-industrial society advocates, who “assume that words will suffice without weapons, that vituperation is as good as victory and that peace is a sign of weakness. . . . But we can hope that fewer people will listen to nonsense. . . . If we are strong, our strength will speak for itself.”<sup>57</sup> Kennedy insisted that such strength must include improvements in both nuclear and conventional forces, expansion of space exploration, education for all Americans, and a technologically developing economy. He concluded: “That strength will never be used in pursuit of aggressive ambitions — it will always be used in pursuit of peace.” That speech, of course, was never delivered.

Earlier in the year, Kennedy had announced a pullout of U.S. advisers from Vietnam, beginning with 1,000 immediately, to be completed by 1965.

Among those who were considering an end to the war based on an agreement with Ho Chi Minh and a neutralist government were the leaders of the South Vietnamese government itself. Ngo Dinh Diem, the nationalist President, his brother Ngo Dinh Nhu, and several of the leading generals, were negotiating with the North in order to achieve a peace agreement. Hilsman complained bitterly that there were “repeated intelligence reports that Nhu had some notion . . . that he could negotiate an end to the war and that he had been attempting to set up a secret channel of communication with Hanoi.”<sup>58</sup>

French President de Gaulle, while maintaining his personal contact with President Kennedy, established diplomatic liaison between Diem and Ho Chi Minh through a Polish diplomat, Mieczyslaw Maneli, who visited both Hanoi and Saigon regularly as part of the Geneva agreements from 1954. The last message from the North Vietnamese before Diem and Nhu were murdered was their agreement to work toward a peaceful settlement, and a pledge that the North would defend Diem in the case of a clash with the United States.<sup>59</sup>

Harriman’s man Hilsman, meanwhile, told Secretary of State Dean Rusk that if the Diem regime negotiated with Hanoi, the United States should “move promptly with a coup,” and should bomb the North if they sent troops to defend President Diem.<sup>60</sup>

Despite serious reservations from Kennedy, and even

57. Theodore C. Sorensen, ed., *Let the Word Go Forth*, the speeches, statements, and writings of John F. Kennedy, 1947-63 (New York: Delacorte Press, 1988).

58. Op. cit., Hilsman.

59. Op. cit., Karnow.

60. Ibid.

more so from his brother Robert, the Harriman-Bundy faction in the administration pushed events toward full-scale war, including the elimination of anyone who stood in their way. U.S. Ambassador to Vietnam Frederick E. Nolting and CIA station chief John Richardson were dumped for being too close to Vietnamese President Diem. Kennedy’s choice to replace Ambassador Nolting was Edmund Gullion, who had been ambassador to the Congo during the period that Kennedy and U Thant had crushed the insurrection run by the mineral cartels in Katanga Province. Harriman and Bundy rejected Gullion, demanding that a “strongman” be appointed “whose character and reputation,” as Hilsman put it, “would permit him to dominate the representatives of all other departments and agencies.”<sup>61</sup>

Their man was Republican Henry Cabot Lodge. Harriman’s intent was for Lodge to run a coup against the Diem government in order to prevent any neutralist peace agreement. Kennedy reluctantly consented to Lodge’s appointment, believing it necessary for bipartisan support for his Vietnam policy, but he continued refusing to endorse a coup.

The events of August 1963, leading to the coup on Nov. 1, as described by Hilsman and others who were involved, were aimed not only against the Diem government, but against President Kennedy’s policies as well. As Lodge was travelling to Saigon to begin his mission, Harriman, Bundy, and Hilsman drafted a directive on Vietnam policy, threatening to cut U.S. aid to Vietnam if Diem did not accept certain demands, including firing his brother, Nhu. The Diem government’s heavy-handed suppression of protests organized by Buddhist monks was cited as the primary grievance, but this was for public consumption. The architects of the coup admitted that their actual concern was Diem and Nhu’s overtures for peace with Ho Chi Minh.

The directive on Vietnam was prepared behind Kennedy’s back, during a weekend while the President was in Massachusetts and other cabinet members were out of town. Kennedy was read only parts of the directive over the phone, and was led to believe, falsely, that all the other cabinet members had read and approved it. Hilsman then leaked the content of the directive to UPI, including “background” implications that there would be a coup if Diem failed to follow orders. This UPI report was then played on Voice of America in Vietnam just as Lodge was arriving as Harriman’s “strongman.”

Kennedy strongly reprimanded Harriman and Hilsman when he learned what had happened, and the cabinet meeting broke into a brawl over Harriman’s insistence on Diem’s overthrow.<sup>62</sup> Almost immediately, however, Lodge began sending back reports that a coup by certain Vietnamese generals was inevitable, unstoppable, and that the United States

61. Op. cit., Hilsman.

62. Op. cit., Karnow.



*South Vietnamese Prime Minister Ngo Dinh Diem in 1955. Diem was attempting to negotiate an end to the war based on an agreement with Ho Chi Minh and the creation of a neutralist government. Diem was assassinated on Nov. 2, 1963—three weeks before Kennedy’s assassination.*

would be breaching Vietnam’s sovereignty by trying to prevent it.

Lodge, meanwhile, was both plotting with the military to carry out the coup, and directly supporting the ongoing Buddhist protests against Diem. The Buddhist faction running the protests, which included gruesome self-immolations broadcast on television around the world, were both anti-communist and anti-Diem. Lodge, as his first act as ambassador, before even visiting President Diem, visited the Buddhist leaders of the anti-government protests, and invited them to take refuge in the U.S. Embassy, which became the command center for the continuing protests.

Madame Nhu, the wife of Ngo Dinh Nhu, stated publicly in regard to Lodge: “They have sent us a pro-consul.” Hilsman, reflecting his complete adaptation to the British colonial worldview, reported proudly: “She was right!”<sup>63</sup>

Except for an initial meeting with Diem, Ambassador Lodge refused to visit the President, insisting that Diem must come crawling to him. Within six weeks, Diem and Nhu were murdered. Three weeks after that, Kennedy was dead, killed by the same British intelligence apparatus which carried out multiple attempts on the life of President Charles de Gaulle.<sup>64</sup>

With Kennedy eliminated, the Pugwash committee within the administration took charge, with President Lyndon John-

son’s acquiescence. While the Vietnam debacle unfolded, China descended into the nightmare of the Cultural Revolution, Indonesia burst into bloody hysteria, America’s 1960s counter-culture waged war against the nation’s historic commitment to progress, and the world economy began its slide into post-industrial decay.

It is often heard today that the United States won the Cold War when the Soviet Union dissolved in 1992. This misconception is based on a false premise, of British design, concerning the nature of the Cold War itself. The fact is, the Cold War was lost in the 1960s. The United States, Europe, the Soviet Union, China, and the entire Third World were the losers. Among sovereign nation-states, there were no winners.

In April 1999, Cambodia was formally inducted into ASEAN, completing the unification of the ten Southeast Asian nations for the first time in history. This peace is closely connected to the emerging strategic and economic alliance between Russia, China, and India, encompassing the majority of the world’s population. President Clinton has committed his administration to strengthening U.S. relations with these nations of Eurasia, but, as in the Kennedy administration, he is surrounded by proponents of world government who are promoting regional wars to destroy any impulse toward rebuilding the FDR Grand Design, or the Spirit of Bandung. The strengthening unity of the Asian nations in the face of global depression must, this time, be the engine for international peace and development rather than the cauldron of war.

63. Op. cit., Hilsman.

64. See, “Why the British Kill American Presidents,” *New Federalist* pamphlet, December 1994.

## Financiers fear Ukraine's Vitrenko, campaigner vs. IMF

by Rachel Douglas

Shrapnel ripping into the abdomen of Natalia Vitrenko, candidate for the Presidency of Ukraine, may be only the bloodiest symptom of fear on the part of an international financial oligarchy, haunted by an idea more powerful than theirs: the return of sovereign nation-state leaderships, who say, "Save the nations and the people, not the pyramids of financial titles to loot!"

"The present fatally ill global financial and monetary system must be radically reorganized. It can not be reformed, it must be reorganized. This must be done in the manner of a reorganization in bankruptcy, conducted under the authority not of international institutions, but of sovereign governments." Those words of U.S. Presidential candidate Lyndon LaRouche, to an *EIR* seminar in Washington, D.C. in March 1998, resound louder and louder.

From Malaysia, Prime Minister Dr. Mahathir bin Mohamad comes to the United Nations and the United States to report on the successes of the past year, since Malaysia imposed exchange controls on Sept. 1, 1998, and tells the Asia Society, among others, that "the International Monetary Fund (IMF) is not an option for Malaysia" (see p. 4, this issue). In Russia, economist Sergei Glazyev reviews the setbacks to capital flight and the beginnings of a turnaround in the real economy, relative to the previous period of deep collapse, under the September 1998-May 1999 Primakov government, and affirms that the future lies with such policies: "We used national economy as a basis for elaboration of plans for economic development, both in the pre-revolutionary and post-revolutionary Russia. This is a very natural approach from the standpoint of all our historical experience. . . . So, at the moment, there is a strong interest in Mr. LaRouche's ideas in Russia, and there are a lot of followers of this approach, and I am sure that it will work" (*EIR*, July 23, 1999).

Doctor of Economic Sciences Natalia Vitrenko, running for President of Ukraine, said in her interview in the Sept. 17, 1999 *EIR*: "When we cut off relations with the IMF, we can simultaneously use our own resources and attract foreign investment on a civilized basis. The question is often asked: Where will the money come from? If not from the IMF, then where? . . . Compare what happened in Ukraine and in China. China did not accept IMF credits, and banned currency exports by law. They have strict exchange controls. Ukraine, however, fulfilled its obligations to the IMF—liberalized exchange regulations and permitted an outflow of capital." As co-author with Helga Zepp-LaRouche of the 1997 Appeal to President Clinton to Convoke a New Bretton Woods Conference, Vitrenko stated her confidence that such an effort will succeed: "I think as President of Ukraine, I shall be able through communication with other Presidents and institutions of power, and through putting forward and implementing proposals along these lines, to create an alternative to the IMF."

Fear that Vitrenko could win the Oct. 31 Presidential election is now palpable, among Ukraine's *nouveaux riches* and their foreign patrons. The assassination attempt against her, in which 47 people were injured, four of them seriously to critically, took place Saturday, Oct. 2, after a campaign meeting in Inhulets, eastern Ukraine. Vitrenko and Volodymyr Marchenko, a fellow Member of Parliament and leader of the Progressive Socialist Party of Ukraine, gave details of the attack on them at an Oct. 6 press conference in Kiev, a full transcript of which follows this article.

### The Ukrainian elections

Vitrenko's party, the Progressive Socialist Party of Ukraine (PSPU), has existed only since 1996. A member of



An election poster for Ukrainian Presidential candidate Natalia Vitrenko features Lyndon LaRouche's famous "Triple Curve" diagram. Officially known as the Typical Collapse Function, it is a schematic representation of the soaring of financial and monetary aggregates in a "bubble" economy, while the physical economy collapses through the floor.

Parliament since 1995, Vitrenko split from the Socialist Party of then-Speaker of the Parliament Oleksandr Moroz. She proceeded to defy all appearances of leading a mere splinter party, with the strength of her competence in economics and her personal commitment to mass organizing. Lacking media coverage, except for live broadcasts of sessions of Parliament, she and PSPU members have toured the country ceaselessly over the past several years. In Kiev, they carried out hunger strikes on the floor of the Parliament, in opposition to national budget austerity plans, designed to meet IMF demands. By 1997, Vitrenko had won a "most popular woman in Ukraine" radio call-in poll.

In March 1998, the PSPU showed that it was not a "fringe" party, breaking the 4% of the vote barrier in nationwide elections, and entering the Parliament as a bloc of 14 deputies.

Natalia Vitrenko campaigns for President on the backdrop of a huge graphic reproduction of LaRouche's famous "Triple Curve" illustration of a "typical collapse function." She tells her audiences: This is what I warned you about, and I know what to do to spark an economic recovery, when we freeze our foreign debt payments and stop doing business with the bankrupt IMF.

What it was that Vitrenko warned about, she spelled out in an address, prepared for *EIR*'s seminar in Bad Godesberg, Germany, in April of this year, which was published in full in *EIR* of May 7, 1999. Vitrenko did not attend in person, only because the Ukrainian Parliament had resolved against all travel by its members to NATO countries, during NATO's bombing of Yugoslavia.

She reported: "In the first quarter of 1999, the Gross Domestic Product of Ukraine contracted by another 4.2%. This decline has been continuous since 1990; in 1998, GDP was at

60.2% of its previous level, and was the equivalent of \$36 billion. Ukraine's foreign debt is growing at a catastrophic rate. It is approaching \$12 billion. Debt service payments, alone, require \$2.2 billion in budget spending by Ukraine in 1999 (while the total size of the budget is expected to be 24 billion hryvni, or \$6 billion at the current rate of exchange). . . .

"Meanwhile, pensioners in Ukraine go seven and eight months without receiving their pensions. Or, rather, they don't go; they die before their time. Retired workers, veterans of labor, have an especially high rate of suicide. It would help even if pensions were at a human level, but no—in Ukraine today, a retirement pension ranges from a minimum of \$10 per month, to a maximum level of \$15. . . . Teachers are not paid their wages (these arrears have been accumulating since 1996), which turns them into beggars, blackmailers, and bribe-takers. The rising prices for textbooks makes even secondary education inaccessible to the poorest layers of the population, of which there are hundreds of thousands of people.

"Physicians, too, are turned into extortionists. The hospitals are robbed blind, and the doctors try to not even think about their Hippocratic Oath. Scientific schools are being destroyed. The 1999 budget provides for the already humiliatingly wretched level of 0.4% of GDP to fund science. But even that is not disbursed.

"Ukraine, which not so long ago was a highly developed member-nation of the UN, has been turned into a disaster zone, where a brutalized people, corrupted officials, and overt bandits represent a threat to world civilization as a whole."

Vitrenko documented the course of the policy decisions that yielded such results, through the series of government

## Does AP sympathize with terrorism?

*Statement of Helga Zepp-LaRouche on the assassination attempt against Natalia Vitrenko, Oct. 6, 1999.*

On Oct. 5, the Associated Press news service published a dispatch from its correspondent Sergei Shargorodsky in Kiev, on the attempt on the life of Ukrainian Presidential candidate Natalia Vitrenko, in which 47 people were injured, some of them seriously. The article is chock-full of nothing but half-truths and untruths, and the author quite distinctly allows his regret to come through, that the attack on Dr. Vitrenko miscarried. The publication of the dispatch in this form by AP, must be seen as a threat against Dr. Vitrenko for the remainder of the electoral campaign.

The truth is, that Natalia Vitrenko has warned for a long time of what would be the consequences of Ukraine's submitting to the IMF's reform policy. It is not only the catastrophic state of the Ukrainian economy, that demonstrates how absolutely right she was. Even in the United States and continental Europe, a debate has already broken out on the theme: "Who lost Russia?" in the course of which a whole range of people have expressed their conviction, that the IMF is responsible not only for the economic downfall of Russia after 1991, but also for systematically preparing the soil for corruption and organized crime. The same thing holds true for Ukraine.

Natalia Vitrenko is anything but "anti-Western." On

the contrary, already in February 1997 she co-authored with me an appeal to President Clinton, urging him immediately to convoke an emergency conference for a New Bretton Woods System, in order to overcome the international financial and economic crisis. This Appeal to President Clinton to Convoke a New Bretton Woods Conference was signed by more than 1,500 prominent persons, among them:

José López Portillo, former President of Mexico (1976-82)

Gen. João Baptista Figueiredo (ret.), former President of Brazil (1979-85)

Godfrey Binaisa, former President of Uganda (1979-80)

If Dr. Vitrenko were anti-Western, would she have co-authored this initiative, addressed to the American President, and would she have taken the trouble to seek support for this reorganization, in Ukraine itself and on an international level?

The real grounds for the attack on Dr. Vitrenko are that she is attempting, as a patriot, to defend Ukraine from exploitation by the international financial oligarchy's megaspeculators, and that, as a trained economist, she has arrived at the same analysis as Lyndon LaRouche. In her electoral campaign, she uses the graph of LaRouche's famous "Triple Curve," which illuminates the yawning chasm between the real economy and the speculative bubble. Whoever the criminals in Ukraine may be, who are responsible for the attack, the answer to the question "Cui bono?" points in the direction of the international financial oligarchy.

policy commitments, expressed in memoranda to the IMF throughout this decade.

All the austerity notwithstanding, the foreign debt cannot be paid. This summer, Ukraine has repeatedly been described—by officers of the cabinet and even the President of the country, as well as financial market observers—as "definitely heading for a default," or "on the verge of financial collapse."

### Break-out

What to make of Vitrenko's candidacy, which has soared in popularity throughout the summer? The international wire services echoed the Kiev liberal press, in glossing Vitrenko as "the self-styled only true Marxist." The English-language weekly *Kyiv Post* headlined "Vitrenko's Mushroom Cloud," over a denunciation of her advocacy of reconstituting the country's nuclear deterrent (in collaboration with Russia and Belarus), because Ukraine is under attack. The dominant

line in these circles, was that President Leonid Kuchma was quietly bestowing media and other favors upon Vitrenko, in order to split the electorate of Moroz, Communist Party leader Symonenko, and other leftist candidates. The purveyors of this line included some of the same sources, who suggested that Vitrenko had "bombed herself" on Oct. 2, when she was almost killed!

Vitrenko's rating continued to rise, including in the polls of Project Democracy-flavored organizations that hold her in low esteem. She had repeatedly defied media and pollster understatements of her ability to command support, due to her uncompromising opposition to IMF monetarism. Now, the Democratic Initiatives Foundation was showing her with 17.4% support, against Kuchma's 24.3%, in July; in August, Socis-Gallup estimated Vitrenko at 23%, Kuchma at 30.6%, Symonenko at 19.9%. If no candidate wins an absolute majority on Oct. 31, there is to be a run-off. On Sept. 12, the *Kyiv Post* acknowledged that Vitrenko could defeat Pres-



ident Leonid Kuchma in the second round, according to all the latest public opinion polls.

After the bombing, President Kuchma ordered stepped-up security for Presidential candidates. There were several diplomatically correct statements from foreign governments and international organizations, such as the calls from the Polish and British embassies, reported by Vitrenko at her press conference. U.S. State Department spokesman Jamie Rubin said on Oct. 4, that “The U.S. strongly condemns the attack on Ms. Vitrenko,” adding: “Open, peaceful, and fair Presidential elections in Ukraine are essential to the future of this important American partner. We urge the Ukrainian authorities to conduct a swift and impartial investigation into the attack.” The Organization for Security and Cooperation in Europe’s Office for Democratic Institutions and Human Rights issued a press release on Oct. 5, in which its Election Observation Mission said that it “strongly condemns the violent attack on Presidential candidate Natalia Vitrenko and her supporters.”

A Radio Free Europe analyst worried aloud, that Vitrenko’s campaign had broken out of containment. “The [assassination attempt] may have an impact on the election campaign as a whole as well as voters’ preferences in the Oct. 31 ballot,” opined J. Maksymiuk, “given that the public tends to sympathize with the assailed, rather than the assailants.” While repeating the I.D.-format of dozens of international dispatches, namely, that Vitrenko’s platform features “nostalgia for the Soviet era,” the RFE writer had to admit that “Vitrenko’s election appeal is not limited to any specific social or professional group. . . . And all press reports about her campaign meetings—regardless of whether reporters are favorable or hostile toward her—underscore the fact that those meetings are usually well attended and animated. Vitrenko is not only a populist but also a popular candidate.”

On Sept. 30, the *Kyiv Post* warned an imagined audience of businessmen, “Do not ignore the Vitrenkos, as there is a bit of her in each proud and hardworking Ukrainian citizen. Structure your business venture so that it is comparably beneficial to both your shareholders and the Ukrainian workforce. Strive to achieve clean and honestly generated profits. Establish long-term, profitable institutions that share a stake in Ukraine’s future.”

The nastiest wire dispatch came from the Associated Press (see box), whose correspondent Sergei Shargorodsky wrote, under the headline “Ukraine Politician Promises Nukes”: “Imagine a European country the size of France that bristles with nuclear weapons, glorifies Marxism, censors the media and refuses to pay its foreign debt. That is Ukraine according to Natalia Vitrenko, . . . Ukraine’s ‘most unpredictable and extreme politician,’ as the *Kyiv Post* newspaper has labelled her. . . . ‘I am offering my people a way to save Ukraine,’ is the slogan Vitrenko uses to advocate her brand of socialism, laced with anti-Western sentiment, nostalgia

for Soviet times, and state aid for the poor. The political Molotov cocktail appeals to millions. . . . ‘I represent the largest threat to the existing regime, as I’m carrying constructive ideas. I’m showing what the country should do.’ ”

## Vitrenko: ‘I am the only one prepared to combat economic evil’

*Natalia Vitrenko and leaders of her Progressive Socialist Party of Ukraine gave a press conference at midday on Oct. 6, in the press center of the Supreme Rada (Parliament of Ukraine) in Kiev. It was attended by approximately 120 journalists and 15 TV crews, including our correspondent.*

**Volodymyr Marchenko:** We open the press conference on the progress of Natalia Vitrenko’s electoral campaign. At the outset, I would like to clarify, that we have barred from the press conference the newspapers *Den*, *Vechirny Kiev*, *Kreshchatik*, and *Ukraina i mir*, and the television channel *Inter*. We consider it the height of cynicism, that these publications have printed information containing attempts to distort facts or to prove that this was to somebody’s advantage, as well as mean-spirited remarks about Natalia Vitrenko. I ask your understanding, because our decision was prompted by our outrage upon reading these newspapers and seeing the TV coverage.

In addition to N. Vitrenko, participants in the press conference are Natalia Sokurenko, N. Vitrenko’s representative for the 33rd electoral district, Krivy Rih; People’s Deputy [Member of Parliament] Natalia Lyamar, a member of our parliamentary group; and myself, Volodymyr Marchenko, People’s Deputy. We were all participants in this tragedy; we all were wounded, so you may address questions to all of us. Natalia Mykhailivna [Vitrenko] will make some opening remarks, after which we shall attempt to answer your questions.

