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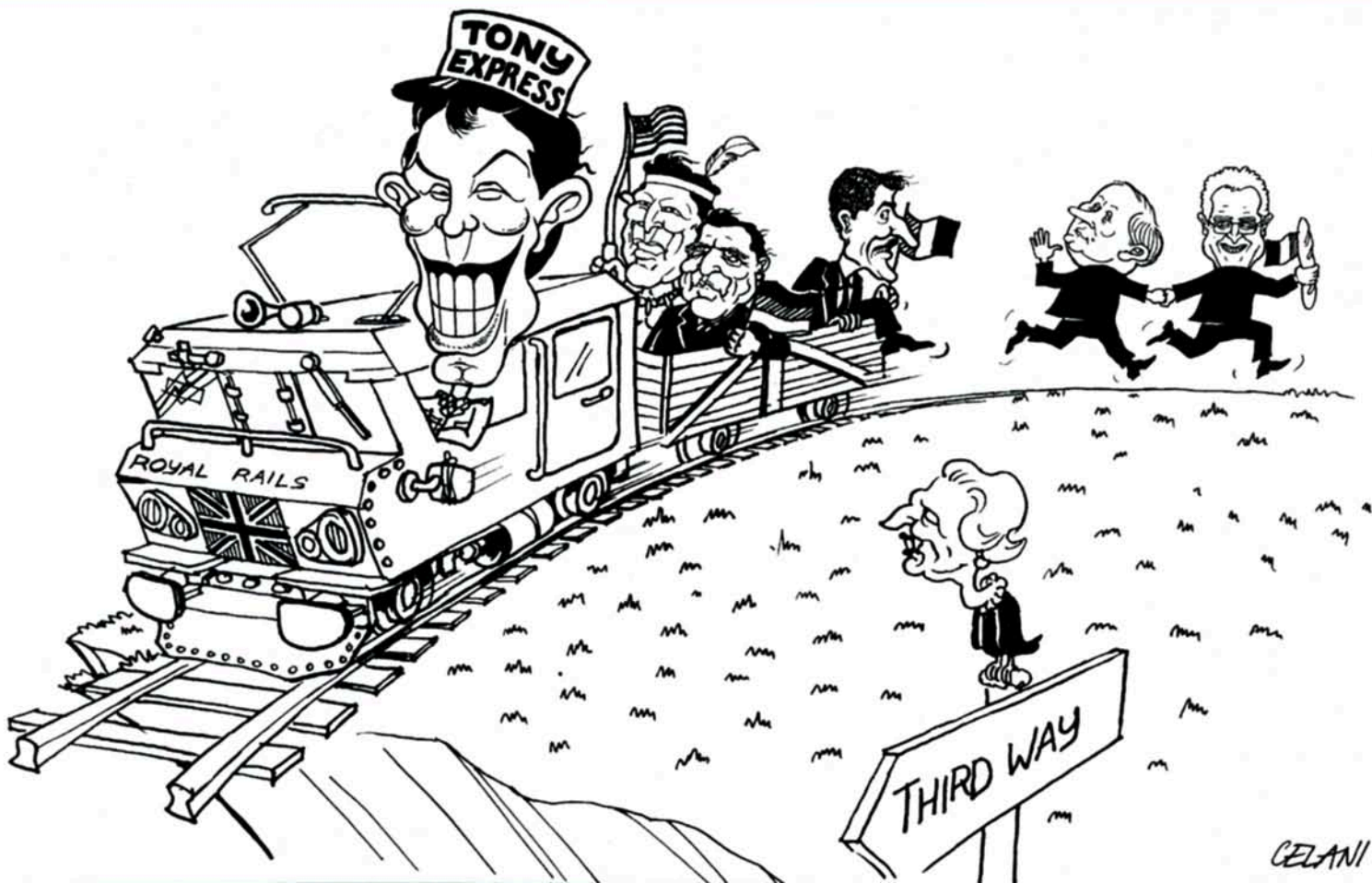
Executive Intelligence Review

October 22, 1999 Vol. 26 No. 42

\$10.00

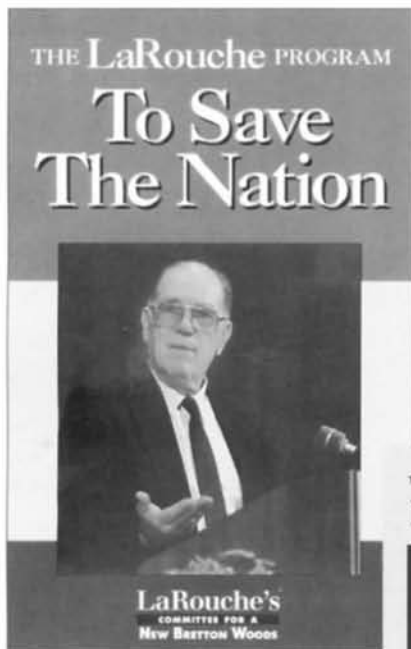
LaRouche on the Web: 'It's time for a revolution'
'Gold carry trade' threatens global meltdown
Queen's Australians provoke war in E. Timor

**Blair's 'Third Way' crashes,
as reality intervenes**



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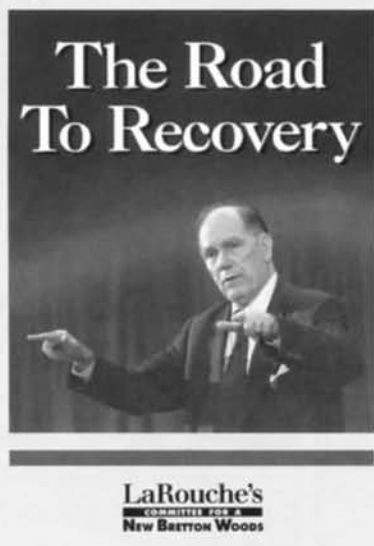
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and all of the people some of the time;
but you cannot fool all of the people all the time.”

Don't be fooled again;
this time, vote LaRouche.

Lyndon H. LaRouche, Jr.



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

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

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

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

From the Associate Editor

Al Gore may claim to have invented the Internet (along with a technique for shovelling manure), but Lyndon LaRouche has invented the Internet press conference. As you will see in our *National* section, his first experiment with this new medium on Oct. 13 was a smashing success, enabling reporters from all around the globe to question the candidate on vital issues of the day, before a live audience that could potentially be in the millions. By circumventing the hammer-lock that the establishment media cartel has on “the news,” LaRouche can now reach the citizenry directly—not only in the United States, but worldwide.

In LaRouche’s opening statement, and in his replies to the questions that were posed to him, he emphasized the imminence of a crash of the current bankrupt financial system, and called for a New Bretton Woods system, roughly along the lines of that which President Franklin Roosevelt established in 1944. Elsewhere in this issue, we provide analyses of the current economic/financial conjuncture: the explosive potential of the “gold carry trade”; the debacle of privatization in Great Britain, which led to the recent tragic railroad crash in London; and the successful measures taken by Malaysia to defend its national economy against financial speculation.

The second danger that LaRouche addressed, is the threat of nuclear war arising out of the actions of the British monarchy against Russia and other nations. See *International* for an interview given by LaRouche to the *Russian Analytical Review*, in which he discusses the destabilization of Dagestan and what this portends for world peace and for Russia’s continued existence as a nation.

In the face of these economic and strategic crises, the “Third Way” lunacy of Britain’s Tony Blair has shown itself to be utterly bankrupt, as our *Feature* documents. An important prong of the financial oligarchy’s strategy to destroy nations, is now widely discredited, as recent developments in Europe show. Yet, in the United States, both Al Gore and George W. Bush are still riding the “Third Way” railroad! Even the AFL-CIO endorsement of Gore, rammed through over heavy opposition, won’t save his bid for the Presidency. And, if the Democrats choose a candidate who rejects “triangulation,” Bush, too, will soon be merely an unpleasant memory.

Susan Welsh

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Page 7, EIRNS/Gonzalo Huertas.
Pages 13, 37, 42, 58, EIRNS. Pages 23 (Blair), 60, 65, EIRNS/Christopher Lewis. Page 23 (Schröder, Jospin), Bundesbildstelle Bonn/Fassbender. Page 47, EIRNS/Muriel Mirak-Weissbach. Page 61, Office of the Presidency of Peru. Page 63, EIRNS/Stuart Lewis. Page 64, EIRNS/Philip Ulanowsky. Page 71, U.S. Committee for Refugees. Page 73, Library of Congress.

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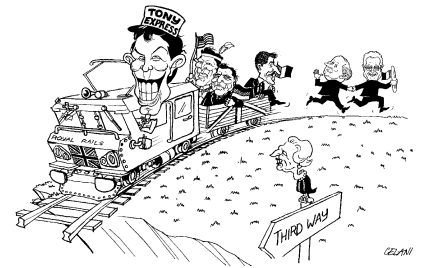
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'Gold carry trade' losses threaten global meltdown

by William Engdahl

The Sept. 26 surprise announcement by 15 European central banks reaffirming the monetary role of gold, has set off a chain of defaults, margin calls, and looming bankruptcies which could soon exceed the seismic shocks of the October 1998 crisis triggered by the collapse of the Long Term Capital Management (LTCM) hedge fund. The statement by the European Central Bank and 14 other European central banks, declaring a five-year freeze on their gold sales at 400 tons per year, or a maximum of 2,000 tons, as well as a freeze on the amount of gold the central banks would provide bullion banks via leasing, has begun a classical "short squeeze" process, sometimes referred to as reverse leverage.

The sudden reversal of the expectation of huge future central bank gold sales has caught many major international banks and investment firms, as well as hedge funds, on the wrong side of the game. Ironically, the move by central banks to reaffirm the traditional monetary role of gold as a store of value, especially in times of financial and currency crisis, may turn out to be the bar that breaks the camel's back.

The 'gold carry trade'

Some prominent international banks had speculated heavily in what is called the "gold carry trade." Much as the same speculators earlier had played the "yen carry trade," the banks stood to reap huge profits by borrowing or leasing central bank gold. Central banks, without surrendering title to their gold in reserve, had in recent years increasingly leased their gold to select international banks, so-called bullion banks. Because gold in the vaults of central banks, unlike U.S. Treasuries or German government bonds, earned no interest, the leasing process gave central banks a small return on otherwise idle assets. Their risk was small, as the leases were typically for three-month periods.

The bullion banks, in turn, loaned the leased central bank

gold — gold which, of course the banks did not own — to either speculative hedge funds, or to gold mining companies faced with a falling world gold price. The hedge fund or gold mine would then sell the physical gold for dollars, deutschemarks, or other major currencies, giving them cash which could be used to buy government bonds often yielding 5-7%. In turn, many used these "safe" government bonds as collateral to buy more speculative stocks, on margin. In the United States, brokers will lend up to 50% of a stock price on margin, a process known as the "golden pyramid."

As the price of gold had fallen over the past four to five years, from near \$400 an ounce steadily lower, the "gold carry trade," usually combined with exotic "customized" derivatives sold by the bullion banks to their hedge fund or mining clients, appeared to be one of the world's few "one-way bets." As long as gold fell, or, at worst, did not rise in price, the players of this lucrative "gold carry trade" could repay with gold bought in the market at a later date, at a cheaper price. They scored on the fall in gold price as well as the use of almost interest-free money from the sale of the leased gold.

However, just as in the case of the "yen carry trade" bets taken by banks and hedge funds speculating that the Japanese yen would never again rise against the dollar, when market events suddenly reversed when the rules of the "gold carry trade" game were torn up by the 15 major European central banks on Sept. 26, those gamblers found themselves facing catastrophic losses. Unlike with the yen, however, it is proving far more difficult for mines and speculators to come up with the physical gold to repay the banks and, ultimately, the central banks which leased the gold in the first place.

The question which everyone is now asking, is, just how much gold have central banks loaned, and at what price did bullion banks structure their derivatives contracts?

The central banks behind the gold decision are well aware of how much central bank gold has been loaned in this “gold carry trade.” After all, it is their gold. The sharp rise in gold from \$255-262 in the week of Sept. 23 to more than \$323 by Oct. 14, reflects the first phase of reportedly frantic efforts by gold mines and banks with exposed “short” positions, i.e., bets that gold would decline below \$255, to buy physical gold to close their exposed positions before losses become catastrophic.

According to reliable gold market sources, the scramble to close these short exposures in gold has only begun. The total of gold loaned by central banks to hedge funds and other speculators is reportedly as much as 10,000 tons, and some estimate as much as 14,000 tons—the equivalent of four to five years of total world gold mine output. The total value, at the current gold price, is \$100-140 billion.

But that is just for starters. Most of the \$100 billion worth of gold has been loaned by banks on the basis of traditional bank fractional reserve lending. That is, a bank is required to hold 8% of total loans in terms of equity or other assets. It can lend 12 times the initial value of the gold in this situation. That would imply, conservatively, a \$1.2 trillion total credit pyramid constructed by these international bullion banks on the back of their borrowed central bank gold.

This now begins to assume the dimensions of the October 1998 crisis surrounding the collapse of the LTCM hedge fund. When that fund went to the Federal Reserve on Sept. 23 to beg for emergency help, it came to light that it stood at the center of a global network of derivatives contracts nominally exceeding \$3 trillion.

Bullion banks are in trouble

It should not surprise seasoned financial market observers that the banks which lent LTCM billions to leverage its speculative bets, are the same banks today behind the “gold carry trade,” including the giant Swiss bank UBS, *Crédit Suisse* (the inventor of the Russian GKO bond scam), Germany’s *Deutsche Bank*, *J.P. Morgan*, *Goldman Sachs*, and *Chase Bank*.

If the price of gold rises above \$340-350 per ounce, that will trigger panic gold buying by the banks, hedge funds, and other speculators that either must come up with physical gold to repay their leased or borrowed gold before the price rises even higher, or face financial disaster.

Already this price jump has begun to claim its first victims. On Oct. 2, the Karachi, Pakistan gold association stopped trading for a week because many dealers had become insolvent with the gold price soaring. On Oct. 7, the third-largest African gold producer, Ashanti Goldfields of Ghana, asked for a freeze from its banks on margin calls on its gold derivatives. The banks included UBS, *Société Générale*, *Crédit Suisse*, *Goldman Sachs*, *Chase*, and the large *AIG* insurance group. According to the *Wall Street Journal*, these banks had a total exposure to Ashanti of some \$500 million, enough to

threaten Ashanti with bankruptcy. The banks had demanded an added \$230 million collateral on Ashanti’s gold loans as the price rose above \$320. Ashanti was short 40 million tons of gold owed its bankers, and it likely will be bailed out by a minority shareholder, the London mining group *Lonmin Plc*, which has bid to take control of the company.

In Canada, *Cambior Mining* of Montreal reportedly is facing devastating derivatives losses at the higher gold price, and in Australia, *Acacia Mines*, also facing insolvency, has been taken over by the world’s largest mining company, the London-based *AngloGold*, originally of South Africa.

Under such conditions, a brief rise in the price of gold to \$400-600 per ounce is not impossible. If prices rise rapidly, say to \$400 in the next few weeks, forced liquidation by the hedge funds and banks holding these “gold carry trade” exposures of investments in other assets such as stocks and bonds, could be sufficient, according to some knowledgeable banking sources, to trigger a global market meltdown. Already in the first two weeks of October, the bank computer risk models, ironically based on the mathematical model of former LTCM partner Myron Scholes, have reportedly broken down as the wild volatility of gold’s price has broken all historical trends used to model gold price risk by the banks.

The decision of the 15 European central banks, with the apparent tacit support of the U.S. Federal Reserve, to restore gold to a central monetary role, reflect the desire of those central bankers to have gold currency backing, in the face of expected storms in global financial markets. Hong Kong-based financial manager Marc Faber has pointed to this role of gold in times of financial and currency crisis. In a recent press statement, Faber forecast that “we are going to get the global bust, triggered by a Wall Street crash.” In that case, Faber predicted that the gold price would soar. “If there is a bust, Americans will do what they have done when there has been a problem in the past, that is, let the dollar depreciate by printing money.”

Indeed, the Federal Reserve did just that last October to prevent the LTCM crisis from triggering a systemic meltdown. At that time, gold played no role in financial markets, its price barely moving. Now, since Sept. 26, the situation is radically different. Gold has once more become regarded by investors as a safe haven in times of crisis. Faber notes that, in the face of an imminent global crash, “there is only one currency that is attractive, and that is gold.”

Now, reports have begun to surface that certain central banks, alarmed at the price of gold rising too fast for their comfort, have begun to intervene covertly with gold derivatives in an attempt to hold the price down to the \$315-325 range, allowing the banks with huge “gold carry trade” exposures to avert disaster. If that’s true, it hardly inspires confidence that central bank officials, or Group of Seven governments, have learned any lessons from the leveraged, derivatives-driven speculative excesses of the past several years.

Why the International Monetary Fund and Al Gore must surely fail

by Gail Billington

For the past 25 months, Malaysia's Prime Minister Dr. Mahathir bin Mohamad and the task force in the National Economic Action Council have carried out singular combat against the widely accepted fraud that the "reform" policies of the International Monetary Fund have anything whatsoever to do with restoring economic health to sovereign nations. Beginning with his keynote address to the September 1997 IMF Annual Meeting in Hong Kong, Dr. Mahathir has consistently argued that, embedded in the IMF's policy guidelines are precisely the measures that will trigger political and social convulsion, leading to the overthrow of governments and the fragmentation of nation-states. Thus destroyed, what remains will be picked over and appropriated by foreign interests, creating a "globalized" version of colonialism.

Look at the map of IMF bailouts since July 1997—Thailand, South Korea, Indonesia, Russia, Brazil, Mexico, Ukraine, Kenya, Ecuador. Is any one of these nations better off than before the IMF stepped in?