**Natalia Vitrenko:** Dear representatives of the mass media! My struggle to save Ukraine dates from 1991, from the moment that IMF [International Monetary Fund] reforms began in the country. Some people may have noticed this, and others not. It depended on the extent to which people wanted to see, and to defend the truth. But I waged my struggle—initially as an economist, and then as a People’s Deputy of Ukraine (since 1995).

The result of my struggle was that I gained support in the country, year after year. When the campaign for the election of the President of Ukraine began, that was not the beginning, but the height of my struggle—a continuation of what had emerged during my many travels around the country and meetings with people, as a People’s Deputy of Ukraine, 14th session [of the Supreme Rada]. Last autumn, winter, and spring, we had a full schedule of such meetings. We were briefing the voters on the situation in the country and arguing for our position. This is the reason for my rather high support rating, already in the spring of 1999.

With the commencement of the Presidential election campaign as such, a dirty, slanderous leaflet struggle was launched against me. I think you will remember how this began at the Parliament, in April 1999, when somebody distributed anti-Semitic leaflets in the press gallery, calling me the leader of the Jewish mafia in Ukraine. These leaflets were distributed throughout Ukraine. We immediately contacted the Prosecutor General’s office, the Security Service, and then the Central Election Commission (CEC), with a statement that this was a slander, which not only fanned inter-ethnic discord in multi-ethnic Ukraine, but also tarnished my honor and dignity.

Nobody took any steps to ascertain: Where did these leaflets come from? How could there be such a large print run? As the campaign progressed, these leaflets have shown ever greater variety and degrees of filth. We have encountered them throughout Ukraine.

It was difficult for us to collect [ballot qualification] signatures; there were attempts to hinder us from all sides, by all my opponents. Our party did collect the requisite number of signatures, but we waited a month and a half before beginning our active campaigning, in order to give my opponents the chance to “expose themselves.” There was a continuous stream of filth from their mouths; they juggled facts, and stuck labels on me.

In September 1999, [Oleksandr] Moroz’s staff was caught in the act in Chernihiv, reproducing these leaflets. The filthiest leaflets came from the direction of Moroz and [Yevhen] Marchuk. On several occasions, we detained the persons who were handing out these leaflets right at our meetings, and attempting to disrupt the meetings. In Zhytomyr Province, in the Crimea, and in Zaporizhzhya Province, we began to notice that followers of [President Leonid] Kuchma were attempting to disrupt our meetings.

In early October, we observed that the law enforcement agencies were not ensuring the proper conduct of the Presidential campaign in Ukraine. There was a very tense situation at meetings in Simferopol and Feodosia, but there were no police at the meetings. We were afraid that civilians could be hurt.

On Oct. 2, we arrived in Dnipropetrovsk Province. First thing in the morning, we taped a TV broadcast at one of

## LaRouche to candidate Natalia Vitrenko

*Lyndon LaRouche’s message to Natalia Vitrenko was sent to her press conference, held in Kiev on Oct. 6.*

The present world financial system is in the process of disintegrating. Exactly when that doomed ship of international finance will sink, we do not know. We only know that it is sinking, will sink soon, and that nothing can keep it afloat much longer in its present form—either in Ecuador, Ukraine, or anywhere else.

Naturally, the lunatic captain of that international financial ship, whom I know very well, is ordering the mentally deranged members of the crew to destroy the lifeboats, because he does not wish anyone to lead the passengers to safety, away from his doomed ship.

I await your official statement before saying more about the recent attempt to smash the “lifeboat” you represent. Best personal wishes to you and Volodymyr.

the local channels, then we had a daytime meeting in Zholtiye Vody. There, a leaflet was handed out, saying that the building would be blown up. We went ahead with the meeting.

In Inhulets, we could sense the heated atmosphere in the hall. The slogan “Our President Is Kuchma” was hung on the wall. This was impermissible. I am his opponent, and I do not want jokes about my alleged collaboration with him. Members of our team took that slogan down. Our group was comprised of nine people in three cars. When I mentioned Moroz, during my speech, heart-rending cries sounded out: “Don’t touch Moroz! Moroz is our President!”

The hall had seats for 800, but there were around 1,000 people in the room. After a good meeting, we stayed back with our party members, to work out some things. We conferred for about 25 minutes. After we exited the hall, there were around 100 people in a well-lit courtyard. People were coming up to me, giving me flowers and a book on Roerich, as usually happens at my meetings.

We headed across the courtyard toward the cars. We had already turned toward them, when there was a roar, I saw a shower of sparks, and felt a sharp pain in my lower abdomen, on the left. It was like an arrow on fire. I crouched down at once and my first movement was to run forward, toward the car. But my aide and bodyguard, Sasha, immediately threw me to the side and changed the direction of movement. Our people were all around me, and covered me. I felt the pain in my side, but my legs were all covered

with blood. These were shrapnel wounds.

I think this was politically ordered, to eliminate me. The first grenade was aimed at my head. But it hit my aide, Volodya Ovcharenko, in the head. Here is an amateur snapshot, which shows him sitting with this head bandaged. The grenade struck him in the head, bounced off, and then exploded, wounding him in the head with several shrapnel fragments. He had a serious concussion and six shrapnel wounds to the skull.

Everybody who was standing next to me, was wounded. Marchenko has several wounds. One fragment has not yet been removed; it is lodged deep in his hand.

I am certain that this barbaric crime, which wounded 47 people, four of them seriously, two of whom are in critical condition, will be solved. The organizers of this crime did not simply want to remove me, knowing that my support rating is on the rise, and that I am the only candidate for President who proposes real pathways to the salvation of Ukraine. They also wanted to frighten the people of Ukraine. I understand why they made an attempt on me. But why kill people, who merely came out to the meeting? In order for there to be a mafia at the head of our state, installing its puppets?

I am certain, that the people of Ukraine will draw the main conclusion: The criminals have no morality. The main thing for them is greed for material gain, the desire to preserve this regime, to receive credits from the IMF, and to steal everything in the country. The greed for playing [speculative games] with bank credit resources. This greed eclipses their conscience.

Nonetheless, the hidden truth will out. Nothing will remain hidden. I absolutely do not want this tragedy to become the pretext for reprisals against my political opponents. The investigation will establish the truth, and I do not want to accuse anyone, nor to defend anyone. I know that each of them would like to eliminate me as a rival, inflaming an atmosphere of psychosis and hatred against Vitrenko.

When Ukraine learns the whole truth, the criminals will be punished.

**Marchenko:** I would like to outline the design of the attack to eliminate Natalia Vitrenko. Two grenades were thrown. One from behind her, aimed to hit her directly. Fortunately for Vitrenko, however, Volodymyr Ovcharenko was right next to her and he is taller, and covered Vitrenko. The grenade hit him. It did not explode at the place the criminals expected it to explode. The second grenade was thrown at the place toward which she was walking, and it also accidentally exploded to the side.

I ask the press never to speculate about various fabrications. This was not an attempt at intimidation. It was an act, aimed at the elimination of Natalia Vitrenko. And not just Vitrenko. Fortunate circumstance saved Vitrenko's life, but



*Volodymyr Ovcharenko, an aide to Natalia Vitrenko and the husband of Member of Parliament Natalia Lyman, was hit by the grenade aimed at Vitrenko.*

did not prevent misfortune, on a large scale, for other people.

We do not exclude any version of events, but we advocate making no accusations against any one of the political opponents, until the investigation is complete.

**Q:** DPA. Do you believe there will be an honest investigation of this crime? Will you trust the results of the investigation?

**Vitrenko:** We do not trust the objectivity of the investigation. The law enforcement agencies, after all, are mass-distributing lies every step of the way. Prosecutor General Potabenko and the Internal Affairs Ministry leadership are confusing people and distorting facts. The police don't help. I think the police were given orders: Work for Kuchma, defend Kuchma alone. Let the rest of the candidates fight it out among themselves—that's their problem. The Executive branch agencies are not trustworthy.

As for the investigative commission of the Supreme Rada, it was created in our absence, against which fact we categorically protest. Alas! Not one of the leaders of Parliament even phoned us to ask after the state of our health. Three People's Deputies were wounded! That is the height of cynicism.

Moroz, of course, knows [regional Krivy Rih head of

Moroz's campaign, Serhiy Ivanchenko well. A Presidential candidate has 230 such representatives, not 700, as Moroz claims. He has to know them all—they are his representatives!

Yesterday, notices were put up in Kiev: meeting with Vitrenko. But it turned out to be a meeting with Moroz. In order to get people to a meeting, they lied, because nobody will come to a meeting with Moroz! It is clear to everybody, that Moroz is a “burned-out” personality.

I am saddened—perhaps I am responding to all of this emotionally, a little bit like a woman, but how can these Communist deputies [Vitrenko holds up transcript of a Verkhovna Rada session] say that it was a provocation, aimed against one of the [other] Presidential candidates? What kind of a provocation is that? Grenades are thrown, a fortunate accident saves me, people cover me with their bodies, people are seriously wounded, a woman loses her leg, a man his eye. Our driver receives an open head trauma to the skull and brain, and people have open fractures of the leg! How can somebody stand up in Parliament and state that this was a provocation? And *these* people, are setting up a commission to investigate?

I do not trust that investigation. We shall conduct our own investigation. I am convinced, that the whole truth will be uncovered after my victory in the Oct. 31 election.

**Q:** *Politicheskiye Khroniki*. How much do you think this event will help Moroz's rating? Might not your fanatical followers organize some retaliation against Moroz? You have barred some journalists from this press conference. If you become President, what can journalists expect from you?

**Vitrenko:** I understand why you have such questions. Because your malice toward me is higher than your reason. On your questions:

1. Moroz did not just now start discrediting himself. His main guilt before Ukraine is that he adopted the bourgeois Constitution. There is no forgiveness for him, nor for Kuchma (first and foremost), Symonenko, Tkachenko, et al.

2. We have no fanatics. Our organization is disciplined. We do not issue a single leaflet without [leadership] approval. And we do not slander our opponents.

3. How is one to arouse the conscience or to educate journalists like Korobova, with her article “For Your Natasha and Ours”? We have sued her for that article. I pick up the newspaper *Kreshchatik* and I read: “This was an attempt not on Vitrenko, but on Moroz?” How's that? How is anybody supposed to keep reading that paper?

After the elections, will be what is after the elections. [Laughter.]

**Q:** [Independent journalist.] Will you continue your election campaign?

**Vitrenko:** Yes. Today we are going to the Donbass. We are not going to be intimidated. And people should not be afraid. The mafia will not get what it wants, namely, for

people to be afraid to come out and meet with candidates.

**Q:** V. Skachko, independent journalist. Are you prepared to fight it out with Kuchma to the end? Is there a place for him in the uranium mines?

**Vitrenko:** During my last visit to Zholtiye Vody [uranium processing center], I told the voters that a couple of our brigades would be along to work soon.

Seriously, though, I intend to battle through to the end. I have battled constantly against the pseudo-reform policy, dictated by the IMF. And Kuchma is the first champion of those reforms.

Everywhere I speak, I show this “typical collapse function” graph, I show where Ukraine fits in on it, and I say: “I am the only one prepared to combat this evil. All the other candidates—14 men—are essentially alike. Elect them, and such reforms will be continued. Elect me, and I'll change everything.”

**Q:** *Kontinent* magazine, G. Gongadze. Do you think that Minister of Internal Affairs Kravchenko ought to resign? What about his single version of the assassination attempt?

**Vitrenko:** I think he should. What kind of Internal Affairs Ministry is it, that cannot defend candidates for the Presidency? What about ordinary citizens, then?

As for the single version [the complicity of Moroz's staff], it is quite convenient—everything is patently clear and can be reported straight away to the international community. I have already received expressions of sympathy, for example, from the Ambassadors of Poland and England.

I do not dismiss and do not exclude any version. But candidates should not appoint as their representatives people who have been in trouble with the law, who previously had unpleasant encounters with law enforcement agencies, the Security Service of Ukraine, the Prosecutor's Office, or the Ministry of Internal Affairs—they have enough work to do already. Everything should be checked, all versions. In order that innocent people not suffer. And in order that whoever commissioned this crime be found. It was ordered for political reasons.

**Q:** *New Federalist* newspaper and *EIR* magazine. Do you think that the international financial organizations, such as the IMF, which you have criticized so sharply and fearlessly, could have been directly or indirectly party to the attempt on your life?

**Vitrenko:** I cannot exclude this, and I consider it entirely possible. I am certain that the IMF is trying to secure subservient people in power in Ukraine, in order to carry out the pseudo-reform policy, which has been observed, and experienced so painfully by this country, for these many years. From that standpoint, I am the only political and Presidential candidate in Ukraine, who decisively and unequivocally declares an intention to break off relations with the IMF.

# Can Russia still outflank British war strategy in the Caucasus?

by Mark Burdman

Investigations by *EIR* indicate that the British foreign policy and defense establishment has initiated a highly dangerous and provocative two-pronged strategy respecting Russia's war in the Northern Caucasus. Both prongs of this strategy converge on one aim: to bring about the disintegration of Russia. The pursuit of this strategy, and its backing by the forces in the United States associated with George W. Bush and former U.S. National Security Adviser Zbigniew Brzezinski, virtually guarantees the escalation of the Northern Caucasus situation into a strategic thermonuclear conflict over the months ahead.

On one level, leading British Establishment figures are insisting that a clear signal has been sent to the Russians, that they can have a free hand to do what they want against the Chechens, and that the British acknowledge the fact that Chechnya is part of the Russian Federation. These Brits are doing so, in the knowledge that the Russian military operation in Chechnya, as it is currently conceived and is being carried out, is untenable, and will blow up in Russia's face, somewhere down the line. Meanwhile, another cluster of Brits are vigorously pursuing a "Great Game" geopolitical policy for the Caucasus, including open support for Chechen independence, with the overtly stated object of isolating, containing, and damaging Russia.

In the first days of October, the evidence from the Northern Caucasus region itself, would strongly suggest that the Russians are walking into the trap set by the British game-masters and their U.S. co-thinkers. After weeks of insisting that the mistakes of the disastrous 1994-96 war in Chechnya would be avoided, and that a ground war would not be fought, the Russian leadership has dispatched an estimated 30-50,000 troops into northern Chechnya, in pursuit of a highly dubious aim of creating a "security zone" that would isolate the "Chechen terrorists" from the rest of the Russian Federation. Leading Russian military experts have denounced the strategy as "idiotic," "stupid," "absurd," and "ineffective."

The deeper problem, is that the present Russian government has no *positive* policy for the Northern Caucasus region as a whole, particularly in the areas of economic and infrastructure development. The Northern Caucasus is economi-

cally devastated, with unemployment rates often reaching 90%. If the current Yeltsin-Putin regime can't enunciate a positive policy, it may take a new government in Moscow to do the job.

In the present situation, it is no wonder, that one leading British defense expert, formerly an official adviser to the Thatcher government, said that a mood of *Schadenfreude*—glee over another's misfortunes—is spreading in the British establishment, over the "new Afghanistan" that the Russians seem to be heading into.

## Kissinger and Brzezinski under attack

One welcome exception to the general trend toward calamity, is the statement made on Sept. 29 by one very senior Russian official, blasting former U.S. Secretary of State Henry Kissinger and Brzezinski as the effective conceptual architects of the attempt to destabilize Russia in the Northern Caucasus. This was done by Leonid Ivashov, Director of the International Cooperation division of the Russian Defense Ministry, in an interview with the Al Jazeera broadcasting network. Based in the Persian Gulf country of Qatar, Al Jazeera is the largest Arabic-language network in the world, with satellite broadcasts throughout the world.

Ivashov was asked, "Which international interests would benefit from targetting Russia in the Caucasus?" He responded by referring to "the old dream of the West, to pit Russia against the Islamic world. Mr. Kissinger has discussed this already, his dream of pitting Russia against the Islamic world. Meanwhile, Mr. Brzezinski has called the Caucasus 'the Eurasian Balkans.'" The latter refers to the insane Brzezinski geopolitical ravings, in his latest book, *The Grand Chessboard*, the which *EIR* has extensively reviewed (see, for example, Lyndon LaRouche, "Mad Brzezinski's Chessboard," *EIR*, April 2, 1999).

Ivashov said these individuals' strategies are representative of the "ambitions of influential forces and powers in the West," and are typical of those forces in the United States who want to use "the Islamic factor" to realize their ambitions in the Caspian Sea. Ivashov said that this shows that Russia is facing both "internal and foreign challenges"

in the war in the Caucasus. He further stressed that the “Islamist rebels” in Chechnya have nothing to do with Islam, or with Muslim nations, but use Islam as a “facade” to promote ideas “worse than those of the Nazis.”

Sources in a position to know have told *EIR* that Ivashov is a man of considerable significance in the Russian military-intelligence establishment, with a particularly astute knowledge of Western strategies and policies.

Ivashov has hit on the neuralgic point, of what is at stake in the Northern Caucasus, and in Eurasia as a whole. As *EIR* has stressed, Kissinger and Brzezinski, in their capacity as early leading figures in the then-newly created Trilateral Commission, were two of the prime initiators of the mid-1970s Trilateral strategy of playing an “Islamic card” in Eurasia, most obviously aimed at the then-Soviet Union, but also at other keystone countries of this part of the world. It was from that strategy, that the bloody Afghan war evolved, beginning in 1979. The policy then continued, under the direction of Vice-President George Bush, also a Trilateral member, as a function of the “Iran-Contra” arms-for-drugs policy. It is today being pushed with a vengeance, by the Bush-Brzezinski-Kissinger forces in the United States, and the grouping around former Prime Minister Margaret Thatcher in the United Kingdom.

It is to be hoped, that other leading Russian figures will echo Ivashov, and that his charges will receive wide circulation, in Russia and abroad. As this publication has repeatedly stressed, one crucial flanking action that the Russians would need to take, to extricate themselves from an otherwise inevitable debacle, would be to “name the names” in London, Washington, and elsewhere, who are responsible for this.

### **‘Tens of thousands will die’**

The evidence in hand so far, since Ivashov gave the Al Jazeera interview on Sept. 29, is that the Russian Presidency of Boris Yeltsin and the government of Prime Minister Vladimir Putin has decided *not* to make a big issue of the Anglo-American forces responsible for stoking the flames of war in the Caucasus. Leading Moscow think-tankers have told *EIR* that “total silence” will be maintained on this point, by the Yeltsin-Putin regime, who are instead fixated on “winning the war,” in the narrow military sense of the term.

Russian military strategy now, is focussed on seizing control of one-third of Chechnya, the entire area on the plains north of the Terek River, while maintaining heavy bombardment of vital infrastructure in Chechnya south of the Terek. Military spokesmen assert, that the operations north of the Terek would effectively seal off the remaining two-thirds of Chechnya from the bulk of the Russian Federation (while keeping in mind that all of Chechnya, legally, is part of the Russian Federation), and isolate the “Chechen terrorists.” While Russian military censorship precludes precise knowl-

edge of how vast the operation is, estimates are that some 30-50,000 troops are involved, having entered in from three directions, the west, north, and southeast.

Effectively, this is a partition scheme, justified by Russian strategists, in part, on the basis of the historical reality that this part of Chechnya was, until 1954, part of the Stavropol region, and then was “given” to Chechnya, by the Supreme Soviet.

The majority population of this area north of the Terek River is non-Chechen, namely, Cossack, Russian, and Ukrainian. One effect of the Russian military operations, has been to create a wave of Chechen refugees flowing south into “rump Chechnya,” this on top of a refugee flow of some 120,000 who have already fled to neighboring Ingushetia. These refugee flows are creating chaos in region already suffering from economic devastation.

The Russians have also declared a “Chechen exile government,” composed of discredited and unpopular Chechen figures who stayed outside, or fled from Chechnya during the last war. Up until now, all overtures from the moderately-inclined Chechen President Aslan Maskhadov for negotiations with the Russian leadership, have been summarily rejected by Putin. And, under pressure of the worsening military and social conditions in Chechnya, Maskhadov has increasingly begun to ally with, and rely on, rebel “Islamist” leader Shamil Basayev.

To put it mildly, there is no guarantee, first, that what the Russians are doing will be “successful” in the area north of the Terek River, nor that the fighting will not be extended south of the Terek. Maskhadov has avowed that he regards the area north of the Terek as “my homeland,” and that he will “never” surrender this area to Russian forces. On Oct. 5, he declared martial law over Chechnya, as part of a full mobilization of Chechen military capabilities. Maskhadov solemnly warned: “Although Russia will do everything it can to avoid another humiliating defeat, it is a pity that tens of thousands of soldiers, ours and Russia’s, will die.”

At the same time, on Oct. 5, Putin outlined Russian military objectives in these terms: “The operation to create a security zone has not been completed by any means. This is just one stage in this operation. But the ultimate aim is to fully destroy terrorists and their bases *throughout Chechen territory.*”

Leading Russian military experts are speaking out against the strategy. Alexander Zhilin, a military analyst for the *Moskovskiy Novosti* publication, said on Oct. 1 that “military strategy says that you should never, ever, initiate a ground operation with winter approaching. This is absurd and ineffective. From a military point of view it makes no sense.” He said that, over the next month, the weather will change, and cloud cover will hinder Russia’s ability to conduct air strikes and to give badly needed air cover to ground troops. According to Zhilin, Russian forces have three weeks, at the most,

to complete the operation before the weather starts working against them. "I am afraid that there are going to be massive casualties," Zhilin said, adding that while public opinion and media are more or less supporting the military right now, this will change as soon as heavy combat losses mount.

Speaking to *EIR* on Oct. 5, leading Russian military commentator Pavel Felgenhauer said, "Our military policy now in Chechnya is very, very stupid. From a military point of view, there is a certain logic of building a defense perimeter. But we have not enough troops, and we've made the defense perimeter smaller, to make it defensible. We are cutting the perimeter by 20%. Meanwhile, we are increasing the number of enemies we are fighting, fivefold. Most of the Chechens are now mobilized against us. To put it mildly, this strategy is not waterproof."