Learning lessons the hard way

Malaysia learned its lesson the hard way, after attempting to follow IMF prescriptions for more than a year, from the July 1997 hedge fund assault on Asian currencies until Sept. 1, 1998, when Malaysia imposed selective capital controls, over the objections of domestic and foreign critics alike. By so doing, Malaysia has returned to fundamental principles of economic sanity, starting from the premise that the purpose of truly sovereign government is to provide for the general welfare of its citizens, and, with that as its guiding principle domestically, to seek alliances with other, equally sovereign nations around a shared commitment to "prospering thy neighbor," as Malaysia calls it.

Democratic President candidate Lyndon LaRouche recently commented, "I am extremely happy with the benefits not only to Malaysia, but to the rest of Asia and others, from the courage of Prime Minister Mahathir bin Mohamed, in resisting the brutal and destructive effects of IMF and related policies. I am also extremely happy that the Prime Minister's

policies have been thoroughly vindicated and all his critics discredited."

EIR has an unparalleled record among "Western" publications in documenting the success of Malaysia's "home-grown" alternative to the IMF, and its two-year battle, against all odds, to demonstrate that there is life outside the IMF (see "Malaysia Shows National Sovereignty Works," *EIR*, Oct. 1, 1999). If anything, Malaysia has shown that "life" and the IMF cannot co-exist.

In that same two-year period, Dr. Mahathir and other senior Malaysian government officials have never ceased to share the lessons learned from having charted an independent course, be it in dialogue with Ibero-America, former East bloc states, its Asian neighbors, or, more recently, the New York City political and economic elite, and the great continent of Africa. Dr. Mahathir's speech to the third annual South African International Dialogue '99, in Victoria Falls, Zimbabwe, on Oct. 4, 1999, which we publish here, is exemplary of statecraft in building a community of interest among truly sovereign nations.

The speech is all the more relevant for Americans because it demonstrates why Al Gore and George W. Bush are not qualified to be President of the United States. Al Gore's disgusting performance at the November 1998 Asia-Pacific Economic Cooperation Business Summit, in Kuala Lumpur, demonstrated his outright hostility to the principle of sovereignty and Malaysia's recovery program, which the Malaysian government has proved works. In that speech, Gore urged the audience to give free rein for the "free markets to work their magic." He declared that, "in the end, . . . protectionism will only protect us from prosperity itself," and he then called up the horrors that befell Indonesia in 1998, as a celebration of "democracy" and "self-determination." As for George W. Bush, Dr. Mahathir, in his speech to the UN General Assembly on Sept. 29, flagged President Bush's role in championing the use of military force to "defend" human rights in the Gulf War against Iraq. George W. Bush's campaign is turning out to be a near carbon copy of his father's administration.

Mahathir in Zimbabwe: lessons for recovery

Malaysian Prime Minister Dr. Mahathir bin Mohamad delivered the following speech to the South African International Dialogue '99 Smart Partnership dinner, in Victoria Falls, Zimbabwe, on Oct. 4, 1999. It was entitled, "Malaysia's Experience in Managing Economic Recovery while Safeguarding the Socio-Economic Responsibilities." Subheads have been added.

I believe you are all aware that Malaysia is a multi-racial country. More than that, the racial differences are heightened because the different races believe in different religions; the indigenous Malays, the biggest group, are Muslims, the Chinese are Buddhists, and the Indians are Hindus. These religions are usually incompatible.

But to make matters worse, their shares of the wealth of the country are also linked to their racial origins. The indigenous Malays are the poorest, owning only 1% of the economic wealth when we gained independence, the Chinese and Indians had 30%, the rest being with the British and other expatriates.

Despite these differences, the three major races managed to work together to obtain independence. There was a kind of social contract in which, in exchange for citizenship for most of the Chinese and Indians, the Malays should have a bigger portion of the economic wealth.

A decade into independence it became obvious that the indigenous people were not getting a fair share of the wealth. They began to condemn Chinese economic domination. Tension rose, and in 1969 race riots broke out in Kuala Lumpur following an acrimonious election campaign. More than 100 people were killed, motor vehicles and buildings were razed to the ground.

The government declared an emergency, suspended Parliament, and quickly put a stop to the riots. But the government also studied the causes of the racial animosities and decided that the Malays must be given a greater share of the economic wealth while the Chinese and Indians should be given bigger participation in the government.

An affirmative action program was initiated to bring the indigenous people into the economic mainstream, while the government invited more Chinese and Indians, largely from the opposition parties, to join the government.

The scheme worked out so well that racial tension was



Malaysia's Prime Minister Dr. Mahathir bin Mohamad. His policies have been vindicated, and his critics discredited.

practically eliminated, and Malaysians enjoyed almost three decades of stability and economic growth. So successful was the handling of race relations in Malaysia that even the recent recession caused by the currency devaluation and the collapse of the share market failed to spark racial fights, as they did elsewhere in Southeast Asia.

But the attacks on Malaysia's currency and share markets nevertheless damaged the carefully planned redistribution of economic wealth. The still young and friable indigenous business community suffered the most. If the economy is not resuscitated quickly and put back on the growth path, racial antagonism would return and Malaysia would be politically unstable. And political instability in turn would make economic revival difficult.

The government's responsibility

The government is acutely aware of this danger of racial tensions, riots, and consequent political instability recurring, and [that we] have to resolve the economic problems caused by currency and share devaluation without disturbing the delicate balance in term of race relations.

Other countries faced with economic turmoil quickly resorted to IMF [International Monetary Fund] help. Unfortunately, the IMF wants to use the loans given by it to force through its so-called economic reforms. For the IMF, affir-

mative action, the active government intervention in the distribution of economic wealth between races, is unacceptable. The economy [according to the IMF] must be completely free of government interference, and furthermore it must be open to total and unrestricted foreign participation.

The result would be to deprive the indigenous people in particular of their share in the business sector and the wealth accruing from it. The Chinese, on the other hand, might still retain or even enhance their share.

The IMF solution is therefore not for Malaysia. We have to devise our own solution so that the government can continue with the eradication of poverty among all races and elimination of the identification of race with economic function—the so-called New Economic Policy which had so successfully created a stable and prosperous Malaysia.

Resuscitating the economy

To restore the economy in the face of attacks by currency traders and share-market manipulators, the government set up the National Economic Action Council (NEAC). The NEAC studied the impact of the devaluation on the economy and came up with numerous proposals on resuscitating the economy. The banking and corporate sectors had to be reformed so as to be more resilient. Imports were curtailed while exports were stimulated. Consumption of imported sugar, milk, and wheat flour was reduced. Price control was fully enforced to prevent undue inflation. Retail prices of food and goods were monitored closely so as to ensure no profiteering takes place. The retrenchment and unemployment figures were scrutinized for sign of recession.

Statutory reserves of banks, which stood at 13%, were reduced by 4% to improve banking liquidity. Hire-purchase terms were also improved. Property, vehicles, and retail sales were boosted through forgoing taxes during government-endorsed sales carnivals. Studies were made to improve food production, as the biggest import item for the country is food.

The performance of the stock market and individual companies were also studied so as to know the effect of the downturn on them and to help them if necessary. An asset management company was set up to buy up non-performing loans, in order to relieve the banks and to help the companies to turn around. A company was also set up to refinance banks.

Mergers of banks and of stock-broking companies were encouraged.

Sources of funds within the country were identified and assessed so as to reduce the need to raise funds abroad. Malaysia has one of the highest savings rates in the world, i.e., 40%. This money could, of course, be put to better use so as to maximize returns. In the end, it was found that domestic funds were sufficient to finance much of the recovery process and borrowing abroad became less urgent.

Many more studies and actions were undertaken so as to minimize the impact of currency devaluation and the fall in

share prices. However, despite all that was done or could be done, the devaluation of the currency and the stock market's near collapse placed the country in a very difficult position. In all, the country lost about \$50 billion in terms of purchasing power of imports and \$150 billion in market capitalization. If the currency devalued further, the economy could be so weakened that we would have to turn to the IMF and accept its terms.

A solution had to be found which would protect the country from the rapacious currency traders and stock-market manipulators. Malaysia actually had some experience in cur-

Dr. Mahathir warns West on East Timor

Malaysian Prime Minister Datuk Seri Dr. Mahathir bin Mohamad was the featured guest on PBS-TV's "Charlie Rose Show" interview program, on Sept. 27, 1999, in New York City. The following exchange on the crisis in East Timor and how the United States is viewed from abroad concluded the broadcast. However, in his monthly column in the Japanese newspaper Mainichi Shimbun, on Oct. 11, Dr. Mahathir stated: "It is well known that the West would like to see Indonesia broken into smaller countries. . . . And so, when the currency crisis plunged Indonesia into political and economic turmoil and [former President] Suharto was overthrown, the West seized the opportunity to once again break up Indonesia. . . . The main beneficiary of a broken-up Indonesia will be Australia. It is not surprising that Australian forces have moved into East Timor first. . . . The need to protect East Timor will be permanent, and Australia is ready to provide this protection. It may become Australia's Vietnam."

Here are excerpts from the Charlie Rose interview:

Rose: East Timor.

Dr. Mahathir: Yes.

Rose: Are you pleased to [see] UN troops there? . . .

Dr. Mahathir: Well, I think the whole thing has been very badly handled.

Rose: By? Indonesians?

Dr. Mahathir: No, I think people want to see that East Timor will not be integrated with Indonesia. They have always been agitating and urging East Timorese to seek independence from Indonesia. And the moment they found Indonesia is facing a lot of problems, like economic prob-

rency trading. In the early 1980s, the Central Bank traded extensively in the currencies of Europe, America, and Japan. It was pure speculation, and the funds available were not adequate to move the market. In the end, Malaysia lost a lot of money and decided to get out of the business. But the knowledge gained was useful nevertheless.

Reassert sovereignty over the currency

Malaysia studied the mechanism of currency trading thoroughly. It became obvious that the free convertibility of the local currency, the ringgit, which facilitates trade, is also the

Achilles' heel which exposed us to the attacks of currency traders. We have to stop the free convertibility of the ringgit and to reassert the sovereignty of the government over our currency.

Apparently no cash is involved in currency trading. When money is sold or bought, the figures on the bank's computers move and the buyer gets the figures representing the amount of money credited to him. Since the money is only legal tender in the issuing country, the actual money is held in banks in the issuing country. The foreign bank would instruct the domestic bank to credit the money to the buyer's account. Clearly the

lems, and needed help, that's when the pressure is brought upon Indonesia to hold the referendum.

I think it is the wrong time to hold a referendum.

Rose: Why? . . . What's wrong with a democratic vote on the part of the people from East Timor?

Dr. Mahathir: You see, for 25 years, those people are not complaining very much. Indonesia is pouring a lot of money into East Timor. Development in East Timor during Indonesian time is far greater than during the Portuguese time, and many of the people in East Timor have accepted the integration.

Rose: Well, obviously—Evidently not, if you look at the results of the referendum.

Dr. Mahathir: Well, you know, when you have an election, for example, you campaign. Actually, people were campaigning against—urging the Timorese to reject integration. Foreigners were telling them, "Look, if you become independent, we'll help you. We'll give you protection. We'll give you money and, *et cetera*."

Naturally, I mean, the East Timorese are going to vote for independence.

Rose: So, you oppose the referendum, and you think they would have been better off if they had stayed . . . as part of Indonesia, even though the United Nations never recognized that annexation?

Dr. Mahathir: Well, there have been annexations of other territories and the United Nations said nothing about it. I wouldn't say which territory because I might hurt other countries who are friends of ours.

But, in this case, let's allow Indonesia to make its liberal democracy work first. . . . They are in trouble. At that time, you apply pressure on them. It's not fair, because they are not in a position to even campaign among the Timorese to vote for integration.

Rose: It wasn't so much the government that they seemed to be worried about. It was, in fact, the military.

Dr. Mahathir: The military has contributed toward Indonesia's stability. Once you remember that these are

new countries—we have become independent only about 50 years or so. And our idea of how to run a democratic government is not the same as yours.

You have had more than 200 years. Other countries in Europe have [had] even a longer period. When you first became independent, you were not very nice to the slaves, for example.

Rose: That's true.

Dr. Mahathir: So, you must allow Indonesia time to practice democracy and show the Timorese that they have—they can gain from being with Indonesia.

Rose: There was much talk about America as the democratic ideal. Do you believe that in terms of the nations of Asia we still stand for something special in the world?

Dr. Mahathir: Well, we felt like that at the end of the last war.

Rose: At the end of World War II?

Dr. Mahathir: Yes, at the end of World War II we looked to America as our savior. But, since then, you have changed. You don't any longer feel any understanding of the problems faced by new countries like us.

Rose: We're insensitive to your culture and to understanding—

Dr. Mahathir: Yes, I think that is true. You don't understand us. In fact, Americans usually look inside, rather than outside and make comparisons with America. We cannot be compared to America. You are older than we are. We have just become independent. . . .

You know, under the colonial rule there was no democracy. Everything was determined by Whitehall in London. We had no idea what democracy was like, and yet we chose democracy because we thought it is a good system. But it's not easy, having accepted it, it is not easy to make it work.

A lot of countries fail simply because they don't understand the intricacies, the weaknesses, the tendency toward destabilization that comes along with democracy. So, you must give people time to manage these things.

buyer can only have the money if the domestic bank credits it to his account.

To stop the trade in currency the local banks were instructed by the Central Bank not to transfer any foreign-owned ringgit held by foreigners except during the first month of the control. Effectively, this made the foreign-owned ringgit worthless unless it is transferred to a local account in the first month. After that no more transfers would be allowed.

Thus, money belonging to foreigners held in their accounts in domestic banks would be useless after one month if it is not already transferred. If it is transferred, it means that foreign-owned ringgits would have been repatriated and would be available for banks to lend. Billions of ringgits were repatriated in this way. Once repatriated, it cannot be taken out of the country again, as it would not be allowed to return. Taking out the ringgit would render it useless, as it cannot be legal tender in any other country. And no one would accept it in exchange for other currencies.

This means no ringgits would be available outside the country for currency traders to borrow and sell. Trading in the ringgit stopped and the government was then able to fix the exchange rate within the country. Anyone needing foreign currency to pay for imports can change their ringgits for foreign currency at the Central Bank or agent banks. On the other hand, if exporters earn foreign currency they can change for Malaysian ringgit at the government fixed rate at the Central Bank or authorized bank. All the while the government would keep track of all incoming or outgoing money in whatever currency.

Had the government fixed a high rate for the ringgit, exports would be costly and there would be a black market in foreign currencies. A low exchange rate would make imports more costly and result in inflation. The government fixed a rate that is neither too high nor too low.

Once the rate is fixed, businesses can operate without the uncertainties of fluctuating exchange rates and the need to hedge. The return of all the ringgits from abroad meant the banks have plenty of money to lend. Interest rates could therefore be reduced without fear of traders devaluing the currency further. Businesses could borrow and could repay loans. The rapid rise in non-performing loans was reversed. Debtors became solvent and could borrow again.

Halt the fall in share prices

To recover fully, the slide in the price of shares must also be stopped. Initially, the government disallowed short-selling on the Kuala Lumpur Stock Exchange [KLSE]. But the short-selling went on, as Singapore had opened a market in Malaysian shares without the consent of the Malaysian government. They were able to continue short-selling, and consequently the share prices kept on dropping. As a result, our companies and banks were in distress as margin calls could not be met

and debts could not be paid.

Malaysia had to stop the operation of the so-called Central Limit Order Book (CLOB) in Singapore in order to make currency control effective. To avoid reporting changes in ownership of shares through sales on the CLOB, all shares were registered in the name of nominee companies on the Malaysian Stock Exchange. We could not track the transactions on the CLOB and so short-selling went on, depressing our share prices.

To stop CLOB, we made it necessary for all shares to be registered directly in the name of the substantive owner. Transactions not so registered will not be legal and recognized. Nominees were not recognized. Trade on the CLOB stopped immediately and the Composite Index of the KLSE climbed rapidly. It is now almost 150% higher than when CLOB was operating.

The repatriation of proceeds

We also stopped repatriation of the proceeds from the sale of shares on the KLSE for one year. Thus, we stopped the possible sudden massive withdrawal of capital from the KLSE by the foreign investors, which would have caused a severe plunge in the index and serious loss of market capitalization.

It was believed that when one year was up there would be a massive outflow of capital. But so good is the performance of the Malaysian economy after controls that when the year was up, there was only a little outflow. The stock market remained sound and the banks and companies were released from the pressure of bad loans. Besides, the asset management company and the bank recapitalization exercise helped the banks and the companies to deal with their non-performing loans.

The efforts to revive the economy did not end with the stoppage of currency trading and shares short-selling. As I pointed out, numerous other steps were taken to bring back the growth performance of the Malaysian economy. But the most important steps were the frustrating of currency traders and the short-selling on the CLOB.

The results were immediate

Once selective control of capital flows were put in place, the effect was quite dramatic and immediate. The Executive Committee of the NEAC watched the data daily, and what we saw was very encouraging. Firstly, the foreign reserves went up rapidly until it is now about \$32 billion, against \$20 billion when we started. Loans given out by banks picked up fairly well; vehicle and property sales went up, infrastructure work started again. The contraction of the GDP slowed down and we achieved a growth of 4.1% in the second quarter of 1999. We are on target to achieve 1% growth in 1999, although various experts predict a bigger growth of up to 4%.

The stock market index rose from 262 points on Sept. 1, 1998, to over 800 at one [point in] time. It has now come down to around 700, relieving both the banks and the companies of much of the non-performing loans.