Earlier, on Oct. 1, Felgenhauer was quoted by the *Moscow Times* newspaper, calling Russian strategy "mass idiocy," and averring, "I don't understand Russia's military strategy. I am afraid that Russia is headed for a total military disaster."

### **British sadism and geopolitics**

It is under such circumstances, that the British are manically pursuing their two-pronged strategy.

One leading British establishment figure, who is a Labour Party parliamentarian and Trilateral Commission member with close ties to the NATO structure and to the British Foreign Office, claimed during an Oct. 5 discussion, that "there is a *quid pro quo* with the Russians. After all, in the end, it was Russia which brought about the collapse of [Serbian leader Slobodan] Milosevic and ended the Kosovo war. Without them, there would have been a land war, and casualties. The truth is, Russia played a big role in Kosovo. Now, we are saying to them, 'You've got similar problems in your own back yard. Go to it.' You see the Russians, in turn, adopting Russian 'copycat-to-NATO' methods, quite consciously. We have to keep the Russians in line, and constructive. That is the price that has to be paid, to let them go ahead and do what they have to do in Chechnya. We can't be unhelpful."

In discussion with *EIR*, a leading British defense strategist, formerly an adviser to the Thatcher government, was much more blunt about what this "track" implied concretely: "I would think our policy is ruled by an element of cynicism, frankly. What we are effectively saying to the Russians is, 'Go ahead, chums, do what you're doing, and get hurt in the process!' Why do we have to bother to recognize Chechen independence? The Chechens are unreliable, and this whole Islamic card has severe limits. We already have Poland and Hungary sewn up, so why bother with Chechnya? We tell the Russians, 'You go in, and good luck!' Meanwhile, we are ready to feel *Schadenfreude*, when the Russians can't get those Russian kids out of the Chechen hills, in the months to come. They have a mini-Afghanistan in the making, so there's

no need for the extreme view, of open support for Chechnya. We can afford to strongly support the Russians in public, knowing what is most likely to happen to them."

Another well-connected British strategist, who works for certain agencies of the British Ministry of Defence as a resident geopolitician, insisted, during an Oct. 5 discussion, that the time is now ripe to actively resurrect, and pursue the 1919-20 strategy of British Foreign Secretary Lord Curzon and geopolitical theoretician Sir Halford Mackinder, for building a "buffer zone" to contain, weaken, and ultimately destroy Russia.

He said, "As I see it, the current Northern Caucasus situation is almost the fulfillment of Mackinder's plan, submitted to the British government in 1920. It was supported by the Foreign Secretary, Curzon, who had appointed Mackinder to the post, which he occupied in 1919-20, of British High Commissioner to South Russia. But it was rejected by the British government at the time, unfortunately, on pragmatic grounds."

He went on: "Mackinder's conception was that it was essential for the stability of Europe, to form a buffer zone, along western Russia, extending from Finland, down through Belarussia, Ukraine, Georgia, and the Turkish border areas comprising the areas where the fighting is going on today in the Caucasus. He argued, that only by stimulating, and trying to facilitate the rolling back of the grip of the Bolshevik state, would there be true stability. If only the British government had had the patience to follow Mackinder's advice, and keep operations going in this region for a couple of more years, we would have been spared some of the horrors of this century."

This source said that "the West would be geopolitically astute to facilitate the creation of an independent Chechen state," without "pushing into the Russian heartland, which would be unmanageable for the West." He insisted that there was considerable support, privately, for such a Mackinderite-Curzonite approach, in various British defense and other circles. "All these ideas are now coming back with a vengeance," he said. "What is lacking is a public articulation of the policy approach."

The geopolitician who made this appeal, works under the aegis of the British Ministry of Defence, and is instrumental to a revival/reinvigoration of Mackinderite ideas inside the official British defense establishment. He insisted that elements of the approach are reflected in the British government's recently completed "Strategic Defense Review." He claimed that pushing this policy would cause "acute alarm" in Russia, and lead to a "counter-geopolitical response," especially as there is a growing "geopolitics thrust" in Russia.

What all this hysterically overlooks, is a Russian response not according to this profile, but a strategic/thermonuclear response, as LaRouche has been warning.

# Germany's Schröder under attack from all sides for 'Third Way' policy

by Rainer Apel

A pattern of severe election defeats since early September has exposed the fact that the present government of Social Democratic Chancellor Gerhard Schröder has lost the mandate of the people, and also the mandate of heaven. For most Germans, it is now only a matter of time until this government falls. The political scene in Germany is now diametrically opposite to that of late September 1998, when voters backed Schröder's Social Democratic Party (SPD) over Chancellor Helmut Kohl's Christian Democrats in the elections for the national parliament, in a landslide.

This shift is also underlined by opinion polls, the latest of which, published by the "Dimap" institute at the beginning of October, delivers an unmistakable message: Had there been national elections on Oct. 3 (the Day of German Unity), the Schröder government would have been voted out, suffering a humiliating defeat similar to that which was suffered by the Kohl government a year ago. The Dimap poll showed that the SPD's support is down to 31%, and its Green coalition partner is at 6% of the vote, whereas the opposition Christian Democrats would have received 48%. The neo-liberal Free Democrats, the former coalition partner of the Christian Democrats, would have been voted out of the national parliament, with only 4% of the vote, while the PDS, the former East German Socialists, would have improved to 7%.

While it is true that the improvement in standing of the Christian Democratic Union (CDU) and its Bavarian component, the Christian Socialist Union (CSU), reflects a windfall from both massive SPD voter abstention and SPD losses of leftist voters to the PDS, rather than a real, spectacular net increase of votes, it is also true that the 48% the dimap poll gave the Christian Democrats would make their position unassailable by any combination of other parties. It would even enable them to form a government without any coalition partner—something that has not occurred since the Christian Democrats of Chancellor Konrad Adenauer won a majority in the 1957 elections.

## Labor discontent

The loss of the people's mandate is reflected in the German labor movement's growing discontent with this govern-

ment. The conflict between labor and Schröder became most visible at the national convention of the biggest labor union, IG Metall, the metal workers, in Hamburg. There, IG Metall chairman Klaus Zwickel lashed out against the government in his keynote to the convention on Oct. 4, saying that the promotion of the ideology of neo-liberalism by leading Social Democrats and the present government runs against the fundamental values of the labor movement. Should the SPD and its national party chairman, Chancellor Schröder, stay on this course, the longtime tradition of close links between the labor unions and the SPD would have to be reviewed, Zwickel warned. He also warned the government not to forget that it was voted in a year ago, "primarily to fight unemployment, rather than to focus on debt consolidation."

In a swipe against Finance Minister Hans Eichel, Zwickel said that it is simply not true that there is no alternative to debt consolidation through budget cuts. The alternative, he said, would be to increase tax revenues through measures such as "increased taxes on financial transfers and currency speculation." This would allow the government to spare pensioners and the unemployed from budget cuts of the kind that are currently under consideration by Eichel, Zwickel said. The fact that the chairman of the biggest German labor union brought up the issue of speculation in his controversy with the Finance Ministry, not only reflects discussion among leaders of the German labor movement, but also it is an indirect indication of the impact that the LaRouche movement has had in Germany recently, with its electoral campaign slogan, "Support production, oppose speculation."

Faced with the prospect of an SPD-led government that plans to increase taxes and cut tax benefits in the range of 160 billion deutschemarks (roughly \$100 billion) over the next four years, just to keep debt payments to the banks flowing, the lower-income categories of the German population, those who will primarily be hurt by that "budget balancing," have begun to turn against Chancellor Schröder. Labor union members are increasingly enraged at the fact that the national jobless rate has not improved during the year that the Schröder government has been in power, and that it has even worsened in the eastern states of Germany, and at the fact that this government has so far shown no intention to abolish the anti-



strike clauses which the Kohl government imposed in 1986. For the labor movement, the Schröder government has unmasked itself as the continuation of the previous government's neo-liberalism.

### **Fights over financial policy**

The clash between labor and government, which is the main reason for the SPD's spectacular election defeats during September, has also caused noisy cracks inside the leadership of the Social Democrats. Since many unsettled accounts have accumulated over recent years, knives are now being pulled out among SPD leaders, and the positive net effect of this internal warfare is that some aspects of the truth are coming to the fore.

Most embarrassing for the Schröder entourage in this internal SPD warfare have been revelations made by Oskar Lafontaine, who quit his posts as party chairman and Finance Minister in mid-March. Breaking an unwritten taboo of party politics, Lafontaine has not remained silent until the scheduled publication of his new book on Oct. 13, but he has already made excerpts available to the media. Beginning with an interview in the Sunday edition of Germany's *Die Welt* daily on Sept. 26, the German media have leaked unpleasant details on the inner workings of the Schröder cabinet, in daily previews of Lafontaine's book.

Whereas personal brawls among SPD leaders, particularly between Lafontaine and Schröder, dominated the press leaks of the first days, insights into the deeper controversies over policy issues have become the focus since Oct. 1. On that day, *Die Welt* ran another interview with Lafontaine, in which he recalled that when he was in the cabinet, he wanted to initiate a debate on a reform of the global financial system, but that he was particularly criticized for that from among "Anglo-Saxon" circles. He promised that he has elaborated on this in his book.

The same affair was referenced also in a report of Germany's *Der Spiegel* weekly, appearing on Oct. 4. There, it was reported that when, after consultations with his French counterpart, Finance Minister Dominique Strauss-Kahn, Lafontaine arrived in Washington on Dec. 3, 1998 for talks about his proposals for certain reforms of the International Monetary Fund (IMF) system, Federal Reserve Chairman Alan Greenspan and U.S. Treasury Secretary Robert Rubin gave him the cold shoulder. A week earlier, *Spiegel* also reported, British mass tabloids had declared Lafontaine to be "the most dangerous man in Europe," because of his remarks on monetary policies.

Lafontaine's initiative never went far enough to seriously call the IMF system into question, as he himself emphasized; nevertheless, the few things that he did say, made some people in the City of London and on Wall Street very nervous. The after-effects of the outbreak of the Russian crisis in mid-August 1998 and the near-default of the Long Term Capital Management hedge fund in late September were still being very



*Former Social Democratic Party chairman and German Finance Minister Oscar Lafontaine, whose new book is an attack on Chancellor Gerhard Schröder's drive for austerity. Lafontaine's rather timid moves to reform monetary policy led British tabloids to denounce him as "the most dangerous man in Europe."*

much felt, and in Malaysia, Prime Minister Mahathir bin Mohamad had openly defied the IMF and imposed currency controls. Certainly, Lafontaine did not merit it, but in those days, the leading German news daily *Frankfurter Allgemeine Zeitung* denounced him as "the German Mahathir." The fact that Lafontaine decided to recall that period, with his select revelations, does add some spice to the present German debate about economic policies, and for that reason, he can only be encouraged to tell more.

On the SPD election defeats, Lafontaine said in the Oct. 1 *Die Welt* interview that they have not come as a surprise to him, because there have been "three deterring crucial experiences for SPD voters: That is, the Kosovo war, which violated international law. There is the Schröder-Blair paper, which is rejected by large parts of the SPD. And, thirdly, there is the budget-cutting package, which because of . . . announced cuts in pensions and unemployment benefits is not accepted by our voters." Lafontaine also said that already in the elections for European Parliament on June 13, "Voters slapped [British Prime Minister Tony] Blair and Schröder in the face," while France's Prime Minister Lionel Jospin and the French Socialists, who are going against Blair's "Third Way," did better. An excerpt from the Lafontaine book which was run by *Welt am Sonntag* on Oct. 3, said that the Kosovo war "discarded international law and was incompatible with the German Con-

stitution,” and that it “struck a nerve of Social Democratic views on politics.”

### ‘Bobo’ Hombach

In his book, Lafontaine also hits hard against Schröder’s chief adviser, Bodo “Bobo” Hombach, who has since been ousted: “As Hombach viewed himself as a Peter Mandelson [the ousted chief adviser to Prime Minister Blair] of German politics, he saw himself as a supplier of ideas and spin doctor. He hired a number of people who assisted him in that. . . . The work of this team, modelled exactly on the Anglo-Saxon example of the spin doctors, consisted of indiscretions and disinformation.”

Hombach is the co-author, together with Mandelson, of that joint Anglo-German memorandum which was presented to the public in London on June 7 as the so-called “Schröder-Blair Paper.” The memorandum is a distillation from *The Third Way*, the 1998 book by British author Anthony Giddens, who helped paved the way for Blair’s “renewal of social democracy.” The fact that Schröder lent his name to this initiative, provoked angry reactions among German Social Democrats, who charged Schröder and Hombach with planning to replace social democratic views with neo-liberalism. Schröder has also come under heavy attack by right-wing Social Democrats, including, for example, Hans-Jochen Vo-

gel, who chaired the SPD 15 years ago. On Oct. 6, Vogel charged Schröder and Finance Minister Eichel with using the debate about “budget balancing” as a foul pretext to promote neo-liberalism among Social Democrats. Vogel’s remarks were widely covered in the German media.

Addressing the Anglophile tendencies of the government leaders from another standpoint, Lafontaine also charges them in his book with jeopardizing the sensitive Franco-German friendship. Lafontaine writes that he has been “watching with deep concern, that Foreign Minister Joschka Fischer leans more toward [U.S. Secretary of State] Madeleine Albright and that Chancellor Gerhard Schröder states his sympathy for Tony Blair over and again.” This, as well as Hombach’s consultations with Mandelson behind the back of the French Socialists, Lafontaine charges, has contributed much to increasing French alienation from Germany, ever since Schröder took power.

Whether intentionally or not, Lafontaine’s much-publicized remarks are certain to intensify the debate in Germany about British influence on German politics. This is of benefit not just for Social Democrats, but for all Germans. Many will recall what the LaRouche movement has published on Britain’s control of politics in Germany over the years. The more debate on the British issue, the better it is for a Germany that is reunified, but has not yet regained its sovereignty.

For previews and information on LaRouche publications:

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# Rees-Mogg's obsession with Lyndon LaRouche

by Jeffrey Steinberg

On Sunday, Oct. 3, Lord William Rees-Mogg, the former Editor-in-Chief of the London *Sunday Times* and a member of the governing board of the British Broadcasting Corp., published an obscene, “factually challenged” attack against American Democratic Party Presidential pre-candidate Lyndon LaRouche. The attack came at the beginning of one of his weekly columns that purported to be an attack on British Prime Minister Tony Blair and an endorsement of Tory Party chief William Hague.

Rees-Mogg's fractured fairy-tale attack on the American political economist began: “In the United States there is a millionaire, Lyndon LaRouche, who alleges that I organized the Oklahoma City bombing. He once sent a picket to my publisher in Baltimore to protest about it. My motive, he suggested, was to destabilise President Clinton so that the Queen, who is the head of the world drug cartel, could be put on the throne of Mexico. She would presumably have found that a convenient place of business. . . . Mr. LaRouche also believes that I run MI6.”

The Rees-Mogg tirade against LaRouche is but the latest indicator that, among the British establishment and the circles of the monarchy, LaRouche is seen as “public enemy number one,” the man with the ideas that can bring about a fundamental realignment of world politics and world finance—and a historic defeat for the London-headquartered financial oligarchy. The growing support for LaRouche's New Bretton Woods and Eurasian Land-Bridge policies around the world—not the silly sound-bite misrepresentations sputtered by Rees-Mogg—are what drives the City of London and Crown circles apoplectic every time the name “LaRouche” is mentioned in their presence.

On Aug. 5, Her Majesty's favorite tabloid weekly, *Take a Break*, had published a similar vile and violent attack against LaRouche, demanding that the Blair government “shut this man's mouth once and for all.” The common denominator of the Rees-Mogg and *Take a Break* smears was their candid admission that LaRouche's ideas are spreading faster than ever around the world, courtesy of the Internet and LaRouche's year 2000 Presidential campaign (see also the article in *International* in this issue on the recent assassination attempt against Natalia Vitrenko, a candidate for the Presidency of Ukraine).

## LaRouche responds

On Oct. 4, Lyndon LaRouche issued a comment on the Rees-Mogg diatribe through his campaign committee. The statement read:

“Former London *Times* editor Lord William Rees-Mogg was always better known for his enthusiasms than his attention to facts. For reasons his mental health advisor might understand, Lord William prefaced a rambling Oct. 3 piece with an utterly irrelevant and incoherent attack upon me. The piece was published in the *Sunday Times* of London, Oct. 3, under the title, ‘Unheard People Who Can Help Hague Beat the Big Lie.’ The only plausible connection between my name and that of his putative subject, Britain's William Hague, is that my name seems to be currently foremost in crotchety Lord William's enviably long list of pet hatreds.

“One of the curious passages in his Oct. 3 piece, is the assertion: ‘Mr. LaRouche also believes that I run MI6.’ The fact is, I doubt that Lord William today even manages himself.”

Indeed, old Lord Rees-Mogg serves a particular need of the British establishment and intelligence services, one not much different than that of the soft-core-porn tabloids, like *Take a Break*. He is a perfectly deniable mouthpiece for higher-ups who would not care to be overheard making such provably nutty assertions about LaRouche. Beneath the farcical exterior, the message, nevertheless, comes across: Among the highest policymaking circles in the City of London and at the Palace, the LaRouche threat is being taken deadly seriously.

## The American political battle

In other recent columns, and in private discussions with several American and European journalists, Lord Rees-Mogg has acknowledged that LaRouche represents a substantial “wildcard” factor in the vital year 2000 elections in America. No longer is the British-friendly “Bush versus Gore” two-way contest in the cards. As LaRouche announced more than a year ago, and as Sen. Daniel Patrick Moynihan (D-N.Y.) repeated more recently, Vice President Al Gore is unelectable as President. That reality—largely thanks to LaRouche's own campaign to expose the Vice President as a dangerous flake—is now being brought home, on a daily basis, to anyone following the major American and world press.

“LaRouche has a following. He has followers who believe him, and people do believe in conspiracy theories,” Rees-Mogg complained bitterly in a recent discussion with a European reporter. He added that, with Pat Buchanan possibly running as the Reform Party nominee, no one can predict the outcome of the U.S. Presidential race.

Rees-Mogg also admitted that if the stock market crashes, as he himself frequently predicts in his newsletter, his preferred option of “blood in the streets” may not prevail. Rather, an “anti-establishment” candidate, such as LaRouche, could seize the moment. And that is where Lord Rees-Mogg's nightmares really begin.

# International Intelligence

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## ***'Operation Surety' may use terrorism in England***

Informed London sources have repeatedly warned *EIR* of the existence of "Operation Surety" for Britain, a police exercise aimed at suppressing social upheaval as the financial collapse hits. The sources have noted these police-state emergency measures would be expedited by the outbreak of "Irish Republican Army terrorism" on the English mainland. Indicative that such a scenario may be live, the Oct. 4 London *Times* reported on its front page that a "renegade" split from the Provisional IRA, the self-styled "Real IRA" (some have dubbed it the "Royal IRA") is planning a "bomb spectacular in England." According to the *Times*, targets will be "high-profile landmarks in Britain," including possibly the Millennium Dome, which is being erected for the millennium celebrations.

The *Times's* source is the Special Branch of the Irish Gardai (police), which calls the Real IRA "a serious threat." The Gardai "have received information that attacks are likely to be mounted around the new year, to coincide with any millennium bug computer problems," the *Times* writes.

Recall that the cover for Operation Surety activation is to deal with social discontent resulting from problems caused by the "Y2K" millennium bug.

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## ***Tony Blair: 'Mediocrity worshipping itself'***

"This Man Is a Very Important Nonentity," was the headline of a *Sunday Telegraph* commentary on Britain's Prime Minister by Dr. Theodore Dalrymple on Oct. 3. Tony Blair can be likened to a Mussolini, madman, alcoholic, and criminal burglar, but is, worst of all, "mediocrity worshipping itself," wrote Dalrymple. Regarding Blair's speech to the previous week's annual Labour Party conference, Dalrymple said, "the deaf observer might have thought the time fast approaching when a clause of the Mental Health Act would have to be invoked, and

the speaker carted away by men in the white coats, for a little rest in the local asylum." But with sound added, "it is clear that things are more complex with Mr. Blair than straightforward madness.

"He is at the same time vacuous and sinister; burningly sincere yet fickle and opportunistic; humble yet arrogant and egotistical . . . passionate but shallow and empty; sentimental but ruthless and bullying. He thinks he is Moses but reminds one more of Mussolini. His capacity for self-deception puts me in mind of some of my patients." Dalrymple compares Blair to a self-deceiving "alcoholic" who "smells of alcohol but who claims he never drinks a drop."

The author also likens Blair to Pontius Pilate—whom Blair himself adopted as a role model, as *EIR* exposed in our June 13, 1997 issue. "Mr. Blair has undeniable talents, though they are unpleasant ones: He is both demagogue and apparatchik. The apparatchik knows instinctively how to coopt people, especially potential enemies, by use of the carrot and the stick; the demagogue how to appeal to the low instincts of the populace." Dalrymple concludes that Blair and the self-professed "populist elite" that he leads, represent "mediocrity worshipping itself. If it is possible to be brilliantly mediocre, then that indeed is what Blair is: a brilliant mediocrity."

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## ***India says 'no' to big military spending***

India does not intend to launch a massive military spending program, with the intention of driving Pakistan into bankruptcy, Indian Finance Minister Yashwant Sinha, is quoted by *The Hindu* on Oct. 1. While there are some in India pushing such a drive, he said, fortunately, this group is small. "A bankrupt Pakistan, a destabilized Pakistan cannot be a good neighbor for India, because any trouble in that country is bound to have a spillover effect on the subcontinent as a whole." Sinha noted that this issue has recently been addressed by Indian Prime Minister Atal Behari Vajpayee.

At the same press briefing, at the Indian

Embassy in Washington on Sept. 30, Sinha said that India's nuclear program is not a burden on its economy, because it is not an expensive program. The government's major focus remains poverty alleviation and ending unemployment.