While most of the indicators are positive, the economic turmoil precipitated by the currency traders and stock market manipulators destroyed much of our achievement in correcting the imbalance between the economic performance of our multi-racial population. While everyone was hit by the downturn, the indigenous businessmen were hit most badly. The big corporations they had successfully set up were unable to withstand the burden of debts they carried. They were forced to sell off to the non-indigenous people, and this, of course, undid much of the redistribution we had achieved. The indigenous middle class, small compared to the non-indigenous, practically disappeared. And once again we find the indigenous people only among the low-paid workers, hawkers, and petty traders.

The issue of 'cronyism'

Now we have to start all over again, and it is not going to be easy. Already our affirmative action has been labelled cronyism. To our foreign detractors, affirmative action only benefits the family and friends of the members of the government, in particular the Prime Minister. Explanations given to prove that it is not so have been totally ignored. The Western press, the IMF, and other agencies in the West kept on repeating that our New Economic Policy, directed at restructuring our multi-racial society, benefits only the rich friends and families of the government members.

Yet, in truth, the New Economic Policy benefits every single indigenous people, and even a fair number of non-indigenous people. Obviously, the policy cannot make every one of these deprived people millionaires. They benefit according to their own capability. Thus, although everyone could get free education and scholarships, some could not progress beyond secondary schools, while others could go to the universities at home and abroad. Others went into business as a result of the opportunities, licenses, premises, and capital made available by the government. Some could only manage small businesses, while others went out to acquire and manage billion-dollar enterprises and were even able to venture abroad. That some indigenous businessmen could rise to such levels depended on their abilities. Opportunities are created by the government for all, but obviously not everyone would be able to avail themselves of these opportunities and profit from them.

But the foreign detractors and their local supporters see every one of the successful indigenous businessmen as cronies of the government. That many of these people failed miserably, and some of them were actually members of the families of government members or their friends, is ignored. Those who succeed were all regarded as cronies and families

of the government members. Even members and strong well-known supporters of the opposition were regarded as cronies or families of the government members if they succeed. If they fail, then they are not.

Because the affirmative action had produced very successful and, therefore, very rich indigenous businessmen and they were alleged to be cronies of the government, the foreigners demand that affirmative action should be stopped. This would create disparities between the races, as among the very rich and successful there would not be a single indigenous person.

The real reason for foreign dislike of affirmative action is because most of the highly profitable privatized projects went to the indigenous entrepreneurs, in order to balance the surfeit of very rich and very successful non-indigenous entrepreneurs. This policy cuts off the foreigners from getting the privatized projects for themselves. And these are areas which they are particularly interested in, as they aim to monopolize them worldwide. The impoverishment and subsequent submission of the country to the IMF would have provided the foreign companies with this opportunity. But the Malaysian government has not submitted to the IMF. We are under no obligation to jettison our New Economic Policy, our affirmative action program.

Economic management of the country is not about enriching it only. A country can be made wealthy without the wealth being evenly distributed. It was the extreme disparity between rich and poor in the old capitalist system that brought about the Socialist and Communist revolution.

Growth with equity

In Malaysia it would have been easy to give a free hand to the very dynamic and business-oriented non-indigenous Chinese Malaysian to develop and enrich the country. But then the indigenous people would remain poor and have a sense of deprivation. They would be bitter and angry and would rise against people whom they would regard as foreigners who had stolen wealth that rightly belongs to them. They would destroy the wealth which had been created and the country would fail to develop. In the end, everyone would lose, and the country would have to beg for foreign aid and accept the conditions imposed.

After our traumatic race riots in 1969, we in Malaysia are determined to have growth with equity. Our New Economic Policy was successful in achieving this. We are not about to give up this formula simply because the IMF and the Western media think we should do so. Our growth had not been stunted because we had a political and social agenda intricately bound with our economic agenda. We think we can continue to grow with equity by adhering to the objectives of our New Economic Policy, now that we have been able to defeat the attempt to destroy our economy and political independence by devaluing our currency and impoverishing us.

Where does Caspian Sea oil flow?

A guest commentary by Prof. Yang Shu and Li Yan of Lanzhou University, Lanzhou, Gansu Province, People's Republic of China.

The late 19th century witnessed the mass industrial development of oil in the city of Baku, now capital of Azerbaijan, and its neighborhood. In 1872, the annual output of crude oil reached 26,000 tons. In 1873, due to the application of steam engines to the drill equipment, crude oil production went up rapidly. It took only a little more than 20 years to reach 11,000,000 tons in 1901, which was over 400 times more than previously produced. This was half of the world oil output.

Caspian Sea oil took up 30% of the world oil trade. Nearly all the crude oil and oil products manufactured in Baku went to the domestic market of the Russian Empire and the world market (mainly the European market), except for a very small portion which was consumed locally. This indicates that for Caspian Sea oil, like any other big oilfields in the world, its exploitation and exportation had been closely connected from the very beginning. The world's first oil tanker and rail tanker wagons were used in the Caspian Sea area in 1878. At that time, the oil tankers sailed mainly along the Baku-Astrakhan coast and along the lower part of the Volga River, while the rail tanker wagons ran from Baku to the Russian Empire and the European railway network.

The Baku oil field was among the first oil fields in the world that used pipelines. In the early stage, pipelines were used only between the oil field and the refinery, factories, and harbors. Later, with the rapid growth of crude oil production, the longest pipeline in the era of Russian Empire was built. From Baku to Batumi, this covered a distance of 883 kilometers. Soon after the development of the Baku oil field, exploitation began of another oil field in Cheleken Peninsula on the east coast of the Caspian Sea, the boundary of Turkmenistan. It was of a much smaller scale. During World War I, its annual output was only a little over 100,000 tons, which was mainly transported to Baku for manufacturing and export.

After the Russian October Revolution, in 1917, the oil and gas industry developed quickly in the Caspian Sea area (mainly along the west bank), and many new oil fields were discovered. In 1940, the oil output in Azerbaijan reached 22,000,000 tons, taking up 71% of the total oil output of the Soviet Union. When World War II came to an end, the Soviet Union began a nationwide investigation of oil and gas re-

serves. A series of huge oil and gas fields were discovered in areas close to the Caspian Sea, such as the Volga, the lower part of the Ural River, the Mangyshlak Peninsula, the east coast area of the southern Caspian Sea, the Tengiz area to the east of the northern Caspian Sea, and some waters at the bottom of the Caspian Sea. According to some information resources, the newly discovered oil fields in Tengiz, on the coast of Azerbaijan and in the waters of Caspian Sea, have big reserves. The prospect of exploitation is very exciting.

The contest over Caspian Sea oil

In recent years, following the breakup of the Soviet Union and the fast growth of gas and oil fields and reserves in the Caspian Sea, a number of governments and companies, including the littoral countries, have been involved in a fierce dispute which focuses on two aspects: one is the legal status of the Caspian Sea, including "dividing" the Caspian Sea and the sovereignty over the oil fields; the other is the various plans for building the oil and gas pipelines. Regarding the first issue, the author of this article has published a paper (Yang Shu, "The Legal Status of the Caspian Sea," *EIR*, May 8, 1998). The following content will focus on the second issue.

In summary, the following are the five plans, according to their routes:

- From Tengiz to southern Russia to Novorossiysk (hereinafter referred to as the *Southern Russia Plan*)
- From Turkmenistan, under the Caspian Sea, to Azerbaijan, to Georgia, to Ceyhan (hereinafter referred as the *Undersea Caspian Sea Plan*)
- From Turkmenistan to Iran to Turkey (hereinafter referred to as the *Northern Iran Plan*)
- From Turkmenistan to Afghanistan to Pakistan (hereinafter referred to as the *Afghanistan Plan*)
- From Tengiz to China (hereinafter referred to as the *China Plan*).

Detailed analysis of the five plans is given below.

The Southern Russia Plan

This is often also called the "Northern Line Plan." In this program, the pipeline will run from the Tengiz oil field,

Pipelines in the Caspian Sea region



to southern Russia to Novorossiysk, where oil tankers will embark to enter the world market. As far as Kazakhstan is concerned, this is its most efficient and convenient route for oil export. Apart from the Tengiz oil field, Karachaganak oil field in the north and Aktyubinsk oil field can also use this pipeline to export oil. (Previously, the oil has been exported to Russia through Atyrau [formerly Guryev] and Samara [formerly Kuibyshev].) In this plan, some experts suggest partial reconstruction and partial construction; while other experts are for a totally new construction, abandoning the out-of-date, small, and time-shattered original pipeline. Whatever, it will become Kazakhstan's most capacious export pipeline.

This project will be implemented by Caspian Sea Oil Pipeline consortium. Investment mainly comes from the Russian Ruk Oil Company, the American companies Chevron and Mobil, and the Kazak and Amman oil companies. This plan was proposed years ago. It is still not under implementation, because it is full of contradictions and conflicts. Russia always believes that it must maintain its influence in the Caspian Sea region. Hence, it adopts an attitude of limitation and rejection against the political and economic aggression of the Western countries, headed by the United States, that is carried out through the oil exploitation in Caspian Sea region. Russia does not want the enormous amount of oil in west Kazakhstan

to flow swiftly to the West. This will not only influence its oil strategic reserve and market, but also quicken Kazakhstan's attempt to cast off Russia. Russia would least like the United States to replace it in this region.

The United States aims to oppose Russia with equal harshness. Apart from its regional interest, the United States also wishes to enrich its strategic oil reserve, to relieve its dependence on the oil in the Persian Gulf. Because of Kazakhstan's wishes, the United States not only has the most shares of the oil franchise of the Tengiz oil field, but also has no inclination to let the oil that it extracts to flow through southern Russia, to encounter the control and limitation of Russia. Therefore, the United States does not want Russian investment to be involved in the development and construction of the pipeline of the Tengiz oil field.

However, the United States has come to realize this will not work, because of Russia's attitude and geographic advantage. Kazakhstan wishes to make use of oil to develop its economy and to seek a balance between Russian influence and that of the Western powers headed by the United States. In this regard, it is necessary to maintain a collaborative partnership with Russia. After a lot of negotiations, all the parties eventually reached agreement on the Southern Russia Plan. One ought to say that this plan represents each party's interest and it is a political compromise on the part of each individual

party. The implementation of this plan will play an important role in the relations among Kazakstan, Russia, and the United States.

The Undersea Caspian Sea Plan

When initially proposed, this plan did not include the section under the Caspian Sea. It was called "Middle Line Plan." Later, an amendment was made. The core of this plan is to pave an under-Caspian Sea oil and gas pipeline that runs from Turkmenbashi (formerly Krasnovodsk) on the east coast of the Caspian Sea to Baku in the west, then from Azerbaijan to Georgia, where it separates into two lines: one, which already exists, runs to Supsa. The original port of destination was Batumi; however, a new port in Supsa, to the north of Batumi, will be built; the other leads to Turkey, ending at Ceyhan. Ceyhan is a well-equipped oil export harbor through which a large portion of Iraqi oil is exported. This pipeline will be made accessible to the rich oil and gas exports of Turkmenistan and also from the Tengiz and Uzen oil fields in the west of Kazakstan. The pipeline traverses 300 km across the narrowest part of the Caspian Sea. Under the waters lies Apseron, an undersea ridge. The water is up to 200 meters deep, and most of it is no more than 100 m deep. Technically speaking, it is practical and easy to construct.

This project will benefit the oil and gas exports of Kazakstan, Turkmenistan, and Azerbaijan. It will enable their exported oil to reach the Caspian Sea or the Mediterranean Sea conveniently. In the view of Kazakstan, it will relieve its dependence on Russia, because of the implementation of the Southern Russia Plan; in the view of Turkmenistan, this plan will give it a direct oil and gas harbor; the one most benefitted should be Azerbaijan. Azerbaijan will not only get a considerable income by taxing the oil and gas supplies that pass through its territory, but also will have its oil escape menace and control through bypassing Chechnya and southern Russia.

In the conflicts of the Caspian Sea, there are great contradictions between Azerbaijan and Russia. When the undersea Caspian Sea plan is implemented, it will improve Azerbaijan's international orientation and strengthen its bargaining position against Russia. The United States is greatly interested in this plan, for it bypasses Russia in the north and Iran in the south. It is of first priority for the United States in its Caspian Sea energy policy, to construct this pipeline.

Viewed from various other aspects, Iran and Russia have different opinions, since this plan puts them at a disadvantage. In view of environmental protection, they are against the construction of a pipeline under the Caspian Sea. They believe such construction violates the littoral countries' rights. On July 19, 1998, they issued a joint declaration that states their objection to such a plan. Apart from any other reasons, Russia and Iran have a strong case in opposing the undersea plan from the standpoint of environment issues.

There is a circulating flow in the Caspian Sea which runs at a usual speed of 0.1-0.15 meters per second. When there is a big wind, it can accelerate to 1 m/sec. The water flows from the northern Caspian Sea to the south. At Apseron underwater ridge, it separates into two branches: One follows Apseron to the east and turns north at the east coast and merges into the water that goes to the north; the other enters into the south of the Caspian Sea. Apseron is the most stormy part of the Caspian Sea, with waves which rise 11 m in height. If the constructed were to leak, it would have terrible consequences. Furthermore, if it leaked, efforts would be inadequate to remedy it, especially in closed waters like the Caspian Sea. The consequence of the pollution would be more serious than what might happen on the open sea. With consideration to the frequency of earthquakes in the Caucasus region, a cautious attitude must be adopted to the Undersea Caspian Sea project. Azerbaijan and Turkmenistan have their own considerations. Azerbaijan is more active.

Another obstacle exists because of the legal status of the Caspian Sea, i.e., the dividing of the territory (waters). Since the breakup of the Soviet Union, the five littoral countries of the Caspian Sea have held different positions, which have led to a dispute over the legal status of the Caspian Sea. Azerbaijan and its opposite across the Caspian Sea, Turkmenistan,

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have different opinions, especially concerning the sovereignty of the small islands through which the pipeline will pass. Since neither of them will give up the islands, the implementation of the plan is hindered. Both sides, however, understand that it is not wise to let this problem ruin their common economic interest. Through negotiation, this obstacle could be overcome.

However, it is difficult to estimate to what extent the opposing attitudes would influence the outcome. It mainly depends on the attitude of Turkmenistan.

A few days ago, the Turkmenistan government and Shell oil company signed an agreement for jointly exploring natural gas in Turkmenistan. According to this agreement, Shell will bear 50% of the total investment used for the construction of the undersea Caspian Sea pipeline. But immediately after the signing of the agreement, Russian Foreign Minister Ivanov expressed his strong opposition toward it. He thinks this plan is a politicized one, whose purpose is to violate Russia's interests. It is not easy to anticipate what kind of influence Russia's reaction will create.

The Northern Iran Plan

According to this plan, a pipeline will run from the east of Turkmenistan (Azerbaijan can be also included) into Iran, then from the north of Iran to Turkey. This plan can avoid the potential pollution of the Caspian Sea. However, due to the years of tension between the United States and Iran, the United States consistently opposes this plan. It does not want the oil extracted through its investment to pass through the territory of Iran. Because European countries adopt a different attitude from that of the United States, the big oil companies of the United Kingdom, France, and the Netherlands have already been involved in this plan. With the strengthening of U.S.-Iranian relations, the United States has relaxed economic sanctions against Iran and has adopted a more flexible attitude. This might help the implementation of the plan.

Another factor that investors may take into consideration, is the Kurdish issue. The northwest of Iran and the southeast of Turkey, through which the pipeline will pass, is a part of Kurdistan. For many years, the Kurds have been fighting with different governments for independence. Repeatedly, armed occupations of different areas in this region have occurred. The situation is unstable. On Sept. 20, 1994, an international consortium signed the first oil contract with Azerbaijan. Soon afterwards, the Kurdish National Liberation Front declared that no pipeline was allowed to pass across Kurdistan unless the proper interests of the Kurdish people were considered. Although the Kurdish armed forces have been obviously weakened, we know that the area is still volatile.

The three countries through which the pipeline will pass, Turkmenistan, Iran, and Turkey, are members of the Eco-

nomics Cooperation Organization. If the plan is put into practice, it will strengthen the internal relationship among the members of this organization. If the pipeline is connected with the pipelines of Iran, the oil could be exported through the Persian Gulf. Furthermore, because Turkmenistan's natural gas is cheaper than that of Russia, it will reduce the Russian share in the Turkish and European markets. Russia is unwilling to face the fact that it will be helpless when a great amount of oil and gas goes through this pipeline. Because Iran and Russia have a consistently cooperative attitude toward one another on Caspian Sea issues, Russia

In the conflicts of the Caspian Sea, there are great contradictions between Azerbaijan and Russia. When the undersea Caspian Sea plan is implemented, it will improve Azerbaijan's international orientation and strengthen its bargaining position against Russia. The United States is greatly interested in this plan.

unites with Iran to oppose the Undersea Caspian Sea Plan, avoiding a tough confrontation on the Northern Iran Plan. Some people think the plan is a paradox, mixing issues of regional development with the interests of the superpowers. With consideration of all the factors, one should admit that the Northern Iran Plan has its advantages.

The Afghanistan Plan

The civil war in Afghanistan, now in its 20th year, is the biggest obstacle to the implementation of this plan. Although the government of Turkmenistan signed agreements with both warring parties to ensure the safety of the pipeline, giving the Taliban and its rival the promise that they will get 10% of the interest, many years of experience indicate that the factions in Afghanistan never abide by negotiated agreements. This makes a promising commercial plan become a mirage. Several years ago, the American company Unocal, and the Saudi Arabian firm Delta Oil Company, proposed a plan to invest in the preliminary work. It is still uncertain when the construction will be started. It is commonly believed that Turkmenistan's natural gas and oil will not flow to Pakistan or enter the Indian Ocean until the Afghanistan civil war is over and an effective government with a good reputation is set up.