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## ***Toffler promotes breaking up nations***

New Age futurologist Alvin Toffler is now openly promoting the break-up of nation-states. Speaking in Mexico City, on Sept. 23 at the national conference of the Mexican business association, Coparmex, Toffler said that separatism will naturally emerge in the "more diverse system" that is coming into being in the context of the new globalization, information age "third wave" period. Toffler did not mention Mexico, where the terrorist Zapatista National Liberation Army (EZLN) is promoting "separatism" in the southeast state of Chiapas, while business circles linked to the free-market Mont Pelerin Society are promoting it in Mexico's north—some of the latter even suggest annexing the north to the United States. Rather, Toffler focussed on Brazil, where he said "the rich zones" wish to separate from the rest of the country because they don't want their taxes to be used for poorer regions.

Toffler also pointed to the separatist operations in Italy, although not mentioning their British provenance, and said that even in the United States, there are "small separatist militias" (also British-fomented).

Toffler finally got to the point—attacking national sovereignty—in his conclusion. Over the next 25 years, he said, "there will be efforts to redraw the borders of many countries, and one thing that is extremely important to consider, is whether there is going to be, or should be, a single concept of sovereignty." In today's globalized world, and in the internet revolution, "one way to think about the future of political institutions is to remember that the last time we saw a world revolution in social, economic, and cultural life was during the Industrial Revolution, when technology

## U.K. FOREIGN SECRETARY

Robin Cook, who met Iranian Foreign Minister Kamal Kharrazzi Sept. 21, during the UN General Assembly, has announced he will be visiting Iran early next year. Cook will be the highest-level British official to visit Iran in 20 years. Cook also formally invited Kharrazzi to visit London. It was also announced that the British Council will resume operations in the country after a 20-year hiatus.

## CHINA AND RUSSIA

announced that their warships would take part in joint maneuvers in early October, according to a Sept. 27 in ITAR-Tass. The Russian Pacific Fleet destroyer *Burny* and missile cruiser *Varyag* was to visit Shanghai on Oct. 2-6 to mark China's 50th anniversary and the 50th anniversary of Russian-Chinese diplomatic relations.

## SYRIA'S FOREIGN

Minister Farouq A Shara suffered a heart attack and is listed in satisfactory condition after emergency surgery at the American Hospital in Beirut. He has been in his post since 1984, and is a key figure in the peace negotiations with Israel.

## THE MOSCOW TIMES

of Sept. 26 floated a proposal to bring back Mikhail Gorbachov, in an editorial accompanying coverage of Raisa Gorbachov's funeral. The English-language daily, "Mourning For Our Lost Gorbachovs," said he would be "a head of state Russia could be proud of—the President Russia lost." Gorbachov was, in fact, despised by the Russian people (if beloved by British Prime Minister Maggie Thatcher, who dubbed him in 1984 as "a man with whom we can do business").

## THE SUDANESE

owner of the Al-Shifa pharmaceutical plant that was bombed on Aug. 20, 1998 by the United States, is demanding \$30 million in damages. Attorneys for Salah Idris, Akin, Gump, Strauss, Hauer and Field, have hired scientists to inspect soil samples, and to investigate the plant, to show it could not have produced chemical weapons.

changed, the steam engine was invented, and the French Enlightenment occurred, with new ideas, a new culture, and governments fell everywhere."

## Sovereignty is not dead, nations tell UNGA

The days of the "state" are not over, and the way NATO was used in Kosovo has set an "ominous precedent" for the world community, Chinese Foreign Minister Tang Jiaxuan told the UN General Assembly (UNGA) on Sept. 22. His polemic was also echoed by India and Algeria. "The outbreak of the war in Kosovo has sounded an alarm for us all," Tang said. "A regional military organization, in the name of humanitarianism and human rights, bypassed the UN and took military action against a sovereign state. It created an ominous precedent in international relations." Tang said that respect for national sovereignty and non-interference in another country's internal affairs, are "the basic principles governing international relations." To change this, would lead to a new form of gunboat diplomacy which would "wreak havoc."

Indian Foreign Minister Jaswant Singh said that nations' sovereignty should not be diminished by international action: "It would be an error to assume that the days of the state are over. . . . The state continues to have a crucial role and relevance—also, therefore, national sovereignties."

Algerian President Abdelaziz Bouteflika, speaking at the General Assembly on Sept. 22, insisted that "humanitarian" operations are being used to deprive nations of their national sovereignty. "We were colonized; turned into good savages," he said in reference to French colonial rule.

## Arab daily runs LaRouche analysis of Russia crisis

Will the U.S. administration now "insist on pursuing the same policy until Russia completely drowns in the swamp of corruption, debt, and Mafia control," or will it finally

learn from LaRouche, and "reach out a hand to help it?" This is the question posed by Dr. Mustafa Al-Bazargan, economics editor of the London-based Arabic daily, *Al-Arab International* on Oct. 1. Al-Bazargan was commenting on an *EIR* exposé, recently serialized by *Al-Arab*, on the looting of Russia by Bush, Thatcher, and, later, Gore, in the name of "reform."

Al-Bazargan outlines the rapid political and social changes since Gorbachov's *perestroika* to the emergence of Yeltsin after the coup attempt against Gorbachov, to the long-awaited promises of the "capitalist paradise" which later appeared to be an operation "destroying Russia's economic, social, and political infrastructure." He concludes by noting the importance of *EIR*'s analysis "on the financial and economic catastrophe facing Russia today, and how American economist and politician Lyndon LaRouche, who is currently a candidate for the American Presidential elections next year, forecast these developments and warned against them."

## Financial Times: Make Colombian drugs legal

London's prestigious financial daily, the *Financial Times*, editorialized on Sept. 24 for legalization of drugs and use of "market mechanisms" as part of a "fundamental rethink" [sic] in combatting drug production in Colombia. Referencing the Colombian government's anti-drug "measures ranging from the eradication of plantations of coca and opium poppy through aerial spraying to incentives for small farmers to sow other crops," the *Financial Times* pontificates that the policy simply is "not working," and that, "Indeed, the policy could be making matters still worse."

The *Times* insists that the "international community must reassess the costs of its war against drugs, particularly for the politically fragile supplying countries. . . . Ways to control drug production that bring market and price mechanisms to bear, and make the industry less lucrative, could be explored."

## Plea to Clinton: Break openly with British strategic lunacy

by Lyndon H. LaRouche, Jr.

*Editor's note: On Oct. 2 and 3, Democratic Party Presidential pre-candidate and EIR Contributing Editor Lyndon LaRouche issued a pair of campaign policy statements, warning President Clinton about the danger of continuing to allow American foreign policy to drift in a direction set more than two decades ago by British geopoliticians and their Wall Street and Beltway clones. The ongoing crises in the North Caucasus, Central Asia, and the Pacific archipelago, LaRouche emphasized, cannot be properly understood without a view of British strategic policy over the past 25 years. Nor is it possible to respond to the onrush of the worst financial and monetary crisis in modern times without a comprehension of the conscious policies of "controlled disintegration" and the "crisis of democracy" unleashed 25 years ago.*

*The Strategic Studies section that follows includes both the LaRouche statements and relevant background material to give you, the reader, a leg up on most world leaders and policymakers, who are still caught up in the folly of attempting to operate within a strategic trap set up for them by the British oligarchy and its Wall Street and Beltway henchmen. We also include a brief, technical appraisal of the significance of weapons based on "new physical principles," such as the electromagnetic pulse effect (EMP), and a review of EIR's work on this subject, dating back more than a decade.*

*Here is LaRouche's first statement, dated Oct. 2.*

Citizens! Please help me get President Bill Clinton's administration off that kick about "weapons of mass destruction." Then, with the President's cooperation, we might be able to free U.S. foreign policy and strategic doctrines from the continuing grip of former British Prime Minister Margaret Thatcher's scientifically lunatic approach to economic and military strategies.

To come directly to the point, I turn your attention to the areas of the former Soviet Union known as the Transcaucasus and Central Asia, where the threat of a strategic nuclear confrontation—somewhere down the line—is brewing even as we speak. When we speak of the kinds of use of nuclear weapons we must anticipate in that connection, we should recognize that what President Clinton and the official U.S. strategic and intelligence establishment are saying publicly now, is not merely incompetent, but is nothing but reckless, very dangerous strategic folly.

The likely use of nuclear and related weapons is not what the "nuclear disarmament freaks" have been using to terrify suggestible adults and other childish people for decades. Think of the use of a limited number of types of nuclear weapons whose intended effect is not mass killing of targetted populations, but something much more military, more effective in conception. I warned you of such developments already during the early 1980s. It is my information, from sources I consider extremely responsible, that several nations, including Russia, are developing such weapons-systems now.

Just to illustrate the point, take the case of what is called "EMP Effect": "electromagnetic pulse effect." The most likely forms of such "EMP Effect" weapons would be of a type which uses "miniaturized" thermonuclear "detonation" to generate effects, not intended to kill masses of people, but to neutralize, for example, nearly every personal computer and similar sort of "smart technology" apparatus in the U.S.A. and western Europe. The indications are, that such weapons are now high-priority undertakings in progress in nations including the U.S.A., Russia, and Israel.

A "surprise attack" using even a modest total number of such weapons, would neutralize most of the "information

age” technology of the economies of North America and western Europe for not less than months to come.

There are other weapons of a “special effects” type which nuclear and thermonuclear reactions make feasible right now.

To understand such weapons, and their revolutionary impact upon contemporary developments in military strategic potentials, think of controlled nuclear and thermonuclear reactions, not as ways of irradiating millions of civilians, or as creating a simple, crude “big bang” effect. Think of controlled thermonuclear reactions as providing mankind with a controlled force of far greater “energy-density” per square centimeter than any other known force in the universe — excepting matter/anti-matter reactions. Think of using that great concentration of power as a source of energy to create many kinds of effects which would not be possible without such a source of power of such extraordinarily high cross-sectional action. Think of using such devices, made possible by such power, to create new dimensions in what today’s misinformed people describe as “conventional warfare.” Think of a power, such as today’s economically ruined Russia, which has no effective capability for fighting general, conventional warfare in the Transcaucasus and Central Asia, except the use of advanced scientific methods to replace the massed military personnel capabilities which no longer exist for virtually any of today’s nations, including the U.S.A.

Put that nation, such as Russia, against the wall, threatening its extinction. If Russia could deploy such advanced capabilities, in that circumstance, would it act so? Stop being as childish or moronic as a Zbigniew Brzezinski or George W. Bush!

Ask yourself another set of questions. If you were Russia, or the U.S.A., or Israel, for example, and you were developing such new categories of science-driven strategic weapons: Would you brandish such “super-weapons” as a Josef Goebbels would? In the present circumstances? Absolutely not; only a fool would threaten another nation with the use of such weapons. The function of new technologies in war-making is to outflank the adversary, relying on techniques which the adversary has either failed to develop adequately, or which the adversary has been self-deluded into ignoring as real possibilities.

### **Why the Trilaterals are doomed**

The problem with people of the Thatcher-Korbel-Brzezinski-Albright-Gore-Bush stereotype, is that they are, either, like George W. Bush, relatively weak-brained, or, like Brzezinski, Albright, and Condoleezza Rice, crazed fanatics deluded by their own fantasies. The madness which drives sick minds like Brzezinski, Madeleine Albright, Al Gore, Condoleezza Rice, and Britain’s resident lunatic Tony Blair, is their utopian dream of eradicating the institution of the modern sovereign nation-state. They wish that utopia with such passion, that they refuse to consider that any alternative to their mad dreams could be possible. They are mad, because their

dreams have made them madmen.

The present madness of such fools as Brzezinski, Bush, Thatcher, Blair, and Gore, can be traced back to the 1975 Tokyo meeting of Zbigniew Brzezinski and George Bush, Sr.’s Trilateral Commission. The U.S. commitment to fall in line with Thatcher-like lunacies of world government began, officially, with the inauguration of the Trilateral Commission’s President Carter. Brzezinski launched what became Iran-Contra, with the Anglo-American deployment into the Afghan war. From no later than December 1981, Vice-President George Bush continued and escalated that policy, with the help of financing from the international drug-trafficking. It is that combination, typified by the Anglo-American cronyism of Brzezinski, Bush, Thatcher, Blair, Albright, and Condoleezza Rice, which is engaged in such operations as deployment of their long-standing terrorist mercenaries, such as Osama bin Laden, into wars against Russia, India, and China, in Central Asia and the North Caucasus today. This is now the hot-spot whose incendiary effects could lead to the kinds of use of nuclear-energized weapons I have indicated.

These Trilateral-style madmen, just because they have been driven mad by their own utopian fantasy, refuse to consider even the possibility that the institution of the sovereign nation-state might have effective political and other weapons up its sleeve, weapons with which to strike back effectively against the would-be empire of world government and globalization. These madmen say of their intended victims, “Don’t you see? Nothing can stop the process of globalization! Nothing can stop world government from eliminating the nation-state now!”

They believe such lunatic dreams so passionately, that they refuse to learn the lesson which all of medieval and modern European history should have taught them. In the end, all efforts to establish a permanent world-empire have been doomed. So, a hundred years of war, in the effort to enforce world-government, led to halving the population of Europe, and what is called a “New Dark Age” of the mid-Fourteenth Century. Similarly, the attempt to crush the nation-state in its cradle, during nearly a century and a half, from 1517 until 1648, drowned Europe in religious warfare, and doomed Spain to degenerate into a third-rate power. Every would-be Ozymandias, and his accomplices, are always ultimately doomed by their own folly. This time, the trip from the appearance of great power, to obliteration, will be, hopefully, a short one.

The President should abjure all of the utopian childishness of those advisors who are associated with the monotonous mouthing of the nonsense-phrase “weapons of mass destruction.” He should clean out the pig-sty, and install instead a collection of senior scientific and military professionals, mostly over sixty years of age, professionals who can remember the pre-McGeorge Bundy, pre-Kissinger, pre-Brzezinski, pre-Albright times, when science and strategy were informed by strategic planners who were sane.

# Science versus ‘new math’ witchcraft

by Lyndon H. LaRouche, Jr.

*The following statement on U.S. military and educational policy was released by LaRouche’s Presidential campaign committee.*

October 3, 1999

Today, the U.S. admirers of Britain’s former Prime Minister Margaret Thatcher and her current clone Tony Blair, such as former President George Bush and the Principals Committee cronies of Zbigniew Brzezinski and Vice-President Al Gore, parade like angry geese in a barnyard. They imply that the combined military might of the U.S.A. and the British Commonwealth, represent the rulers of planet Earth, if not yet the universe in general.

Many other, even relatively sane U.S. citizens often echo some of that same imperialist self-delusion. They assume that the fall of the Soviet Union left the U.S.A. in a position it need no longer worry much about the world outside our borders—unless we should happen to choose to globalize other nation’s internal affairs. These citizens believe, that only local and family interests are really important to them. Tell them about the dangers threatening the world as a whole, and they usually shrug that off, saying, like typical Baby Boomers, “We don’t go there.” Very well, then, perhaps, it will come to them, and then they will wish they had “gone there.”

Thus, while citizens fight not to be disturbed during the few hours of the day remaining for morally cheap (and often disgusting) popular TV and kindred entertainment, the world as a whole is becoming a very dangerous place for all of us. U.S. officials use our nation’s power to dictate economic and cultural policies to other nations, and the reckless use of U.S. military force—usually at the British monarchy’s command—for military adventures against nations in Africa and elsewhere. Meanwhile, the existing world economy is faced with threatened collapse of the world’s present financial system—soon.

In this setting, consider how foolish the present military and strategic policies of the U.S. government have become. We run around the world, usually on British command, making wars, threatening wars, and meddling in even the most cruel and outrageous ways, while bragging about a military policy which has become a disgusting farce, relative to our capabilities of even a few years earlier. Currently, this stupid

policy-making is being led by a Principals Committee which is predominantly a gang whose professional incompetence is outweighed only by their swaggering arrogance and general practice of outright lying. Under Condoleezza Rice’s George W. Bush, things would become much, much more foolish, more dangerous to us all.

In this situation, the government, as represented by our Congress and Executive Branch, is relying on notions of ballistic missile defense which were already exposed as incompetence two decades ago. The use of so-called “smart weapons,” including so-called “kinetic energy” intercept modes of pretended ballistic-missile defense, are typical of this technical incompetence pervading much of our military and related strategic establishment.

On these matters, it must be said, that no man is so blind as the man who refuses to see. The most dangerous people of that sort within the Congress and Executive Branch today, are those madmen, like outgoing Vice-President Al Gore, who are made mad by their hysterical refusal to accept any fact which is contrary to their treasured, utopian delusions. \$100 millions to test a scientifically obsolete design of Raytheon’s new “kinetic energy” intercept weapon! Who are they kidding? The greatest technological military-strategic threat to the U.S.A. comes not from any foreign power, but, rather, from the fools who refuse to concede the existence of military strategies which contradict the madness of their own technological delusions.

The strategic planners of the U.S.A. must quickly acquaint themselves with an old lesson, which I identify here as “The Prometheus Principle.”

## **The Prometheus Principle**

Take the case of that great hero of ancient Greek history, that great friend of man called Prometheus. In nature, fire can be used to destroy a forest, even an entire planet, or to burn down a city. The point about fire, Prometheus taught people, was to learn to use fire as a friend to man. The evil gods of Olympus, the model for today’s London and Wall Street financier oligarchy, which hated mankind and sought to destroy it, attempted to destroy civilization, by outlawing man’s knowledge and use of fire. When man learned to use fire as a friend, civilization became possible. When mankind ceases to rely on the use of fire, civilization will collapse.



Today's science-illiterates shudder in horror when the term "nuclear energy" is mentioned. Rational, reasonably educated people, on the contrary, think of nuclear energy as nothing other than a form of fire, dangerous when unleashed in a crowded theater, but necessary when organized within a kitchen oven. When John F. Kennedy was still U.S. President, most adult Americans were still rational about such matters. It is not only important, but urgent that our citizens, today, go back to thinking in the way most adult Americans still did while Kennedy was President. The survival of our nation, this civilization, and, also, your personal family, may depend upon your doing just that. The present danger of a Zbigniew Brzezinski-led slide into what could become a nuclear "World War III" in Central Asia, should be seen as a warning that it is already past time to return to the saner adult world-outlook, about fire, and about many other things, of the Kennedy years.

For example, in a campaign statement which I wrote and released the day before yesterday, I warned you all about the importance of new kinds of weapons being prepared for deployment now. I gave as an example, so-called "EMP," or "electromagnetic pulse" weapons. EMP weapons, which are among the types of weapons which can use nuclear reactions, are not aimed to kill people, but rather computers and other electronic equipment, such as those of today's popular automobiles, communications systems, power lines, aircraft, your local bank, and other appliances, which latter are vulnerable because they rely too much, foolishly, on "smart chips" designed to imitate "mathematical modelling."

Madmen, such as obscenely dancing "Phantom of The Opera," Secretary of State Madeleine Korbelt Albright, appear to believe, that the function of warfare is to kill and terrify as many people as possible. Intelligent statesmen think differently. For them, war must never be fought unless it is justified, and unless it is fought, as General Douglas MacArthur fought the Pacific War, to be won with the relatively least loss of life and wealth by both sides of the conflict. The object is to prompt the adversary to justly perceive the blessings of peaceful submission to a just peace among perfectly sovereign nation-states, as outweighing vastly the undesirable political and physical circumstances of continued war-fighting.

Thus, contrary to nuclear-weapons madmen such as H.G. Wells, that inhuman monster Bertrand Russell, and such Russell accomplices as Leo Szilard, John J. McCloy, McGeorge Bundy, and Henry A. "Strangelove" Kissinger, the proper military use of the physical principles associated with nuclear fission and fusion, is as "fire," as sources of power for the purpose of winning necessary wars without destroying civilization. In other words, for purposes directly contrary to that failed, utterly hypocritical folly known as NATO's recent war against Yugoslavia.

In matters of application of physics to warfare, the leading issue today, is the absolute opposition of the pseudo-scientific mathematics doctrines of Bertrand Russell, and such Russell clones as Norbert Wiener and John von Neumann, to every

principle of physical science. The related problem is a variety of mathematics which superstitious science-illiterates mistake for science. That superstition controls most of the opinion behind the economic, scientific, and military policies of the U.S. government (and NATO's command) today.

For you, the citizen, the practical issue is: do not vote for candidates whose thinking about the economy, science policy, and strategic doctrines is influenced by the kinds of computerized witchcraft, called "mathematical modelling," which is widely taught in the abused name of "science" in today's classrooms. I explain why.

### **What is a 'physical principle'?**

For example, if a length of coaxial communications cable is lying on the ground, during the period of an intense thunderstorm, do not pick up that piece of cable! It may be dangerously charged, and find your foolishly fondling hand just the place at which to discharge itself! The same physical principle, like fire, may be very useful, if you know how and when to use it.

You may think that anyone with a Ph.D. in science today knows of such things. If you believe that, you are sadly misinformed. Some of the fellows with those degrees are really terribly ignorant and superstitious heathen when it comes even to some elementary issues of modern physical science. Some of those heathen are responsible for many of the dangerously foolish superstitions stuffed into the head of science-illiterate Vice-President Al Gore, for example. Some of the leading science advisors of even actually elected Presidents have been superstitious bunglers of that same type.

For example, for years, some people insisted that controlled thermonuclear fusion was impossible, because of what superstitious types of Ph.D.'s and others called "the Coulomb Effect." They did not know that Coulomb's so-called "principle" was exposed as based on a crude superstition about microphysics, a superstition exposed as false by such leading Nineteenth-Century scientists as Augustin Fresnel, André-Marie Ampère, the founders of modern electromagnetism, and the Carl Gauss, Bernhard Riemann, and Wilhelm Weber who completed the foundations of modern electromagnetism. Anyone who actually knew the relevant history of science, as my late and dear friend Professor Robert Moon did, would have known that Coulomb was on the wrong side in the issues of Fresnel's and Ampère's discoveries, and that the simplistic Coulomb "effect" can not be freely applied to the domain of microphysics.