The China Plan

This route is planned to run from the west of Kazakstan to Xinjiang. Then it will extend to China's interior and the seaside provinces. This is the longest one among all the planned pipelines. Tengiz oil field, Aktyubinsk oil field, Uzen oil field, located in west Kazakstan, are all oil suppliers to this pipeline. It will not only meet the demand of China, but also will be able to export oil to South Korea, Japan, and other countries, from the harbors in the east of China. This pipeline will be of great importance to China and to the economic development of Kazakstan. It is well known that the oil fields are all in the west of Kazakstan, while its population and industry are mainly in the east. During the Soviet period, the crude oil of west Kazakstan mainly went to Samara (formerly Kuibyshev) in Russia through an oil pipeline, while the refined oil flowed to its east part from Russia. This structure has been kept up to the present day. The construction of this pipeline will enable Kazakstan to build refineries in the east and enable them to use the situation for the advantage of their economic development.

Kazakstan has a vast territory. From its beginning in the west to the boundary with China, the pipeline will span more than 2,000 km, most of which is desert. Conversely, there are no transportation lines parallel with the pipeline. This will cause a lot of difficulties for construction, and for maintenance and management when the pipeline is finished.

A second Middle East?

The above is the introduction and analysis of the five pipeline plans for the export of oil in the Caspian Sea. All except the Southern Russia Plan are still on paper. This is because of the above-mentioned reasons that influence oil companies and concerned governments in making decisions on whether or not to invest. There is one additional reason of great importance: That is the real amount of gas and oil reserves in the Caspian Sea. The mass exploitation of oil started soon after World War II. Soon after the disintegration of the Soviet Union, many big Western oil companies joined in the exploitation. The reserve figures reported in the media, are quickly rising. The most frequently quoted is 200 billion barrels of oil and 7.89 trillion cubic meters of natural gas in total. There are higher figures reported too.

Many people tend to believe that the oil and gas reserves in the Caspian Sea are as great as those in the Middle East. More and more people use the term "Middle East II" in referring to the Caspian Sea region. However, as the research work continues, estimations of the reserves are not so optimistic. Various agencies and personnel have expressed their different opinions on the prospects of Caspian Sea oil.

For example, on April 26, 1998, John Chipman, spokesman of the noted British International Strategy Research Institute, said that Caspian Sea oil is not so crucial as once regarded, and that the figure issued by the Federal Reserve

Bureau of the United States is an overstatement. The impact of Caspian Sea oil on the regional development has been overestimated. Because the pipelines and relevant equipment cost a lot, there might not be a reasonable financial return. Many people share this opinion. Since last year, the heat of the Caspian Sea oil exploitation fever has cooled down a bit. Western oil investors have slowed down the pace of their investments. Actually, technically speaking, it is incredible that the estimates of the oil reserves in the Caspian Sea expanded as much as they did within just a few years.

It will take time before the plans discussed here are put into implementation, especially the Undersea Caspian Sea Plan and Northern Iran Plan, because they have a lot of similarities with the Southern Russia Plan that is already under construction. Currently, there is not enough oil and gas to fill the capacity of three pipelines. (The pipeline from Baku via Georgia to the Caspian Sea, i.e., the western part of the Undersea Caspian Sea Plan, is different, and requires different consideration.) Furthermore, the recession that is puzzling the world oil market must be taken into consideration also. It is known that the thinking of politicians does not always coincide with the considerations of oil merchants. Perhaps commercial interests will prevail eventually.

The conflict over the Caspian Sea has existed since the disintegration of the Soviet Union. The littoral countries still have not reached a consensus on the legal status of the Caspian Sea, and the different pipeline plans have made the problem more complex. Here I will not comment on the prospect of development of the situation. There appear to be some obvious characteristics as listed below:

The West, headed by the United States, is approaching the Caspian Sea region from political and economic aspects, and they have been welcome. They have their feet on the ground already. The United States has scored in this strategic area and it is going to play a more active role in the future.

Due to the decline of Russian national power, Russia is no longer able to maintain its influence and control in this region. Even its littoral rights are challenged. Despite its various efforts to prevent the expansion of the influence of the United States and the Western countries, Russia is unable to elevate itself from an inferior position.

The littoral countries have changing attitudes toward important issues on the Caspian Sea. They have formed various interest groups on different issues. A partner yesterday can be a rival today; and an agreement just signed, can be forsaken right away. Such examples are plentiful.

Because of different opinions, the littoral countries have no design for regional economic development. For example, they have not reached consensus on how to deal with the Caspian Sea pollution. Environmental ecological issues extend beyond national boundaries. Each doing things in its own way, will only lead to its own bad luck. In the long run, the construction of oil pipelines around the Caspian Sea and the

organization of regional oil production and export will be beneficial to all littoral countries. This project is not difficult. It only requires connecting the original pipelines in some areas. Even though the four countries, except Russia, have participated in the Economic Cooperation Organization, no real efforts have been made to promote regional development in the Caspian Sea region.

Except for Russia, Kazakstan, Turkmenistan, and Azerbaijan in the Commonwealth of Independent States, the remaining members are rarely involved in Caspian Sea issues. Even a country like Ukraine, which is traditionally a large customer for Caspian Sea oil and gas, also takes a wait-and-see attitude. This is because of the very bad domestic economic situation of those countries. They do not have the ability to join in the exploitation of the Caspian Sea oil and gas. On the other hand, they have no inclination to increase their troubles by getting involved in the disputes over rights and wrongs, to influence the development of other aspects.

The complication of the Caspian Sea issue derives from various issues. Factors of the world (of powers), regions, individual nations, economic interests, different cultures, even history and religions all merge together. Compromise marches with competition, and rival marches with partner. It should be noted that the so-called five poles of the world — the

United States, Russia, Western Europe, Japan, and China — have already been involved in the Caspian Sea region to different extents. Islamic countries are spreading their influence too. One rarely sees a region like the Caspian Sea in which so many powers of the world are involved. I believe that the conflict over the Caspian Sea will have more and more impact on the development of the littoral countries the region, and the world.

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'Post-crash' asset-grabs continue at record pace

by John Hoefle

With \$2.2 trillion in mergers and acquisitions worldwide during the first nine months of 1999, the global financial reorganization and asset-grab is proceeding at a record pace. Financial institutions are consolidating, control over natural resources is being rapidly concentrated, and the utility sectors are being overrun with sharks. Everywhere one looks, control over the essentials of life is passing into fewer and fewer hands, the hands of the international financial oligarchy.

Most of the players in this drama don't understand the forces which are driving their actions — after all, the policy of post-crash positioning hasn't been officially announced in the *Wall Street Journal* — but are merely following the “business practices” currently in vogue, and doing what Wall Street tells them is necessary to maximize the value of their stocks. (If you want to make a business executive a slave to Wall Street's demands, play on his greed by giving him stock options in his own company. Spread a few stock options around and many managements will gleefully cannibalize their own company in the name of “efficiency.”)

During the first nine months of 1999, some \$2.2 trillion in mergers and acquisitions were announced worldwide, well ahead of the then-record \$1.6 trillion for the same period in 1998, according to Thomson Financial Securities Data, which tracks such things. Unless something catastrophic happens — a possibility not to be dismissed — the merger total for 1999 will easily surpass the \$2.5 trillion in mergers announced for 1998, and is well ahead of the \$1.6 trillion for all of 1997 and the \$1.1 trillion for 1996. The mergers announced for the first nine months of this year equals the sum of all mergers announced worldwide for the first half of the 1990s (1990 through 1994).

For the third quarter, the leading sectors for worldwide merger activity were, in order, banking, telecommunications, and utilities, which accounted for about 30% of the total, while in the United States the radio and television sector led the pack, followed by power utilities and banking.

Telecommunications will likely lead the fourth quarter as well, thanks to the Oct. 5 announcement by MCI WorldCom that it will acquire Sprint for \$115 billion, plus another \$14 billion in assumed debt and preferred stock. The deal is the largest corporate merger in history, in terms of purchase price, and marks the second time WorldCom has set the record; its \$35 billion takeover of MCI Communications was the largest ever at that time. Over the years, WorldCom has acquired

some 60 companies.

WorldCom is hardly alone. Telecommunications sector mergers account for six of the ten largest mergers in history, not counting Deutsche Telekom's failed \$92 billion bid for Telecom Italia. SBC Communications, formerly Southwestern Bell, has gobbled up Baby Bells Ameritech and Pacific Telesis, while Bell Atlantic has grabbed NYNEX, the New York-New England Baby Bell, and the non-Bell GTE. AT&T has not been idle either, buying both MediaOne Group and Tele-Communications Inc., giving it substantial cable operations (and a direct “pipe” into millions of American homes). This consolidation is partly driven by the Information Age/Internet technology boom, and partly by the rush to acquire post-crash income streams.