Take the case of the so-called scientists, festooned with Ph.D.'s, who joined a science-illiterate Lt.-Gen. (ret.) Daniel Graham's attacks on me and Dr. Edward Teller, over SDI, back during late 1982 and early 1983. These are the kinds of Ph.D.'s who might leave you and our nation virtually defenseless against the effects of the weapons of "World War III."

A civilized mankind will recall such science-illiterates as those supporters of Daniel Graham as poor, superstitious



## *The Clown Prince*

savages, and quite rightly so. That use of the term “savage,” or “barbarian,” will be fully justified. Not only does it point to their ignorance of science; their ignorance of science is a reflection of a broader, moral deficiency in their make-up. I mean the specific quality of moral deficiency that leads to such monstrous nightmares as the “religious wars” which bestialized most of Europe during the interval A.D. 1517-1648. I point to a disgusting moral quirk in the way in which they think about almost everything, a quirk which defines them as representing a culture which lacks, or has lost the moral quality of fitness to survive.

That is, I admit, a strong charge. I would not make such a charge unless it were true, provable, and fully justified. The best example of the problem is the attacks which the Mont Pelerin Society-controlled Heritage Foundation, and its General Daniel Graham launched against me, and against Lawrence Livermore Laboratory’s Dr. Edward Teller during the second half of 1982. The issue was my public proposal, in mid-February 1982, of what became known in March 1983 as President Ronald Reagan’s public offer of a Strategic Defense Initiative (SDI) to the Soviet Union. The circles of both the Heritage Foundation and parts of the Democratic Party leadership successfully replaced the original, competent SDI design, with a “double-dipping,” Wall Street weapons salesman’s “kinetic-energy weapons” swindle. That swindle is still U.S. strategic ballistic-missile defense policy today!

Unfortunately, many professionals in high-ranking places, in scientific institutions, industry, and government, sincerely know no better than to adopt such terribly incompetent, actually unscientific policies. To understand why most circles of today’s top management are so terribly incompetent, when compared with the average top executive from as recently as the mid-1970s, one must go back to changes in public and university education instituted during the 1950s. Typical of the mind-deadening effects of that campaign of miseducation, is what was called then, and later, “the new math.” The teaching of that “new math” program has been, probably, the single most efficient source of the pervasive scientific and technological incompetence of the leading executive strata of industry, science, and government today.

The specific incompetence of that “new math” program, is that it destroys the victim’s ability to understand the all-important, fundamental difference between a mere mathematical formula and a principle of physical science. The

intrinsically fraudulent report of “Chinese spying” recently issued by the Stone-Age variety of inmates of the U.S. Congress, is just one more example of that kind of utter incompetence to think clearly about important technical matters.

Those unfortunates within the Congress need to learn a principle: the principle of industrial and agricultural management, is not just to make money; it is to make things that work. Making things that actually work, is something that can not be done with a “new math” addict’s understanding of a mere mathematical formula—such as the doomed, Nobel Prize-winning formula of Merton’s and Scholes’ failed Long Term Capital Management (LTCM) enterprise.

The victims of “new math” brainwashing believe that one must prove a formula at the blackboard, or by similar use of a digital computer apparatus. A scientist never proves any principle at the blackboard; he, or she proves it by means of what mathematical physicist Bernhard Riemann defined as a unique experimental test of a universal physical principle.

In other words, one teaches science, not just in the classroom, but in the pedagogical laboratory, where known principles are demonstrated by reliving the experience of the appropriate unique experiment. Newly discovered principles are proven in the same way. It is the student whose sense of science has been honed in the pedagogical laboratory, who becomes qualified as the pioneering discoverer of new universal physical principles in the research laboratory.

(By the way, what is the current pedagogical laboratory program in your neighborhood's secondary school? What is the pedagogical laboratory program at your chosen university, the one whose graduates you may regret you hired? What is the quality of the research-laboratory programs, at that university, or in the firm whose products you buy? By these standards, judging by the standard of U.S. national interest, which such institution deserves public support, such as more favorable tax treatment?)

It is the application of newly proven universal physical principles, to a broader range of media and physical processes and assemblies, by aid of crucial laboratory testing of those designs, which generates the new technologies on which we depend for better products and increased productivities.

That is the quality of scientific education which the U.S.A. has lost over the course of the past thirty to forty years — since about the time of the 1966-1967 preparations for the first manned Moon landing. That is the quality of thinking which has been ripped out of the West Point military academy (in favor of the soft-brained study of sociology, for example), and replaced by the inherently incompetent practice of so-called “benchmarking” in the industries of the U.S. and western Europe.

Incompetents, such as the followers of Bertrand Russell, Norbert Wiener, and John von Neumann, believe, that science begins inside “pure mathematics,” essentially mathematics of the brain-damaged variety called “the new math.” They insist, as John von Neumann insisted, for economics, from 1938 on, that all economic processes can be reduced to matters of solutions for systems of simultaneous linear equalities. They insist, as Professor Norbert Wiener did, that human cognition does not exist, that there is no such thing as knowledge of universal physical principles, but only “information.”

The key issue here, as for military policy, is that no universal physical principle ever could have been discovered by such so-called “mathematical methods.” New universal physical principles are discovered by a mental process, called “synthetic judgment,” “reason,” or “cognition,” which Wiener and von Neumann, like Immanuel Kant earlier, denied to exist. These principles, once discovered, are then proven by the kind of experiments which Riemann termed “unique.” That is the only way in which they could be discovered, proven, and successfully applied.

In science, mathematics was developed, not as a by-product of business-style accounting practice, but as a way of measuring the effects of applying a newly discovered universal physical principle, and the technologies derived from such principles. This was the way in which the greatest modern mathematician, Kant opponent Carl Gauss, defined mathematics, as “the queen — i.e., the consort — of the sciences.” The earliest known forms of mathematics are known to have been developed tens of thousands of years ago, by ancient astronomers and transoceanic navigators, who observed the

regular angular changes of position of Sun, Moon, stars, and equinoxes, for example. They learned their mathematics, as the Classical Greeks, from Thales through Eratosthenes did, as Johannes Kepler did, from the stars, from the discovery of universal physical principles which order the regular procession of events within our universe as a whole.

### **But, today's madmen disagree**

Today's madmen disagree with what I have just summarized. They insist, that no physical principle exists in this universe which contradicts what they have chosen to believe.

Others, who can not afford the luxury of our Anglo-American madmen's arrogant conceits, driven by the desperate threats of madmen such as the Thatchers, Bushes, Gores, and Blairs, have no choice but to seek out new physical principles which would give them an offsetting technological advantage. Rich fools, such as Clown Prince George W. Bush, seek to rule by spending money to buy power. Poor people, lacking the George W. Bush campaign's vast wealth, must use their natural advantage, their brains, instead.

Those who seek such new universal physical principles, if they are scientifically qualified, will find them. It is my information that some such principles and their appropriate application have been discovered in a number of relevant places. It is time for you citizens to wake up to the new realities coming down upon you now. Thinking may seem painful at first try, but keep trying and it becomes fun!

## **Nuclear nightmare of the Information Age**

by Laurence Hecht

A variety of warnings and hints, both in and out of the printed literature, suggest that, following the attack on Yugoslavia, Russia is in the process of reconfiguring its strategic and tactical defense capabilities, to take account of the serious perceived threat from NATO forces. It is likely that the plan includes an emphasis on new types of directed-energy weaponry which will target the special vulnerabilities of U.S. and NATO forces, particularly their heavy reliance on computer and information-age technology both on the battlefield and in civilian sectors.

A signal piece to this effect appeared last spring, right after the NATO bombing of Yugoslavia, in an article by First Deputy Defense Minister Nikolai V. Mikhailov (*Nezavisimaya Gazeta*, April 30, 1999). Mikhailov proposed there that despite the unequal ratio of U.S. to Russian defense expenditures (279:4 by his calculations), it were possible

for Russia to defend itself against an attack by NATO forces. The key would be the principle of *asymmetrical deployment*: “That it is more efficient and economical to exploit the opponent’s weak side, than to try to develop one’s own strong sides.”<sup>1</sup>

Mikhailov is an expert in the industrial and technical side of Russian defense. In 1997, he received a State Prize of the Russian Federation “for projects on the creation and development of warning systems against missile attack, space control systems, and anti-missile defenses.”

Two clues as to what he might mean by *asymmetrical deployment* are as follows:

First, on April 29, one day before publication of the Mikhailov warning, President Boris Yeltsin had signed two decrees and one other document covering “the development of the nuclear weapons complex and a concept for developing and using *non-strategic nuclear weapons*.”

Second, China’s *People’s Daily* reported on June 8 that, as part of a new Russian strategy which would “make limited nuclear attack possible,” Russia planned to produce 10,000 miniaturized and super-miniaturized nuclear bombs, having an explosive power equivalent to one one-thousandth of the bomb dropped on Hiroshima.

The key to interpreting these and other hints is to recognize that the “big boom” effect of nuclear explosions is not necessarily the best way to harness the power of the atom for military purposes. Consider the implications of the miniaturization reported by *People’s Daily*, for example. Nuclear explosive power is measured in ton-equivalence of the conventional explosive, TNT, used in dynamite. The bomb dropped on Hiroshima was equivalent to about 20 kilotons of TNT. One one-thousandth of that is 20 tons, not much more than the explosive power of ordinary bombs carried on aircraft, though a lot more compact. But also remember, there are other uses for nuclear explosions than blowing a big hole in the ground.

Take, for example, the already known case of EMP, which is not necessarily the most serious threat.

### **Melted chips, not melted bones?**

It happens that one of the “side-effects” of atmospheric thermonuclear explosions is the generation of an electromagnetic pulse (EMP) which propagates spherically (in all directions), and is capable of inducing a current in any piece of copper or other conductive wiring that falls in its way. Back in the mid-1980s, there was a lot of concern over the effect EMP might have on the U.S. electricity grid. Electric power lines are open to the atmosphere, and act like a long antenna for gathering up EMP signals. One scenario had it that a single high-altitude bomb exploded over the central United States

could wipe out the entire U.S. power grid. An expert study of the matter concluded that that estimate was excessive, but that an area the size of, say, California, might be affected by a single high-altitude detonation.

But shielding power lines is expensive, and nothing was done.

Today, 15 years later, there is new consideration respecting both the known types of EMP and other possible more effective, perhaps more precisely “tuned” means of electromagnetic energy generation. As a result of the progressive cheapening of production techniques for integrated circuit boards and related technology, we have experienced a proliferation of computers and micro-processors into almost every aspect of our economy. Though not as exposed as open-air power lines, the wiring in these little devices could act like an antenna to pick up the electromagnetic pulses generated by a thermonuclear detonation. Unlike the electricity grid, the tiny wires inside the microchip cannot handle much power. The lightest-duty wiring inside the typical house electrical system will carry 15 amperes of current, before tripping the circuit breaker. The wiring inside a microchip is designed for currents measured in milliamperes (thousandths of one ampere).

Thus, the vulnerability of the civilian economy to EMP or similar types of effects is vastly increased now, as compared to 15 years ago. An EMP or other directed-energy pulse, perhaps not of the power to knock out the electrical grid, might still wreak havoc. Imagine this scenario: The citizen wakes up one morning, to find the buildings are still standing, nothing’s on fire, the house electricity is still on, and everything appears about normal. But soon he discovers that nothing works. The television doesn’t turn on; the car won’t start; the phone doesn’t work; there is no e-mail because the PC doesn’t boot up; there is no regular mail either, because the post office couldn’t sort it. The bank can’t function, and the credit cards don’t work either—merchants can’t verify the charges when the computers don’t work. There isn’t even a Dow Jones average anymore (well there’s some good in every calamity).

### **The cyber-battlefield**

That’s one scenario, but there’s more. The EMP effect is just one, well-known example of the sorts of effects that can be produced by harnessing the burst of high-density energy released in a nuclear detonation. Rather than *EMP-effect*, the term *directed-energy weaponry* is more appropriate to describe the sorts of devices Russian military planners may be considering for field deployment in the near term. The modern battlefield is entirely dependent on computerized systems of communications and control. Thus, even if the military’s public assurances that their equipment is effectively shielded against the known types of EMP effects is true, what of the other types of directed-energy weapons, which an economi-

1. Rachel Douglas, “Russians Seek ‘Assymmetric’ Advantages in Military Technology,” *EIR*, July 16, 1999.

cally weak, but scientifically capable power will attempt to deploy when pressed to the wall? Generals, especially of the more powerful countries, are notorious for their preparedness for fighting the last war. The weaker side is more often the innovator. It happens that the Russians are experts in just this area.

*Sil'notochnaya elektronika* is the term used in the Russian literature (for which no direct equivalent exists in the West) for the capability to generate controlled, high-power pulses of electromagnetic energy. It includes things like explosive cathodes and other technology for high-current relativistic particle beams, energy storage and pulse compression technology, non-linear plasma devices such as the plasma focus, "explosive" magneto-hydrodynamic power generation, EMP simulators, and so forth. This was a top-priority area for Soviet applied physics for decades. An *EIR Special Report* from February 1988, before the breakup of the Soviet Union, examined the Soviet efforts in this area, with particular attention to the anti-personnel uses of directed energy devices.<sup>2</sup> A convergence of the *sil'notochnaya elektronika* with the Vernadsky-Gurwitsch tradition in biology<sup>3</sup> (stressing the role of the electromagnetic spectrum in living processes) suggested the possibility of "tuning" directed energy weapons in such a way as to destroy cellular or brain activity, without requiring the deposition of large amounts of energy. Such applications remain a possibility. But, the special vulnerability of the modern "cyber"-battle group to such new types of weapons may be the place to look.

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## Documentation

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### LaRouche and associates' earlier warnings

**Lyndon H. LaRouche, Jr., "Non-Linear Radiation: The True Total War,"** *excerpts from remarks addressed to a conference in Munich, Federal Republic of Germany, Sept. 3, 1987:*

During the span of the coming four to five years, almost certainly, a technological revolution in warfare will have

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2. *EIR Special Report*, "Electromagnetic-Effect Weapons: The Technology and the Strategic Implications" (Wiesbaden, Germany: Executive Intelligence Review Nachrichtenagentur, February 1988).

3. "Gurwitsch's Non-Reductionist Biology," *21st Century Science & Technology*, Summer 1998; and "Gurwitsch's Non-Reductionist Biology, Part 2," *21st Century Science & Technology*, Fall 1998.

completed its first phase. It will be more awesome than that which exploded over Hiroshima and Nagasaki back in 1945. The full electromagnetic spectrum, from less than 10 hertz into the gamma-ray region, will emerge as the arsenal which dominates the arenas of strategic and tactical conflict. The powers which first master this field, will have gained the potential military capability to dominate this planet. . . .

The exploration of technologies of electronic warfare has been under way since no later than the 1930s. This field has had increasing importance since the war-time development of radar, and has become more and more sophisticated with the development of more ingenious uses of increasingly powerful individual and coupled gyratons.

Until recently, most of the attention was concentrated on what were called the thermal effects, such as the destructive heating of targets irradiated with microwaves. It was only with great reluctance that Western nations recognized the importance of non-linear electromagnetic effects, in which thermal effects have an almost irrelevant, or merely subsidiary role relative to the crucial effect produced.

My estimate is, that in the West, such non-linear effects, such as electromagnetic solitons, began to be studied seriously from a military vantage-point, only during the early 1980s. Even today, much missionary work is needed to convince many working in the area of radio-frequency weapons, that the most significant effects are, predominantly, certain among the non-thermal effects of sometimes very complexly constructed, non-linear forms of such radiation. . . .

**Lyndon H. LaRouche, Jr., "Electromagnetic Pulse Weapons Based on Non-Linear Effects: A Technological Revolution in the Order Of Battle,"** *excerpts from an address delivered at a conference in Paris, France, on Nov. 26, 1987:*

. . . "Radio-frequency weapons" is a misleading name, carried over from a pragmatic understanding of earlier stages of electronic warfare. For example, it was thought, mistakenly, that the use of microwaves as antipersonnel weapons depended upon the heating effects of such waves upon targeted material. Today, it has been shown that properly tuned electromagnetic pulses have mortal effects at levels of energy-deposit as low as two or three orders of magnitude below those required to kill cell-tissue by means of induced thermal effects. This comparison illustrates the importance of the term "non-linear effects."

The most important of the near-term applications of non-linear electromagnetic effects are in the domain of optical biophysics, either as strategic or tactical anti-personnel weapons, or to produce global effects within the biosphere surrounding those personnel. However, there is also the prospect of disintegrating non-organic material, as well as the disruption of apparatus, through the same class of technologies. In applying the notion of technological attrition to all such

electromagnetic-pulse weapons as a general class, it is the principles causing all of the indicated range of effects which must be considered as a unit for purposes of shaping strategic doctrine. . . .

**Michael Liebig, “Radio-Frequency Weapons: Strategic Context and Implications,”** *excerpted from a paper presented at conferences in the Federal Republic of Germany, France, and Italy, in 1987-88:*

The theme of today’s *EIR* seminar, “RF Weapon Systems: Feasibility and Strategic Significance,” certainly lies somewhat outside the currently dominant strategic debate. The matter looks rather exotic, and many strategic experts will view it as “music of the future.” Before 1983, many of these same experts called SDI-related laser and other beam technologies “science fiction.” We of the *EIR* in the United States and *EIR Nachrichtenagentur* in Europe have always focused our attention on qualitatively new scientific-technological and strategic trends. . . .

Our founder and contributing editor, Lyndon H. LaRouche, Jr., published a series of articles in *EIR* magazine on the scientific-technological, and strategic potential of RF technologies in the early spring of 1987. Since then, more articles on that topic by physicists, biologists, and strategic analysts have appeared in *EIR*. On Sept. 3, 1987, we held the first *EIR* seminar on RF weapon systems in Munich, West Germany.

It is obvious that the whole complex of RF technologies, precisely because of the vast potential for military application, is highly classified. Detailed information on RF systems is extremely scant in the public domain. Yet, we do know the scientific-technological *basics* of RF systems and their interaction with biological and other soft targets. While operational RF weapon systems may not yet exist as such, it can be stated categorically, that not just research, but development work toward operational RF weapons, is under way in East and West, especially in the East.

In March 1987, the Pentagon provided the following assessment of Soviet work on RF systems (*Soviet Military Power 1987*, p. 112):

“*Radio Frequency.* Recent Soviet developments in the generation of radio-frequency (RF) energy have potential applications for a fundamentally new type of weapon system that would degrade electronics or be used in an anti-personnel role. The Soviets already have or are working on much of the technology needed for such a system. . . . No significant technological obstacles stand in the way of a prototype short-range tactical RF weapon.”

*Editors’ note: All the above excerpts are taken from the EIR Special Report, “Electromagnetic-Effect Weapons: The Technology and the Strategic Implications” (Wiesbaden, Federal Republic of Germany: Executive Intelligence Review Nachrichtenagentur, February 1988).*

## The Trilateral lunacy of world domination

by Michele Steinberg and Scott Thompson

Already last year, Lyndon LaRouche warned that the policies of the British-American-Commonwealth (BAC) oligarchy toward Russia—including the collapse of Russia’s productive economy through liberal free-market reforms, as well as the orchestration of local wars and conflicts—were pushing a Russia deprived of in-depth war-fighting capabilities toward the use of *nuclear weapons* as its only remaining option.

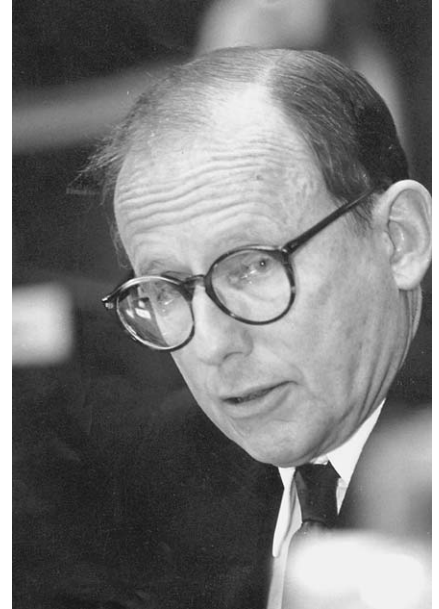
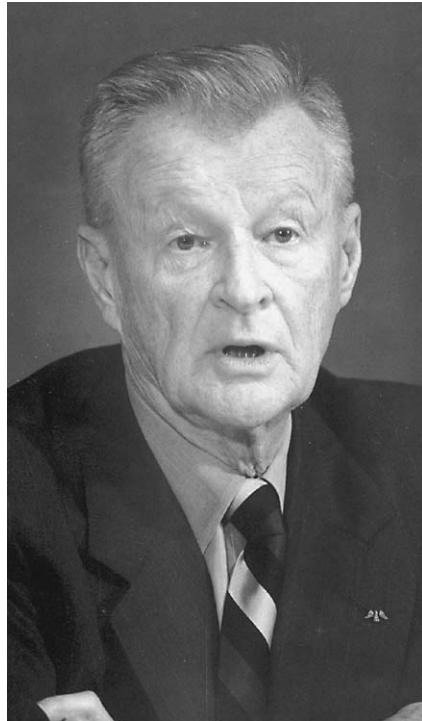
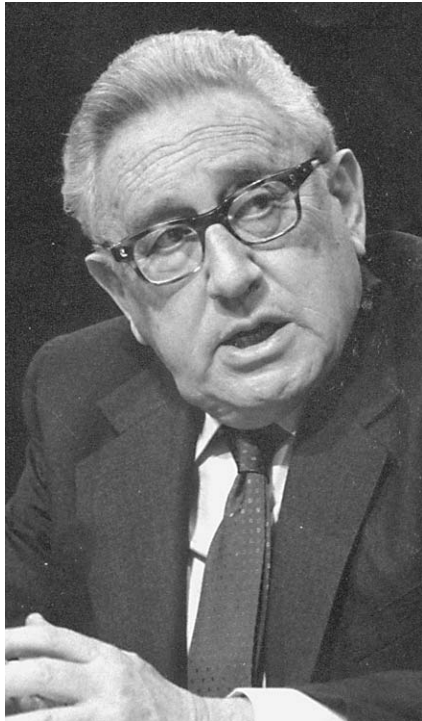
To understand what is now happening in the Caucasus and Central Asia, one must go back to the 1970s, to the “soft underbelly” strategy of Madeleine Korbel Albright’s mentor, Zbigniew Brzezinski, the first chairman of the Trilateral Commission, the institution created by the BAC to keep U.S. policy shackled to the British Empire.

Brzezinski was National Security Adviser for President Jimmy Carter from 1977 to 1980. But, the catastrophes of the Carter Presidency had been mapped out long before, at the 1973-75 meetings of the Trilateral Commission in Tokyo and Kyoto, Japan, and London and New York.

In the late 1970s, Brzezinski deployed the “Islamic Card” against the Soviet Union’s “soft underbelly.” Brzezinski also used the term “Arc of Crisis,” referring to a geographic swath from North and East Africa, through the Middle East, into Turkey, Iran, Pakistan, Afghanistan, and into the Caucasus, to characterize the BAC’s build-up of pseudo-Islamic fundamentalist networks against Moscow, and against any country in the Islamic world that was pro-development.

Contrary to the drivel from so-called strategic analysts today, the deployment of “Islamic fundamentalism” against Moscow was not a reaction to the 1979 Soviet invasion of Afghanistan, but rather, a geopolitical design of the BAC’s Trilateral Commission dating from the early 1970s. This design went through several phases: the February 1979 overthrow of the Shah of Iran; the December 1979 Soviet invasion of Afghanistan, in reaction to terrorist and insurrectionary build-ups; and, throughout the 1980s, the Iran-Iraq War, which kept the region in a state of permanent destabilization.

Then came the Bush-Brzezinski-Thatcher crowd’s 1991 “Desert Storm” war against Iraq, which tested the BAC’s “new NATO” doctrine, which has kept the planet in a permanent state of low-intensity warfare. But, rather than “con-



*Among the ghouls of the Trilateral Commission, left to right: Henry Kissinger, Zbigniew Brzezinski, and Samuel Huntington.*

trolled disintegration”—the idiotic term employed by the BAC to describe the crisis management of the nation-states they set out to destroy—the Trilateral outlook has produced a new phase of “uncontrolled” chaos. The “Islamic fundamentalist card” against Russia has taken on a life of its own, as BAC-inspired terrorism and the reaction to it move the world closer toward world war.

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## A timeline

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The Trilateral Commission was created in 1973, more than a quarter-century ago. The following timeline is an abbreviated account of the Commission’s early activities and policies. The major obstacle to the success of this BAC “coup,” has been the political movement of *EIR* founder and Presidential candidate Lyndon LaRouche.

The timeline begins on Aug. 15, 1971, when President Richard Nixon, under the thumb of Henry Kissinger, Paul Volcker, and George Shultz (all future Trilateraloids), took the U.S. dollar and the world monetary system off the gold standard, and buried President Franklin Roosevelt’s anti-colonialist Bretton Woods monetary system. Ironically, the 1971 move against Bretton Woods thrust economist LaRouche into a position of international leadership as de facto heir to Roosevelt and the American System. LaRouche had been the only world economist to forecast the breakdown of the Bretton Woods system.

In the 1985 *EIR Special Report*, “The Trilateral Conspiracy Against the U.S. Constitution: Fact or Fiction?” LaRouche wrote, “For the Commission this axis of global power [the U.S., Europe, and Japan] in the Northern Hemisphere properly rules the world. . . . The nations of Central and South America, of Africa, and most of Asia, have no rights. If any of these ‘Third World’ governments resist the arrangement, a ‘horrible example’ will be made of that offending government . . . and, often enough, of the offending nation as a whole. . . . In other words, the Commission represents the essence of everything the U.S. Declaration of Independence violently resisted.”

The roots of the looming thermonuclear crisis today can be found in the history of the Trilateral policies.

### **1972: population control and MAD**

At the behest of Brzezinski, who then headed the New York Council on Foreign Relations “1980s Project” (see article, p. 70), Chase Manhattan bank head David Rockefeller convenes the preliminary meetings for founding the Trilateral Commission at his estate in Pocantico, New York. Notes and minutes from the meeting show that Kissinger, then Nixon’s National Security Adviser, had been consulted, and highly approved of the idea. Participants were eager to bring Japan into the oligarchy’s “global financial management,” because Japan’s “dazzling economic progress” would potentially stand in the way of the oligarchy’s newly launched policy for zero growth of the physical economy and world population.

Two other crucial policy turns take place that year: Kissinger succeeds in signing the 1972 arms control agreement with Soviet leader Leonid Brezhnev, making the British utopian thermonuclear weapons doctrine of “Mutually Assured Destruction” (MAD) the prevailing strategic doctrine. Second, the Club of Rome launches the environmentalist movement through the publication of its *Limits to Growth*, a formula for genocide through ending industrial development in the Third World.

But, in the course of building a new international political movement, LaRouche initiates a campaign to destroy the zero-growth ideology.

### **1973-74: oil shock vs. fusion power**

The Trilateral Commission’s Statement of Purposes, issued at its first conference on Oct. 21-23, 1973 in Tokyo, is an oligarchic declaration of war against development: “Although the risks of nuclear confrontation have diminished . . . new problems have also emerged to heighten the vulnerability of our planet. Humanity is faced with serious risks to the global environment. At the same time shortages in world resources could breed new rivalries, and widening disparities in mankind’s economic condition are a threat to world stability and an affront to social justice.”

**October 1973:** Kissinger’s intrigues to trigger the “Yom Kippur War” between Israel and its Arab neighbors precipitate a 400% oil price increase, a shock which puts an immediate brake on Third World development. The effect fits perfectly with the Trilateral Commission’s goals.

**November 1973:** LaRouche initiates the Fusion Energy Foundation, which champions the crash development of fusion power as the engine for development of former colonies in the underdeveloped Third World. Within a few months, LaRouche identifies the Trilateral Commission as a command structure for the elimination of nation-states.

**August 1974:** The United Nations holds its First International Conference on Population, in Bucharest, to promote the Club of Rome’s genocide. There, LaRouche’s associate (and future wife) Helga Zepp charges John D. Rockefeller III, a patron of the UN Conference, with proposing genocide. At the conference, a Club of Rome paper circulates which says, “The World Has Cancer, and the Cancer Is Man.” During the same month, President Nixon resigns under the threat of impeachment and on the advice of Kissinger, who becomes de facto President and goes full steam ahead with BAC policies.

**November 1974:** LaRouche testifies in the U.S. Senate against Nelson Rockefeller’s Vice Presidential nomination, identifying the Rockefeller family’s policies of genocide.

**December 1974:** Kissinger releases National Security Study Memorandum 200, which states that Third World population growth is a threat to control over raw materials, and singles out 13 countries as the greatest danger. NSSM 200 is kept classified for more than 15 years.

### **1975-79: Trilaterals and the ‘Islamic card’**

**April 1975:** From Beirut, Lebanon, LaRouche issues a call for a new U.S. foreign policy based on rapid development of key regions of the world; LaRouche then visits Iraq at the invitation of the Ba’ath Party; in Bonn, LaRouche releases a proposal for reorganization of world monetary system based on debt moratoria, and the creation of an International Development Bank (IDB).

**May 30-31, 1975:** In Kyoto, Japan, the Trilateral Commission releases its most notorious study, *The Crisis of Democracy*, prepared by Brzezinski associate Samuel Huntington, Michel Crozier, and Joji Watnuti. Huntington et al. write: “We have come to recognize that there are potentially desirable limits to economic growth. There are also potentially desirable limits to the indefinite extension of democracy. . . . A government which lacks authority . . . will have little ability, short of cataclysmic crisis, to impose on its people the sacrifices which may be necessary.” Huntington, who later becomes Brzezinski’s assistant at the Carter National Security Council, is also the author of the “Clash of Civilizations,” a thesis that the advanced sector and Western countries will face an evitable and irreconcilable war with Islamic nations (see *EIR*, Sept. 10, 1999).

At this conference, the Commission prepares to propel its “discovery,” Jimmy Carter, into the Presidency, in which Commission members will take key posts, including Vice President Walter Mondale, Brzezinski, Defense Secretary Harold Brown, Secretary of State Cyrus Vance, White House Counsel Lloyd Cutler, and more than a dozen others.

LaRouche’s IDB becomes the counterpole to BAC dictatorship and Malthusian genocide. In September 1976, Dr. Fred Wills, Guyana’s Foreign Minister, calls for debt moratoria for the Third World at the UN General Assembly. On Nov. 1, in a half-hour nationwide TV broadcast, LaRouche lays out his IDB proposal, and identifies the Carter Presidency as the instrument of nuclear war danger and Third World genocide.

By 1979, LaRouche’s warnings about the threat posed by the Carter Trilateral Presidency are fulfilled, especially in the Middle East, through Brzezinski’s maneuverings. Shah Reza Pahlavi of Iran is driven out of power by BAC operations. One of the most fanatic BAC voices is that of Brzezinski, who openly proclaims (since no later than 1977) that Islamic fundamentalism is the “bulwark against communism” and the Soviet Union.

**Nov. 4, 1979:** These BAC-run “Islamic fundamentalists” praised by Brzezinski take 53 Americans hostage at the U.S. Embassy in Tehran, where they are held until Jan. 20, 1981, the day that Ronald Reagan is inaugurated President.

In the elections of 1980, both Carter and George Bush, who tried for the GOP nomination, are soundly defeated because of their Trilateral connections. The 1980 book commissioned by LaRouche, *Hostage to Khomeini*, which exposed the “Islamic Card,” is a major contributing factor in Carter’s defeat.



# The policy of ‘controlled disintegration’

by Richard Freeman

In October 1979, Federal Reserve Board Chairman Paul Volcker, acting on behalf of the London and Wall Street financier oligarchy, instituted a policy of “controlled disintegration,” which profoundly shifted the physical economy of the world economy, levelling it, with particularly destructive effects, in the United States. Volcker’s policy was a cornerstone of a policy shift, whose implementation the British had started in the late 1960s, and accelerated during the 1970s and 1980s, to put into place the paradigm of a post-industrial society. This closed down the productive side of the economy, fostered speculation, and threatened the very existence of the modern nation-state.

Volcker’s activities were guided by the “controlled disintegration” policy of one of the oligarchy’s central institutions in the United States, the New York Council on Foreign Relations (CFR). Starting in 1973, the CFR had begun what it called “Project 1980s,” which had the policy of “controlled disintegration” at its heart.

The top personnel of Project 1980s became the top leadership of, and ran the government of, the Trilateral Commission-installed Jimmy Carter, beginning in 1977.

President Jimmy Carter appointed Paul Volcker Federal Reserve Board chairman in August 1978. On Nov. 9, 1978, Volcker delivered the Fred Hirsch Memorial Lecture at Warwick University in England. Volcker cited Hirsch and affirmed the policy: “A controlled disintegration in the world economy is a legitimate object for the 1980s.” Starting the week of Oct. 6-12, 1979, Volcker began raising interest rates, through raising the federal funds rate and increasing certain categories of reserve requirements for commercial banks. He kept pushing rates upward, until, by December 1980, the prime lending rate of U.S. commercial banks reached 21.5%.

The effects of this policy were swift and devastating, especially because the oligarchy had used two oil hoaxes during the 1970s, to send oil prices shooting upward. In the United States, industrial and agricultural production collapsed by huge amounts. Between 1979 and 1982, the production of the following critical U.S. manufacturing industries fell by the following amounts on a per-capita basis: metal-cutting machine tools, down 45.5%; bulldozers, down 53.2%; automobiles, down 44.3%; and steel, down 49.4%.

In some cases, such as the machine-tool industry, parts

of machine-tool capacity and of a skilled workforce were permanently lost. A similar pattern, on a greater or lesser scale, emerged in other industrial nations.

Volcker’s measures also exacerbated the Third World debt crisis, and pushed it to the critical point. Third world nations had to finance their debt at an interest rate level of above 20%, which compounded the debt. Between 1979 and 1983, Third World debt levels, depending on the country, shot up by 40 to 70%.

## Blueprint for Extinction

Project 1980s had ten working groups, which worked during the 1970s, eventually producing 33 books. The CFR’s blueprint for economics was outlined in the book, *Alternatives to Monetary Disorder*, one of whose authors was Fred Hirsch. Hirsch was the former editor of the London *Economist* magazine, and it is he whom Volcker quoted in his infamous 1978 lecture announcing his policy.

What did Hirsch mean in his book by “controlled disintegration”? That the world economy would be pushed into disintegration—but not in an uncontrollable fashion. Rather, the oligarchy hoped it could control the process. It would be necessary for outside forces to deliver shocks to carry out this disintegration of the world economy: oil shocks, credit cut-offs, interest rate shocks, etc., forcing the world economy to go to zero, and eventually negative growth.

The CFR’s Project 1980s covered a wide range of subjects, including plans for erecting a Bertrand Russell-H.G. Wells form of world government, through the mechanism of “stopping weapons of mass destruction,” and for radical population reduction. The CFR called the overall project the largest undertaking in its history.

It was no idle exercise in futurology. Their 33 volumes constituted blueprints, which the oligarchy used its power to institute during the second half of the 1970s and the 1980s. They imposed one of the most profound shifts in economic and nation-state policy during the 20th century.

Once the Trilateral Commission’s Jimmy Carter was installed as President, the British American Commonwealth’s (BAC) oligarchical faction transferred the CFR’s Project 1980s into his administration. Two of the Project’s nine directors were W. Michael Blumenthal and Zbigniew Brzezinski; they were appointed Treasury Secretary and National Security Adviser, respectively. Cyrus Vance, who headed a Project 1980s working group, was appointed Secretary of State. And Paul Volcker, spokesman for Project 1980s’ “controlled disintegration,” became Federal Reserve Board chairman.

Volcker’s actions were followed up by the 1981 Kemp-Roth Tax Act, which opened up real estate and stock market speculation, ruined U.S. fiscal policy; and by the 1982 Garn-St Germain Act, which deregulated the U.S. banking system, shifting it decisively away from financing physical production and into pure speculation.

## Bipartisan majority passes Patients' Bill of Rights

by Linda Everett

Sixty-eight Republicans defied the Republican House leadership on Oct. 7, and joined the Democrats in passing by a vote of 277-151, the Bipartisan Consensus Managed Care Reform Act of 1999 (H.R. 2723). The passage of this bill, known as the Norwood-Dingell bill after its sponsors, Georgia Republican Charlie Norwood and Michigan Democrat John Dingell, sets the stage for reversing the murderous policies of health maintenance organizations (HMOs), and returning to a Constitutional policy of protecting the General Welfare of the U.S. population.

The Norwood-Dingell bill is nearly identical to President Clinton's Patients' Bill of Rights, which was defeated in the Senate in July, after a major mobilization by insurance companies and HMOs. It gives patients in all managed care and HMO plans, a host of protections, such as the right to emergency care at any hospital when necessary without the plan's prior approval, and the right to timely access to a completely independent external review of a plan's treatment decisions. The most significant provision of the bill is that it holds HMOs liable for decisions which result in the injury or death of their patients, thus allowing victims or their families to sue in state court, and putting a major penalty on the HMOs, which have, up until now, had a virtually free hand in deciding whether to deny health care to the needy for "cost-cutting" reasons.

Victory over what Lyndon LaRouche has correctly called the "crimes against humanity" of the HMOs' Nazi medical practices, is not yet assured, however. Not only did the Republicans attach what President Clinton has called "poisoned pills" to the House bill, but the bill must also be reconciled with the one passed by a Republican majority in the Senate.

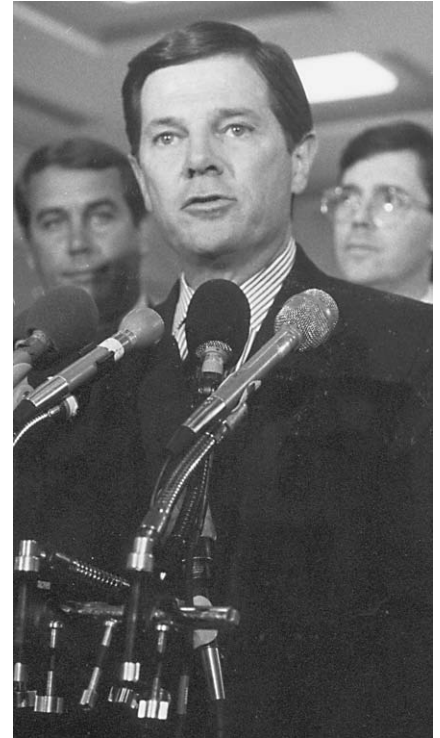
The insurance companies and HMOs can be expected to escalate their blackmail campaign to prevent the Norwood-Dingell protections from ever being enacted into law. On the other side, the Democrats, led by the LaRouche wing of the party, can be expected to intensify their campaign to defeat the HMO policy. LaRouche, in early August, called for a national campaign to politically punish those politicians who would defend the HMOs' crimes against humanity, by protecting them from legal liability for those crimes.

### The fundamental issue

Over the past three years, as managed care has expanded to take over a vast majority of health insurance coverage in the United States, there has been a growing outcry against, first, its abuses, and then, its fundamental philosophy. HMOs were initially promoted on both sides of the aisle as an alleged solution to the ballooning of health care costs. But, as HMOs increasingly took over the market, and power over health care was concentrated more and more in fewer and fewer managed-care companies, themselves controlled by insurance giants, the backlash began.

At first there was a series of bills fashioned to deal with the particular abuses, such as what were ironically called "drive-by" mastectomies, or even births. But, gradually, as the list of abuses grew, it became obvious that the HMOs could never be brought under control unless they, at least, could be held accountable for deaths or injuries caused by their wrongful denial of delay of necessary medical treatment, through lawsuits.

Right now, most managed care plans are governed by the Employee Retirement Income Security Act, the 1974 Federal



*The Conservative Revolution fanatics were determined to protect the HMOs from liability for their crimes. Left to right: Speaker of the House Rep. Dennis Hastert (R-Ill.), House Majority Leader Dick Armey (R-Tex.), House Majority Whip Tom DeLay (R-Tex.).*

law known as ERISA, which provides uniform Federal regulations to employee benefit plans, including health plans, like HMOs, but exempts them from state laws. So, HMOs can openly deny benefits, knowing that the ERISA shield protects them from prosecution, no matter whether the patient suffers or dies.

Thus, the Patients' Bill of Rights, devised by the Democrats, sought to change this exemption, by giving aggrieved patients the right to sue. Eventually, this bipartisan bill was formulated, which President Clinton called on Congress to pass. He was joined by the American Medical Association and more than 300 organizations and medical societies nationally. He had already mandated such protections for everyone in all Federal health plans, from Medicare (for older and disabled Americans) to Medicaid (for indigent families, elderly or disabled) and all Federal workers. He now will extend these critical strong patient protections to every child enrolled in the Children's Health Insurance Program (CHIP), a new program aimed to cover children erroneously eliminated from the Medicaid program.

But, the Republican leadership, still dominated by the Conservative Revolution fanatics, who would be the first to permit any creditor to sue his debtor, all of a sudden were concerned to prevent a rash of lawsuits. Fundamentally, they were determined to protect the HMOs from liability for their crimes, and to continue to cut health costs no matter how many lives are sacrificed.

For example, Speaker Dennis Hastert (R-Ill.) had Reps. Tom Coburn (R-Okla.) and John Shadegg (R-Ariz.) craft H.R. 2824 as an alternative. But, even this seriously flawed bill, in which you can lose your Constitutional right to a trial jury, had a very limited right-to-sue provision—to which Hastert and his insurance-business benefactors objected. He next promoted Rep. John Boehner's (R-Ohio) bill, H.R. 2926, a hodgepodge of phony "protections" that has no right-to-sue provision at all—and which is hailed by insurers.

Yet, support for protections against HMO crimes continued to grow, and the Republican leadership was forced to bring the issue to a vote, including the Norwood-Dingell bill.

### **The Republican maneuvers**

House Speaker Hastert spared no effort to the very last minute. Just hours after hosting a \$1,000-a-plate breakfast with health insurance and HMO industry vultures on Oct. 5, which netted \$15,000 for his campaign war-chest in the process, the Speaker executed a series of "parliamentary maneuvers" designed to kill the bipartisan Norwood-Dingell Patients' Bill of Rights.

The maneuvers took the form of the introduction of a series of bills which were meant either to derail, or to poison, passage of the Norwood-Dingell bill.

On Oct. 1, days before Hastert was to send the Norwood-Dingell bill to the floor for debate, he decided to change the subject. Hastert "got religion," as Minority Leader Richard

Gephardt (D-Mo.) says, about “uninsured Americans,” and mandated that *any* HMO reform bill that passed the House had to include new “insurance access” provisions delineated in a bill drafted by Rep. James Talent (R-Mo.) and Shadegg.

The Talent-Shadegg bill was filled with well-known Republican free-market prescriptions to “help” uninsured Americans with useless high-risk, high-deductible plans and tax-free medical savings accounts (MSAs). These MSAs are *exempt* (like ERISA plans) from state mandates for coverage and state insurance laws, meaning that you cannot sue if you suffer wrongful injury or death.

The GOP bill does not address the actual reason why a million Americans every year can no longer afford insurance. That is due to the free-market globalization policies that are destroying the country’s economy (and jobs and income) in the name of “competition.” The same free-market-driven reign of managed care has created a new class of uninsured at home—those who have health insurance but can’t get the medical treatment they need, because their HMOs deny it.

In addition, the GOP’s phony “access” legislation, which would help only 1% of the uninsured, contains \$48 billion in tax cuts that the President recently vetoed.

Hastert mandated that this GOP bill and its “poison pills”—all of which the Democrats have traditionally opposed—would be the first bill voted on in the health care debate, and would then be *combined* with whatever HMO reform bill is passed. It passed 227-205, along party lines, on Oct. 6. The Republican leadership clearly hoped to thereby assure that any resulting HMO reform bill with these poison pills would be vetoed by President Clinton, who then would be accused of vetoing “patients’ rights.”

### Other tricks defeated

But that was not all the Republicans did for their HMO and insurance company backers. The night before the debate, they passed a series of parliamentary procedures designed to subvert the movement for patients’ rights.

One of the host of parliamentary maneuvers passed “in the dark of the night,” was one in which House leaders eliminated any way to pay for the HMO reforms proposed. In effect, this was intended to force those who support the Norwood-Dingell bill to either vote against it, or, “to use the Social Security surplus to pay for it,” which the majority of Democrats oppose, according to one House member.

Another of the maneuvers involved the rules of debate and the ordering of the votes on the reform bills. These were rigged through the House Rules Committee, on which sits Hastert “insider” Rep. Deborah Pryce (R-Ohio). The Committee voted 9-3, along straight party lines, that the Norwood-Dingell bill would be the main bill of the debate, but that the “majority rules.” This meant that, should any of the HMO reform bills proposed as a substitute for Norwood-Dingell, or any proposed amendment to it, receive the majority of votes

first, the debate is over.

The clincher came in the order of the debate as set by the Rules Committee: first, the Boehner bill; then, Coburn-Shadegg; then, a new overnight killer amendment by Reps. Amos Houghton (R-N.Y.) and Lindsey Graham (R-S.C.), that would eliminate the Norwood-Dingell right to sue in state court provision and allow Federal suits only if an “external” appeals panel agrees with the patient’s claim; then, finally, the Norwood-Dingell bill.

### It didn’t work

But, most of Hastert’s effort went for naught. Although the Talent-Shadegg “access” bill was passed, and will create problems for the Norwood-Dingell bill, each of the other bills, which were meant to draw Republicans’ votes from the bipartisan bill, failed by significant margins. And when Norwood-Dingell finally came up for a vote, it won by the margin of 275-151.

There were two Democratic defections to the Republican side in the final vote. They were Virgil Goode of Virginia, who has been flirting with the Republicans for a couple years now, and Collin Peterson of Minnesota.

Representative Dingell triumphantly said at a press conference afterwards, that the work is not nearly done. The bill next has to go to a House-Senate conference committee, to be combined with the Senate GOP bill, which protects HMOs, not patients. Senators Edward Kennedy (D-Mass.), Tom Daschle (D-S.D.), and others have already voiced opposition to the “poison pills” included in the bipartisan bill through the “access” provision, as well as the fact that Hastert’s \$48 billion in tax cuts are not funded. And, finally, President Clinton has said that he will veto any bill containing the Hastert “access” bill.

The insurance companies are already operating at full tilt, in their attempts to prevent the implementation of government controls, and of the right of patients to sue. Their basic argument, retailed in newspaper, TV, and radio ads, is one of blackmail: If they are forced to give care as mandated by doctors, not accountants, they will jack up the price of health care until the opposition cracks. Congressional spokesmen for the insurance companies argue that the reason for the rapid rise in health care costs prior to HMOs taking over, was the prescription of unnecessary medical procedures, and that it is such procedures that will again run rampant, if the Patients’ Bill of Rights goes into effect.

The American population is going to have to decide here on a matter of basic philosophy. Should people die and be maimed because insurance companies say we “can’t afford them,” or should the methods of funding and regulation be reinstated which will put a priority on providing adequate care to all Americans? The principles of the General Welfare, as previously implemented under the Hill-Burton Act, are available, if Americans choose to implement them. Will the accountants, or the people, come first?

# Albright, Rice, and foreign policy: Even the Addams Family would blush

by Scott Thompson

From the early 1970s to the recent period, the “Tweedle Dum” and “Tweedle Dee” among British assets steering U.S. foreign policy along geopolitical lines, contrary to American interests, have been Zbigniew Brzezinski and Sir Henry Kissinger. Now, there is a transition of power under way that presents an even more convoluted picture of how the British have influenced U.S. foreign policy, through the strange-bed-fellow relationship between Texas Gov. George W. Bush’s chief foreign policy adviser, Condoleezza Rice, who is mooted as the next Secretary of State or National Security Adviser if Bush is elected President, and the current Secretary of State, Madeleine “Madmeddling” Korbelt Albright.

*EIR* has learned that Rice was a protégé of none other than Albright’s father, former Czechoslovak geopolitician and diplomat Josef Korbelt. Further, Madeleine Korbelt Albright’s first major job in the U.S. government was as a member of Carter National Security Adviser Zbigniew Brzezinski’s National Security Council staff, after many years as his protégé. Brzezinski married one of the daughters of the late Czechoslovak President Eduard Benes, in whose government Josef Korbelt served as a special assistant to Czechoslovak Foreign Minister Jan Masaryk.

What emerges is the picture of a veritable “Addams Family” of witches and ghouls—on the model of the Charles Addams cartoon series.

## ‘It’s all in the family’

All this recently led Presidential candidate Lyndon LaRouche to ponder: “What is kookier than the ‘Addams Family’? What is a real life ‘Dallas’? We have the chief foreign policy advisor of George Bush and George W. Bush, Condoleezza Rice, who says that her mentor is Josef Korbelt. That’s on the Republican side. And on the Democratic side, we have Brzezinski, as the mentor of Korbelt’s daughter, Madeleine Korbelt Albright. It’s all in the family.”

For more on Condoleezza Rice, see “The Sins of the Father: Condoleezza Rice and the Team Behind George W. Bush’s Campaign” (*EIR*, Sept. 24, 1999). For present purposes, it is sufficient to note that Rice’s first “big break” was as Soviet Desk officer on the National Security Council of

President George Bush. National Security Adviser Gen. Sir Brent Scowcroft admired her work so much, that he had President Bush appoint her as a Special Assistant to the President.

In the recent period, Condoleezza Rice has won kudos from the British establishment. The Sept. 27 London *Guardian* boosted her as “The Iron Lady Behind Bush’s New Cold War.” According to the *Guardian*, Rice took up the study of Russia and Communism at the University of Denver, where her father, Dr. John Rice, went to work after he took the family out of Alabama. The *Guardian* reports that, in Denver, “her professor was Josef Korbelt, a refugee from both Communism and the Third Reich, of whom Rice says: ‘I adored him, I really did.’ Korbelt had a daughter, older than Rice, whom she befriended. Her name was Madeleine—later Madeleine Albright.”

The *Guardian* went on:

“Condoleezza Rice is black, sleek, and has the kind of sex appeal Diana Ross had until she got into that confrontation with security guards at Heathrow. And she has what the editor of the journal *Foreign Affairs* calls ‘a disciplined, steely intelligence’—all of which is the cause of bitter dismay among her opponents in the Democratic Party.

“Rice, 44, is George W. Bush’s not-so-secret weapon. And as the aspirant President’s foreign policy guru, she is set to become the world’s most powerful woman, the next Secretary of State or National Security Adviser, should Bush continue on his apparently unstoppable course to the White House.

“‘She’s going to be big,’ says one observer, ‘rock star big.’”

## Who was Josef Korbelt?

According to his friends, writing in *Czechoslovakia: The Heritage of Ages Past—Essays in Memory of Josef Korbelt* (Boulder, Colo.: East European Quarterly, 1979), Josef Korbelt was a 19th-century British liberal in the tradition of Thomas Hobbes, whose book *The Leviathan* depicted life as “nasty, brutish, and short,” and described politics as “pitting each against all.”

Born Sept. 20, 1908 in Kysperk, Czechoslovakia into a

Jewish family, Korbel later converted to Christianity, reportedly to avoid persecution during the Holocaust (others in his family did not). He was the son of Armost Korbel, a businessman, and Olga Ptackova Korbel. Josef Korbel's family had the money, so that he could spend his 20th year at the Sorbonne, and, returning to Prague, he received his J.D. from Charles University, in 1933.

Following a year's stint as a first lieutenant in the Czechoslovak Army, he joined the Czechoslovak Diplomatic Service. Within five years, he was appointed personal secretary to Foreign Minister Jan Masaryk (whose father, T.G. Masaryk, had earlier been President of Czechoslovakia), in the government of the Anglophile, British liberal Freemason Eduard Benes, with whom he remained until what he terms the "Munich maelstrom."

After British Prime Minister Neville Chamberlain signed the 1938 Munich Treaty, allowing Adolf Hitler to take over Czechoslovakia without a shot being fired, Benes resigned as President and set up his government-in-exile in London. In his book *Twentieth Century Czechoslovakia: The Meanings of Its History* (New York: Columbia University Press, 1977), Josef Korbel described all the humiliations that this "provisional" government-in-exile was subjected to at the hands of "appeasers," such as Lord Halifax. Benes and company accepted these indignations with barely a complaint.

Korbel relocated his family to London, where he became head of the broadcasting department of the London-based government-in-exile. Korbel had a British nanny raise his daughter Madeleine—which may help explain her later Anglophile behavior.

Returning on the first plane to Prague in 1945, Korbel's assignment as Foreign Minister Masaryk's Chief of Cabinet was to help organize and rebuild the Foreign Ministry. But, his principal responsibility in the postwar Benes government was as ambassador to Belgrade, where he had served as a press attaché in 1936-37. He later wrote *Tito's Communism* (Denver, Colo.: University of Denver Press, 1951).

Shortly before the Communist seizure of power in Prague, in February 1948, Ambassador Korbel was named chairman of the United Nations Commission on India and Pakistan, the Security Council's first efforts to mediate the explosive Kashmir crisis. Under Ambassador Korbel, the situation remained as unresolved as the Last Viceroy to India, Lord Louis Mountbatten, had intended it to be. (Later, Korbel wrote *Danger in Kashmir* [Princeton: Princeton University Press, 1954], whose second edition had a forward by Adm. C.W. Nimitz and a final chapter by Madeleine Korbel Albright, who at the time was doing graduate work under Brzezinski at the Russian Institute, Columbia University.) While working on this UN effort, Josef Korbel learned that he had been sentenced to death *in absentia* by the Communist government to which Benes had turned over power.

Josef Korbel emigrated to the United States, where he received help from Columbia University's Soviet specialist Philip E. Mosely, who in 1949 found Korbel a placement

for what was to have been a year with the Social Science Foundation and the University of Denver's Department of International Relations. However, Korbel stayed on and became Dean of the Department of International Relations until he retired from that position in 1969. During the intervening years, he received fellowships at Harvard, the Massachusetts Institute of Technology, Columbia, and Oxford, as well as substantial financial support from the Rockefeller and Guggenheim foundations. It was under his direction, after raising some \$3 million, that the Denver Department of International Relations became one of the most prestigious schools of its kind west of the Mississippi. And, it was during these years that Condoleezza Rice became one of his protégés.

Korbel died in July 1977.

## Full circle

Zbigniew Brzezinski, who would be Madeleine Albright's second mentor after her father, in 1955 married a daughter of Eduard Benes, Emilie Anna Benes. One of the major patrons of Brzezinski, after he left his post as founding director of the Trilateral Commission to become Trilateraloid President Jimmy Carter's National Security Adviser (with Madeleine Albright as a subaltern), was Averell Harriman. To understand the import of this, one must look at a string of historical "begats."<sup>1</sup>

King Edward VII and Edwina Cassel Mountbatten's grandfather, the banker Sir Ernst Cassel, begat the "robber baron" banker E.H. Harriman, in a union with Jacob Schiff. E.H. Harriman allegedly begat Averell Harriman. Through the contribution of massive funding, Averell Harriman, in union with Bank of England head Montagu Norman, helped beget Adolf Hitler. Averell Harriman was assisted in this operation to install Hitler as a "marcher lord" for a drive east against Soviet Russia, by Prescott Bush, the grandfather of Texas Governor George W. Bush.

And, Averell Harriman helped promote Brzezinski to a major position within the Carter administration. Thus, through the Harriman connection to Brzezinski, Madeleine Albright had a tie to the same Anglophile oligarchical families that had, with British acquiescence, helped Hitler to conquer Czechoslovakia.

But, the ironies do not stop there. As this author documented in "A UN Ambassador in the British Tradition" (*EIR*, July 5, 1996), after President Carter and Brzezinski had been thrown out of office by the electorate, Madeleine Korbel Albright went to work for the late Pamela Churchill Harriman, Averell's promiscuous British widow, in "Democrats for the Eighties," a.k.a. "PamPac." Her ties with Pamela Churchill Harriman are documented in *Life of the Party: The Biography of Pamela Digby Churchill Hayward Harriman*.

Thus, the story of this "family," which would make even the Addams Family blush, comes full circle.

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1. See Webster Tarpley and Anton Chaitkin, *George Bush: The Unauthorized Biography* (Washington, D.C.: Executive Intelligence Review, 1992).

# Chernomyrdin honored at Bridgeport 'Moonie U.'

by Edward Spannaus

Former Russian Prime Minister Viktor Chernomyrdin visited Connecticut on Sept. 28, to be awarded an honorary doctorate degree and to launch a new research center at Bridgeport University. The new research center will be known as the "Chernomyrdin Institute for Studies of Russian-American Economic Relations."

The former Prime Minister might have picked a more reputable place to try to earn his American academic credentials, rather than an institution controlled by the Rev. Sun Myung Moon organization, declared by the European Parliament to be a "dangerous sect" involved in "the drug trade."

Bridgeport University, which dates back to 1927, ran into severe financial and management difficulties in the late 1980s. Over strenuous opposition from alumni groups and the community, it was taken over in 1991 by the Professors' World Peace Academy (PWPA), an arm of Moon's Unification Church.

After the takeover by the PWPA, Bridgeport's enrollment plummeted, as it came to be labelled "Moonie U." Once boasting an enrollment of 11,000 students, it had 7,000 in 1991, which fell to about 1,100 in 1992. The chairman of the Board of Trustees is Neal Salonen, a longtime aide of the Reverend Moon, who came into public prominence during the "Korea-gate" scandal of the 1970s, and a majority of the board are now persons affiliated with the Moon network of organizations.

Chernomyrdin is not the only public figure to prominently associate with the Moon sect.

In 1995, Moon financed a speech-making tour of Japan for George and Barbara Bush, and Bush subsequently appeared at about a dozen Moon events in the United States. In 1996, George Bush spoke at the launching of Moon's *Tiempos del Mundo* newspaper in Buenos Aires, Argentina, and he also toured Peru, Uruguay, and Venezuela with Moon.

## Intelligence front

While Bush was accused of simply associating with Moon for the money—he was lavishly compensated for his services—the deeper truth is that Moon does not have to "recruit" those prominent personages who have been associated with one or another of his front organizations. Rather, this should be seen as an "asset-sharing" arrangement with U.S. and British intelligence agencies who created the Moon organization in the first place, and who have continued to use it ever since. (One need look no further than the leak-filled pages of the Moon-owned *Washington Times* newspaper to get a whiff of

how this arrangement works.)

Moon's Holy Spirit Association for the Unification of World Christianity, commonly known as the "Unification Church," was founded in Korea in 1954; Moon had earlier set up a Pentecostal church in Communist North Korea, and was repeatedly arrested for sexual offenses, first in North Korea and later in South Korea. To this day, Moon's doctrine centers around an obsession with the sexual organs and excretory bodily functions.

For example, in his Buenos Aires speech in Argentina on Nov. 23, 1996, Moon said: "When you defecate, do you use a mask? This is no laughing matter, this is serious." He continued, "When you were kids, did you ever taste the cooties from your nose? . . . Why didn't you feel they were dirty? Because they were part of your body." This was minutes after George Bush had praised Moon for his "foresight and vision." (The Buenos Aires speech, complete with all Moon's scatological and sexual references, was reprinted in his *Washington Times*.)

Moon's Unification Church is an outgrowth of the East Asian section of the so-called "Moral Rearmament" (MRA) movement, also known as the "Oxford Group" for its birthplace, Oxford University, in the 1920s. It was headed by Frank Buchman, nominally an American who developed a "convergence" theory aimed at creating a "world unification of religion" movement.

With a host of British and European oligarchic sponsors, the Moral Rearmament movement sought in the 1930s to bring Britain and the United States into an alliance with fascist Germany against the Soviet Union; likewise, Buchman was also promoting an Anglo-Japanese alliance against the Bolsheviks. (It is reported that Germany's Heinrich Himmler and Rudolf Hess were MRA members; when Hess flew to England in 1944, he landed his plane on the estate of a British MRA member.)

In Japan, whence most of Moon's money is said to come, he formed an "anti-communist" alliance with Japanese organized-crime circles. Organizations in Korea which have been identified as the "parents" of the Unification Church are the Asian Peoples' Anti-Communist League and the Korean Cultural and Freedom Foundation. The latter was created by Moon's right-hand man, Bo Hi Pak, and was closely linked to American CIA and intelligence officials.

Pak joined with Moon in the Unification Church in 1957, and in 1958, Pak and Moon were instrumental in establishing the World Anti-Communist League. Today, among other things, Pak is chief executive of the parent company of the *Washington Times*.

In his Sept. 28 speech in Bridgeport, Chernomyrdin spoke of his continuing work with his "good friend Al Gore." But perhaps the larger meaning of Chernomyrdin's pilgrimage to "Moonie U." is that, seeing Gore going down in flames, he has decided to cast his lot with the Bush camp—and he finds the Moonies the most expedient way to accomplish that objective.

## Senate leaders agree on nuclear test ban treaty

Senate GOP and Democratic leaders came to an agreement on Oct. 1 to bring the Comprehensive Test Ban Treaty (CTBT) to the Senate floor by Oct. 8, with a view that a final vote on ratification might take place on Oct. 12. Majority Leader Trent Lott's (R-Miss.) unanimous consent request included 14 hours for debate on the treaty plus one amendment by each side. However, despite Democrats' demands that the Senate take up the treaty as soon as possible, Lott's request and the process leading to it left Democrats fuming.

The fireworks began the day before, when Lott's first request was to bring the treaty up on Oct. 6 with only ten hours of debate and one amendment on each side. Minority Leader Tom Daschle (D-S.D.) immediately objected, and said that not only was ten hours insufficient, but also, because there had yet to be any hearings on the treaty, "I don't think people are fully cognizant of the ramifications of this treaty and the importance of it."

The objection of Daschle and other Democrats that there had not been any hearings on the treaty led Jesse Helms (R-N.C.), chairman of the Senate Foreign Relations Committee, to launch a diatribe against all those who support the treaty. He inserted into the record a list of 14 hearings over the last two years in which the CTBT was discussed, and he said that the record shows that "the Foreign Relations Committee has thoroughly examined this matter." Joseph Biden (D-Del.), the ranking member on Helms's committee, responded that while the CTBT may have been discussed at many hearings, "we have never had a hearing" on the treaty "conducted in the traditional way."

Daschle described Lott's request,

which the Democrats grudgingly accepted, as "progress from the first request," but still an "unfair" and "dangerous" procedure. While not part of the agreement, Democrats did extract a commitment from Armed Services Committee Chairman John Warner (R-Va.) that his committee would have as many as three hearings on the treaty by Oct. 12. Warner's committee is not the primary committee of jurisdiction, but it does have purview over many issues affected by the CTBT.

## Agriculture gets a few carrots

The crisis in the U.S. farm economy received some attention recently, but the tug-of-war between those who say that market forces must be allowed to work and those who say that Congress is obligated to act to prevent farmers from going under, continues unabated. One example of this is the House passage of the Department of Agriculture Appropriations bill conference report on Oct. 1.

The bill provides \$8.7 billion for emergency assistance, including \$1.2 billion for losses caused by natural disasters in the eastern part of the United States. The remaining \$7.5 billion, to be paid out through the agriculture market transition program established by the so-called Freedom to Farm legislation of 1996, is for assistance to farmers suffering losses as a result of low prices. The conference report also stripped Senate-supported language from the bill that would have lifted embargoes of food and medicine against certain countries, including Iraq and Cuba.

The provisions caused many in both parties to vote against the bill, and even its supporters admitted that it was insufficient. Colin Peterson (D-Minn.)

told the House, "We have got a price problem in this country. . . . Some of us who oppose Freedom to Farm said that we thought this was going to happen eventually and it is here, right now." George Nethercutt (R-Wash.), who otherwise supported the bill, declared, "It is nonsense that we should not sell food and medicine to countries that others can sell to around the world. It hurts our farmers. . . . And we can open up dictatorships and open up terrorist regimes, for that matter, if we can engage them and engage the people."

On Sept. 29, the House passed a bill to strengthen the safety net for farmers by providing "affordable risk management tools" and making changes to the crop insurance program. During the debate, Agriculture Committee Chairman Larry Combest (R-Tex.) announced that he would hold hearings next year, "to evaluate current and future farm policy."

Days later, both Houses passed a bill to extend chapter 12 of the bankruptcy code, which applies to farmers, until July 2000. This action was made necessary by the fact that the Senate still has not come to an agreement to take up comprehensive bankruptcy reform, which includes a provision addressing chapter 12.

## Two more spending bills make it into law

President Clinton signed the Treasury-Postal Service bill on Sept. 29 and the Energy and Water Development bill on Sept. 30, making 4 out of 13 spending bills that have now been completed. The Transportation Appropriations bill conference report was passed by the House on Oct. 1 and the Senate on Oct. 4, and the President is expected to sign it. Most of the remaining bills



still face veto threats over a variety of issues, only some of which deal with funding levels.

The GOP's attempts to find any gimmicks to pass the bills, including pushing some spending into fiscal 2001 and designating otherwise routine spending, such as on the year 2000 census, as "emergency" measures, stems from the party's pledge not to spend Social Security revenues. Democrats, however, have been circulating a Sept. 30 letter from Congressional Budget Office director Dan Crippen, a GOP appointee, stating that the Republicans have already spent not only the fiscal 2000 non-Social Security surplus of \$14 billion, but also \$18 billion beyond that, which comes from Social Security funds. Republicans have responded by accusing President Clinton and the Democrats of wanting to spend the Social Security surplus on "big government."

## House GOP wants to slow down tax credit payout

The earned income tax credit has become the latest target in the House GOP's efforts to find any way to pass appropriations bills. On Sept. 30, the House Appropriations Committee passed the Labor, Health and Human Services, and Education Departments Appropriations bill with a provision requiring the paying out of the earned income tax credit (EITC) for the poor in monthly installments instead of in one lump-sum payment. This trick pushes about \$8 billion of the EITC payments into fiscal year 2001, thereby bringing the fiscal 2000 bill closer to the budget caps.

House Majority Whip Tom DeLay (R-Tex.), the author of the plan, reportedly said, "It is my opinion that

the working poor don't need help with their annual budget. What they need help with is their monthly budget."

Not surprisingly, the EITC slowdown drew a veto threat from President Clinton and ridicule from Congressional Democrats. However, Republican Presidential candidate George W. Bush caused the most consternation in House GOP ranks when, on a campaign stop, he said, "I don't think they ought to balance their budget on the backs of the poor." Senate Republicans, including Majority Leader Trent Lott (R-Miss.) and Budget Committee Chairman Pete Domenici (R-N.M.), also came out against the EITC slowdown.

Despite the opposition, the House GOP leadership is determined to go ahead with it. DeLay told Republicans uncomfortable with the provision that they will be free to offer amendments on the floor, if they can come up with a better way to save \$8 billion. Majority Leader Dick Armey (R-Tex.), in an Oct. 2 appearance on John McLaughlin's "One on One" program, said, "We've got an historic opportunity to end the raid on Social Security. We can only do that if we're willing to make hard choices." However, he doesn't see slowing down EITC payments as a hard choice. "I think it's a better way to distribute the money," he said.

## Dispute over judicial nominations boils over

The long-simmering tensions between the White House and Senate Democrats, on the one side, and Senate Republicans, especially Judiciary Committee Chairman Orrin Hatch (R-Utah), on the other, over the slow pace of confirming judicial nominations, boiled over on Oct. 6 when the Senate,

for the first time in 12 years, rejected a nominee for the Federal bench. Missouri Supreme Court Justice Ronnie L. White was turned down on a party-line vote of 54-45.

The stated reason for opposing White stemmed from his less-than-enthusiastic support for the death penalty. John Ashcroft (R-Mo.) said during debate a day earlier that Judge White, who is African-American, "will use his lifetime appointment to push law in a pro-criminal direction, consistent with his own personal political agenda." Ashcroft complained that White "has dissented in more death penalty cases than any other judge" during his tenure on the Missouri Supreme Court.

Democrats reacted angrily to the vote. Pat Leahy (D-Vt.) said, "I am hoping the United States Senate has not reverted to a time in its history when there was a color test on nominations." Minority Leader Tom Daschle (D-S.D.) said that the vote was not about the death penalty or law and order, but rather "about the unfair treatment of minority judicial nominees." White's nomination had been languishing since July 1997, and Daschle referred to two others that have been waiting 20 months and 44 months and are still subject to holds. President Clinton called the vote "a disgraceful act of partisan politics," and said that it "creates real doubt on the ability of the Senate to fairly perform its constitutional duty to advise and consent."

Democrats and the White House have been complaining for years about the slow pace of confirmation of nominees. Recent movement came only after Hatch was placated by the nomination of one of his picks for the Federal bench in Utah (a nomination that was moved quickly by comparison to many of Clinton's choices).

### *The real issue at the AFL-CIO meeting*

As Lyndon LaRouche, *EIR*'s founder and the third-ranked contestant for the Democratic Presidential nomination, said on Oct. 4, the real question before the Oct. 11-14 AFL-CIO Executive Council meeting in Los Angeles, is *not* which Democratic nominee to endorse, nor is it whether to delay any endorsement to a future meeting.

The only real question, is whether leading officials of the AFL-CIO are under threat or blackmail by the permanent bureaucracy of the Department of Justice. Are they being threatened as to what might happen to them, if they were to refuse to endorse Al Gore? Going back to the very early stages of his career, Al Gore is known to have maintained ties to certain explicitly racist elements of the Department of Justice permanent bureaucracy.

In the Dec. 18, 1998 *EIR*, Anton Chaitkin showed that already in Al Gore's first job, as a crime reporter for the Nashville *Tennessean*, he worked with a nest of current and former Justice Department operatives, who had all been part of Walter Sheridan's "Get Hoffa" task force, and who had since continued their association, to stage a series of racial and political frame-ups in Tennessee. Closest to Gore were *Tennessean* publisher John Seigenthaler, Hoffa's prosecutor James Neal, and FBI agent Hank Hillin, who would later be Gore's biographer.

As a young reporter, Gore was to play the leading public part in one episode of the FBI's long-running, and still continuing "Operation Fruehmenschen" (German for "primitive men"). This operation was described in 1988, in a sworn affidavit by FBI agent Hirsch Friedman, as "the routine investigation without probable cause of prominent elected and appointed black officials . . . throughout the United States. It was explained to me that the basis for this . . . policy was the assumption by the FBI that black officials were intellectually and socially incapable of governing major governmental organizations and institutions."

Gore first became locally famous in 1974, in the attempted frame-up of an African-American Nashville City Councilman, Morris Haddox, who had criticized police tolerance of drug-dealing and prostitution in the

black community. "Though only a reporter with a private newspaper," Chaitkin wrote, "Gore personally arranged with Hillin's partners in the Tennessee Bureau of Investigation, to set up a radio transmitter on the person of a stooge, who was furnished with money to ensnare Councilman Haddox. When Haddox was indicted for bribery, sting-artist Gore's sideburned face appeared exultantly in the *Tennessean*. . . . Haddox was acquitted by a jury angry at the frame-up; but Gore's printed smears drove Haddox out of political life. Only recently, two decades later, has Haddox come back into the Nashville council."

A star player on FBI agent Hillin's Tennessee frame-up team, was the KKK-style Memphis Federal prosecutor Hickman Ewing. Ewing headed up the smear and prosecution campaign against Memphis's black Congressman Harold Ford, which lasted ten years. Despite Ewing's totalitarian tricks with courts and juries, Ford was finally acquitted. Ewing went on to serve as the lead operative in Kenneth Starr's assault against President Clinton.

Unfortunately, in the intervening decades, Al Gore has only strengthened these links with the racist element of the permanent bureaucracy of the Department of Justice.

And informed Americans, whether trade unionists or not, know that it is not only a few top labor leaders, like AFL-CIO President John Sweeney, AFL-CIO Secretary-Treasurer John Trumka, and Laborers President Arthur Coia, who know that their heads are on the block for indictment—possibly this week—by the Department of Justice. The blackmail list extends into many hundreds, if not thousands.

Therefore, what must be understood on the question of the possible AFL-CIO endorsement of Gore, is that people are not being driven by considerations of politics in the usual sense, or by special issues making them lean for or against the endorsement of Gore. The real issue is thuggery and blackmail pressure: It must be named as such, and itself made the issue. Then, what everyone knows already, will be made very clear: namely, that trade-unionists have no reason in the world to endorse Al Gore.

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    - SAN DIEGO—T/W Ch. 16  
Saturdays—10 p.m.
    - SAN FRANCISCO—Ch. 53  
2nd & 4th Tue.—5 p.m.
  - SANTA ANA—Ch. 53  
Tuesdays—6:30 p.m.
  - SANTA CLARITA  
MediaOne/T-W Ch. 20  
Fridays—3 p.m.
  - SANTA MONICA  
Century Cable Ch. 77  
Thursdays—4:30 p.m.
  - TUJUNGA—Ch. 19  
Fridays—5 p.m.
  - VENICE  
MediaOne Ch. 43  
Wednesdays—7 p.m.
  - WEST HOLLYWOOD  
Century Cable Ch. 3  
Thursdays—4:30 p.m.
- ARIZONA**
  - PHOENIX—Access Ch. 98  
Sundays—7 p.m.
  - TUCSON—Access  
Ch. 62 (Cox)  
Ch. 54 (CableReady)  
Thursdays—12 Midnight
- ARKANSAS**
  - CABOT—Ch. 15  
Daily—8 p.m.
  - LITTLE ROCK—Comcast Ch. 18  
Tue. or Sat.: 1 a.m., or  
Saturdays—6 a.m.
- CALIFORNIA**
  - BEVERLY HILLS  
Thursdays—4:30 p.m.  
Century Cable Ch. 37
  - BRE—Century Ch. 17\*
  - CHATSWORTH  
Time Warner—Ch. 27/34  
Wednesdays—5:30 p.m.
  - CONCORD—Ch. 25  
Thursdays—9:30 p.m.
  - COSTA MESA—Ch. 61  
Mon.—6 pm; Wed—3 pm  
Thursdays—2 p.m.
  - CULVER CITY  
MediaOne Ch. 43  
Wednesdays—7 p.m.
  - LOS ANGELES  
BuenaVision—Ch. 6  
Fridays—12 Noon
  - HOLLYWOOD  
MediaOne Ch. 43  
Wednesdays—7 p.m.
  - LANCASTER/PALMDALE  
Jones Ch. 16  
Sundays—9 p.m.
  - LAVERNE  
Century—Ch. 3  
Mondays—8 p.m.
  - MARINA DEL REY  
Century Cable Ch. 3  
Thursdays—4:30 p.m.  
MediaOne Ch. 43  
Wednesdays—7 p.m.
  - MID-WILSHIRE  
MediaOne Ch. 43  
Wednesdays—7 p.m.
  - MODESTO—Access Ch. 8  
Mondays—2:30 p.m.
  - SAN DIEGO—T/W Ch. 16  
Saturdays—10 p.m.
  - SAN FRANCISCO—Ch. 53  
2nd & 4th Tue.—5 p.m.
- SANTA ANA—Ch. 53  
Tuesdays—6:30 p.m.
- SANTA CLARITA  
MediaOne/T-W Ch. 20  
Fridays—3 p.m.
- SANTA MONICA  
Century Cable Ch. 77  
Thursdays—4:30 p.m.
- TUJUNGA—Ch. 19  
Fridays—5 p.m.
- VENICE  
MediaOne Ch. 43  
Wednesdays—7 p.m.
- WEST HOLLYWOOD  
Century Cable Ch. 3  
Thursdays—4:30 p.m.
- COLORADO**
  - DENVER—DCTV Ch. 57  
Sat.-1 p.m.; Tue.-7 p.m.
- CONNECTICUT**
  - BRANFORD—TCI Ch. 21  
Thursdays—9 p.m.  
Fridays—10 a.m.
  - GROTON—Comcast Ch. 23  
Mondays—10 p.m.
  - MIDDLETOWN  
Comcast Ch. 3  
Thursdays—5 p.m.
  - NEW HAVEN  
Comcast Ch. 28  
Sundays—10 p.m.
  - NEWTOWN/NEW MILFORD  
Charter Ch. 21  
Thursdays—9:30 p.m.
- DIST. OF COLUMBIA**
  - WASHINGTON—DCTV Ch. 25  
Sundays—3:30 p.m.
- ILLINOIS**
  - CHICAGO—CAN Ch. 21  
*The LaRouche Connection\**  
*Schiller Hotline-21\**
  - SPRINGFIELD—Ch. 4  
Wednesdays—5:30 p.m.
- IOWA**
  - DES MOINES—TCI Ch. 15  
1st Wednesdays—8:30 p.m.  
Following Sat.—3 p.m.
- KANSAS**
  - SALINA—CATV Ch. 6\*  
*Love, Unity, Saves*
- KENTUCKY**
  - LATONIA  
Intermedia Ch. 21  
Mon.—8 p.m.; Sat.—6 p.m.
  - LOUISVILLE—Ch. 70/18  
Fridays—2 p.m.
- LOUISIANA**
  - ORLEANS—Cox Ch. 6  
Mon. & Fri.—12 Midnite
- MARYLAND**
  - ANNE ARUNDEL—Ch. 20  
Fri. & Sat.—11 p.m.
  - BALTIMORE—BCAC Ch. 5  
Wednesdays—4 p.m. & 8 p.m.
  - MONTGOMERY—MCTV Ch. 49  
Fridays—7 p.m.
  - PRINCE GEORGES—Ch. 15  
Mondays—10:30 p.m.
- W. HOWARD COUNTY—Ch. 6  
Mon.-Sun.—1:30 a.m., 11:30  
a.m., 4 p.m., 8:30 p.m.
- MASSACHUSETTS**
  - AMHERST—ACTV Ch. 10\*
  - BOSTON—BNN Ch. 3  
Saturdays—12 Noon
  - GREAT FALLS  
MediaOne Ch. 6  
Mondays—10 p.m.
  - WORCESTER—WCCA Ch. 13  
Wednesdays—6 p.m.
- MICHIGAN**
  - CANTON TOWNSHIP  
MediaOne Ch. 18: Thu.—6 p.m.
  - DEARBORN HEIGHTS  
MediaOne Ch. 18: Thu.—6 p.m.
  - GRAND RAPIDS—GRTV Ch. 25  
Fridays—1:30 p.m.
  - PLYMOUTH—MediaOne Ch. 18  
Thursdays—6 p.m.
- MINNESOTA**
  - ANOKA—OCTV Ch. 15  
Thu.—11 a.m., 5 p.m.,  
12 Midnight
  - COLUMBIA HEIGHTS  
Community TV—Ch. 15  
Wednesdays—8 p.m.
  - DULUTH—PACT Ch. 24  
Thu.—10 p.m.; Sat.—12 Noon
  - MINNEAPOLIS—MTN Ch. 32  
Wednesdays—8:30 p.m.
  - NEW ULM—Paragon Ch. 12  
Fridays—7 p.m.
  - PROCTOR/HERMAN—Ch. 12  
Tue.: between 5 pm & 1 am
  - ST. LOUIS PARK—Ch. 33  
Friday through Monday  
3 p.m., 11 p.m., 7 a.m.
  - ST. PAUL—Ch. 33  
Sundays—10 p.m.
  - ST. PAUL (NE burbs)\*  
Suburban Community Ch. 15
- MISSOURI**
  - ST. LOUIS—TCI Ch. 22  
Wed.—5 p.m.; Thu.—Noon
- MONTANA**
  - MISSOULA—TCI Ch. 13/8  
Sun.—9 pm; Tue.—4:30 pm
- NEVADA**
  - CARSON CITY—Ch. 10  
Sun.—2:30 pm; Wed.—7 pm  
Saturdays—3 p.m.
- NEW JERSEY**
  - MONTVALE/MAHWAH—Ch. 27  
Wednesdays—5:30 p.m.
- NEW MEXICO**
  - ALBUQUERQUE—Ch. 27  
Wednesdays—10:30 p.m.
- NEW YORK**
  - AMSTERDAM—TCI Ch. 16  
Fridays—7 p.m.
  - BROOKHAVEN (E. Suffolk)  
Cablevision Ch. 1/99  
Wednesdays—9:30 p.m.
  - BROOKLYN—BCAT  
Time/Warner Ch. 35  
Cablevision Ch. 68  
Sundays—9 a.m.
- BUFFALO  
Adelphia Ch. 18  
Saturdays—2 p.m.
- CORTLANDT/PEEKSKILL  
MediaOne Ch. 32/6  
Wednesdays—3 p.m.
- HORSEHEADS—T/W Ch. 1  
Mon. & Fri.—4:30 p.m.
- HUDSON VALLEY—Ch. 6  
2nd & 3rd Sun.—1:30 p.m.
- ILION—T/W Ch. 10  
Saturdays—12:30 p.m.
- IRONDEQUOIT—Ch. 15  
Mon. & Thurs.—7 p.m.
- ITHACA—Pegasys Ch. 78  
Mon.—8 pm; Thu.—9:30 pm  
Saturdays—7 p.m.
- JOHNSTOWN—Ch. 7  
Tuesdays—4 p.m.
- MANHATTAN—MNN  
T/W Ch. 34; RCN Ch. 109  
Sun., Oct. 17 & 31: 9 a.m.
- N. CHAUTAUQUA COUNTY  
Gateway Access Ch. 12  
Fridays—7:30 p.m.
- ONEIDA—T/W Ch. 10  
Thursdays—10 p.m.
- OSSINING—Ch. 19/16  
Wednesdays—3 p.m.
- PENFIELD—Ch. 12  
Penfield Community TV\*
- POUGHKEEPSIE—Ch. 28  
1st & 2nd Fridays—4 p.m.
- QUEENSBURY  
Harron Cable Ch. 71  
Thursdays—7 p.m.
- RIVERHEAD—Peconic Ch. 27  
Thursdays—12 Midnight
- ROCHESTER—GRC Ch. 15  
Fri.—11 p.m.; Sun.—11 a.m.
- ROCKLAND—T/W Ch. 27  
Wednesdays—5:30 p.m.
- SCHENECTADY—SACC Ch. 16  
Tuesdays—10 p.m.
- STATEN ISL.—T/W Ch. 57  
Wed.—11 p.m.; Sat.—7 a.m.
- SUFFOLK, L.I.—Ch. 25  
2nd & 4th Mondays—10 p.m.
- SYRACUSE—T/W  
City: Ch. 3; Burbs: Ch. 13  
Fridays—8 p.m.
- UTICA—Harron Ch. 3  
Thursdays—6 p.m.
- WATERTOWN—T/W Ch. 2  
Tue: between Noon & 5 p.m.
- WEBSTER—T/W Ch. 12  
Wednesdays—8:30 p.m.
- WESTFIELD—Ch. 21  
Mondays—12 Noon  
Wed. & Sat.—10 a.m.  
Sundays—11 a.m.
- WEST SENECA—Ch. 68  
Thursdays—10:30 p.m.
- YONKERS—Ch. 37  
Saturdays—3:30 p.m.
- YORKTOWN—Ch. 34  
Thursdays—3 p.m.
- NORTH DAKOTA**
  - BISMARCK—Ch. 12  
Thursdays—6 p.m.
- OHIO**
  - COLUMBUS—Ch. 21  
Sat, Oct. 16—6 p.m.
  - OBERLIN—Ch. 9  
Tuesdays—7 p.m.
- OREGON**
  - CORVALLIS/ALBANY  
Public Access Ch. 99  
Tuesdays—1 p.m.
  - PORTLAND—Access  
Tuesdays—6 p.m. (Ch. 27)  
Thursdays—3 p.m. (Ch. 33)
- RHODE ISLAND**
  - E. PROVIDENCE—Cox Ch. 18  
Sundays—12 Noon
- TEXAS**
  - AUSTIN—T/W Ch. 10/16\*
  - EL PASO—Paragon Ch. 15  
Wednesdays—5 p.m.
  - HOUSTON—Access Houston\*
- UTAH**
  - GLENWOOD, Etc.—SCAT-TV  
Channels 26, 29, 37, 38, 98  
Sundays—about 9 p.m.
- VIRGINIA**
  - ARLINGTON—ACT Ch. 33  
Sundays—1 pm  
Mondays—6:30 pm  
Wednesdays—12 Noon
  - CHESTERFIELD—Ch. 6  
Tuesdays—5 p.m.
  - FAIRFAX COUNTY  
Media General Ch. 10  
Tuesdays—12 Noon  
Thu.—7 p.m.; Sat.—10 a.m.
  - LOUDOUN—Cablevision Ch. 59  
Thu.—7:30 p.m. & 10 p.m.
  - PW. COUNTY—Jones Ch. 3  
Mondays—6 p.m.
  - ROANOKE COUNTY—Cox Ch. 9  
Thursdays—2 p.m.
  - SALEM—Adelphia Ch. 13  
Thursdays—2 p.m.
- WASHINGTON**
  - KING COUNTY—Ch. 29  
Thursdays—3 p.m.
  - SPOKANE—Cox Ch. 25  
Wednesdays—6 p.m.
  - TRI-CITIES—TCI Ch. 13  
Mon.—12 Noon; Wed.—6 p.m.  
Thursdays—8:30 p.m.
  - WHATCOM COUNTY  
TCI Ch. 10  
Wednesdays—11 p.m.
  - YAKIMA—Falcon Ch. 9  
Sundays—4 p.m.
- WISCONSIN**
  - KENOSHA—T/W Ch. 21  
Mondays—1:30 p.m.
  - MADISON—WYOU Ch. 4  
Tue.—2 pm; Wed.—8 am
  - OSHKOSH—Ch. 10  
Fridays—11:00 p.m.
  - WAUSAU—Marcus Ch. 10  
Fri.—10 p.m.; Sat.—5:30 p.m.
- WYOMING**
  - GILLETTE—TCI Ch. 36  
Thursdays—5 p.m.

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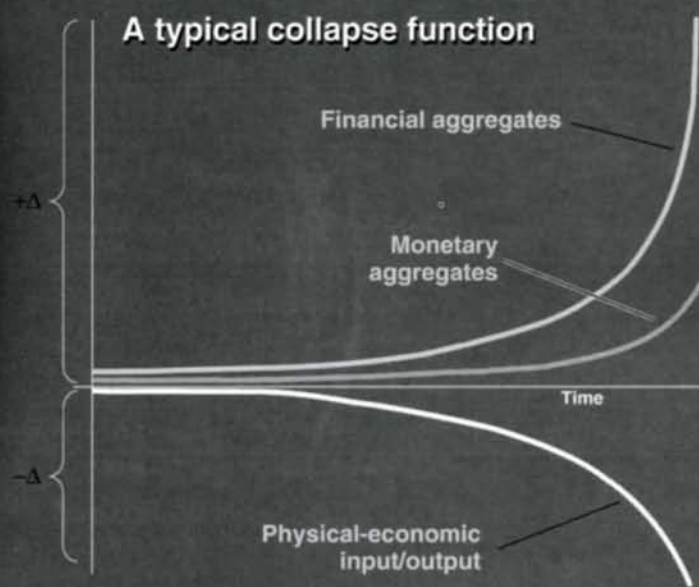
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Lyndon H. LaRouche, Jr. and LaRouche's "triple curve" schematic

## While Others Have Ignored Reality



A recent trading day at the New York Stock Exchange.

*The politicians who continue the present posture of stubbornly ignoring the reality of the onrushing financial and economic crisis, will soon be crushed, and swept aside politically, by the reality they ignore. Then, the present writer's objective authority as a policy-shaper, is unique, not only inside the United States, but world-wide. To parody James Carville's delicious book, "They have been wrong, and EIR has been right."*

—Lyndon LaRouche, Nov. 1, 1996

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