The mergers in the power utilities sector — \$76 billion in deals worldwide in the third quarter alone — also reflects the move to acquire income streams in the post-crash world. Indicative are the September announcements of mergers between Philadelphia-based PECO Energy and Unicom (the Chicago-based parent of Commonwealth Edison), and between Germany's Veba and Viag; and the August acquisition by Carolina Power & Light of Florida Progress, the parent of Florida Power & Light. New York's Consolidated Edison is reportedly in merger talks with Connecticut-based Northeast Utilities.

Also indicative are the mergers in the natural resources field, in particular aluminum, where Canada's Alcan is buying both France's Pechiney and Switzerland's Alusuisse Lonza, and Alcoa is buying Reynolds Metals; and copper, where Phelps Dodge is buying Cyprus Amax and battling Grupo Mexico for control of Asarco.

A rash of deals can also be expected in gold, where the recent price spike has blown out the derivatives portfolios of many gold producers. Lonmin, the successor to Lonrho, has made a bid for Ashanti Goldfields, which is facing a reported \$270 million in margin calls from its derivatives counterparties, including Goldman Sachs, Société Générale, Crédit Suisse First Boston, UBS, American International Group, and Chase Manhattan.

Media concentration

At the same time that the oligarchy is consolidating its control over the post-crash essentials, it is increasing its control over the media, to keep the public in the dark about the ongoing reorganization and the disintegration of the financial system. Viacom is paying \$41 billion to acquire CBS, the last remaining “independent” major television network (Hollywood's Disney owns ABC and General Electric owns NBC). CBS controls Infinity Broadcasting, the nation's second-largest radio network with 163 stations. Number three Clear Channel Communications is buying number one AMFM (itself formed by the mergers of Chancellor Media, Evergreen Media, and Capstar Broadcasting), resulting in a company which will control more than 800 radio stations nationwide.

Korea refuses Daewoo foreign creditors

by Kathy Wolfe

“The first part of November could see a financial explosion” around the bankruptcy reorganization of South Korea’s giant Daewoo conglomerate, a Chase Manhattan Bank spokesman for Daewoo’s foreign creditors told *EIR* on Oct. 12. The banker threatened that the foreign creditors would not accept an orderly reorganization of the company’s debt, estimated publicly at \$55 billion, but privately at \$85 billion, unless granted “preferential treatment,” including a first grab at Daewoo assets and “South Korean government guarantees.”

South Korea’s Kim Dae-jung government, however, is refusing foreign bank demands. “The government insists it’s a company debt, it’s not a country debt, it’s not up to the government to pay when the foreign private companies made a bad investment decision,” the banker complained.

“We do not plan to provide any government backing for a particular private entity,” Jun Kwang-woo, special adviser to Finance and Economy Minister Kang Bong-Kyun, told reporters on Sept. 30 in Seoul. “We made it very clear not just to the IMF [International Monetary Fund] and to [U.S. Treasury Secretary Lawrence] Summers, but to all others that there is no bailout program.”

“The foreign creditors are not happy with this,” the Chase banker said. “We say the Daewoo debt is the size of a small country, so we have a lot of complaints.”

The Kim government has mandated that Daewoo’s domestic Korean creditors organize an orderly “workout” of Daewoo’s restructuring by Nov. 10, and if the foreign creditors don’t play ball with the domestic Korean banks, they could be left out in the cold. On Nov. 10, the government has vowed to remove a freeze on Seoul’s dozens of Investment Trust Companies (ITC), which hold a major share of Daewoo’s bad loan paper. If the ITCs are unfrozen, individual and bank investors with money in the ITCs will rush to pull their money out.

But as of this writing, the foreign creditors have refused all invitations to Seoul “workout” meetings, because the government has refused their demands for “preferential treatment.” “I don’t know if this can be resolved by Nov. 10,” the Chase man said. “If there’s no Daewoo workout by then, there could be a major run on the ITCs and all the Seoul markets.” What he didn’t say was that this could extend to London, New York, and Tokyo, too.

While \$55 billion is the standard market estimate of Dae-

woo’s bad debt, Daewoo Economic Research Institute (DERI) reported on Oct. 11 that it could soon rise to 137 trillion Korean won, or \$85 billion. Many Daewoo subsidiaries, such as Daewoo Motors, have frozen operations awaiting the workout, and idle factories mean no incoming cash, as debts mount. The total amount of non-performing and bad loans at all of South Korea’s financial institutions “will snowball by the end of this year, due largely to the Daewoo crisis,” DERI stated. If the ITCs go bad, that could add another \$8-10 billion in bad ITC debt sitting on the books of Korean commercial banks, to the bad Daewoo debt already there.

While the IMF and Kim government have been bragging daily about the great success of the IMF’s program in Korea, claiming an 8% GNP growth for 1999 and booming trade and foreign reserves, the dragging on of the Daewoo mess has worried the markets. Seoul’s Korea Composite Stock Price Index has fallen 11% so far during October, and the bond market is a no-man’s land. Companies wishing to borrow money, for example by issuing three-year corporate bonds, now have to pay double-digit yields (rates). Hyundai Motor, for example, had to offer nearly a 16% discount for a \$500 million bond issue in London recently. Seoul markets are only holding together because the government has been making billions of dollars of bond purchases using its Market Stabilization Fund. South Korea’s Financial Supervisory Commission said on Oct. 8 that it had spent 55.2 trillion won (\$46 billion) so far out of its 64 trillion won scheme aimed at restructuring the financial industry, of which half had been used to buy bad loans from financial institutions.

Foreign banks hold up the works

The South Korean creditors’ Corporate Restructuring Coordination Committee (CRCC) on Sept. 27 invited Daewoo’s foreign creditors to Seoul for an Oct. 7 meeting to break the logjam, “but we refused,” the Chase banker said, “precisely because the proposal did *not* grant foreign creditors preferential treatment.” He confirmed Oct. 11 wire reports that the foreign creditors instead plan to get together on their own in Hong Kong on Oct. 22, to come up with a joint demand for preferential treatment, but they still won’t meet with the Korean creditors or government. “The South Korean government won’t budge, so there’s a disconnect,” he said.

The South Korean CRCC on Sept. 27 released a letter warning foreign bankers that their demands could push the entire conglomerate into a shutdown, causing companies all over the world to start suits and countersuits. While the CRCC does not say so, this could pull down derivatives and bank loans everywhere. “We are running out of time to deal with Daewoo’s financial problems without formal court protection and all that entails,” the CRCC letter said. “The best way to come to an accord on the terms of a forbearance agreement with Daewoo’s foreign creditors—without which there can be no out-of-court restructuring—is to sit down and conduct serious, substantive discussions of the issues.”

Business Briefs

Africa

Nigeria, South Africa agree on cooperation

South Africa and Nigeria committed themselves to finalize trade and investment agreements and to collaborate in the petroleum industry and on electricity projects, during the two-day inaugural session of the Nigeria-South Africa Joint Commission, in Abuja, the Nigerian capital, on Oct. 4 and 5. The Commission ended on Oct. 5 with the signing of minutes by the co-chairmen of the sessions, Nigeria's Vice President Atiku Abubakar and the Deputy President of South Africa, Dr. Jacob Zuma.

Both sides confirmed a memorandum of understanding between the South African electricity giant, Eskom, and its Nigerian equivalent, and agreed to "inject urgency" into planning for joint projects. The minutes indicated that the commission had agreed on cooperation in rehabilitating port facilities, and agreed to encourage increased contact between the Nigerian Railway Corp. and South Africa's Spoornet.

Abubakar said that the convening of the commission is a new leaf in relations between the Economic Community of West African States and the Southern Africa Development Commission. The challenge now, he said, is to ensure that the two blocs integrate within the shortest possible time, as the next step toward the integration of the African continent.

Southeast Europe

EU, NATO refuse to clean up Danube River

No effort has been made so far to clean up the Danube River, after NATO bombings collapsed at least nine bridges which are blocking this vital shipping artery. At this point, the Danube is beginning to freeze over, meaning that nothing can be done until next spring. Hungarian officials fear flooding because of the obstruction of the river's flow by debris from the bombings.

The private intelligence group Stratfor

says that the European Union has rejected appeals from Romania, Bulgaria, and Ukraine to clean up the river; those countries have already lost more than \$200 million to their economies because shipping has been blocked, not to mention the losses incurred by Hungary, Germany, and eastern European nations. "This is the price Romania and Bulgaria are paying for opening their airspace to NATO," Stratfor says, "since the EU has delayed reconstruction aid." Now, NATO and the EU are hinting that Romania, Bulgaria, and Ukraine should pick up the tab, saying that those countries should be allowed into Serbia to rebuild the bridges—which is unacceptable to Serbia because Romania and Bulgaria supported the NATO strikes.

Finance

Germany's 'new market' bubble is bursting

Even more precipitous than the decline of NASDAQ stocks in the United States since April, has been the crash of German "high-tech" stocks that make up the so-called "new market." Most of these stocks have only been around for a few months and belong to post-industrial sectors, such as media, software, and Internet trading. German media have given a lot of hype to the "new market" in recent years, celebrating the fact that Germany was finally adopting the Anglo-Saxon "stock market culture." However, the party seems to be over.

On Sept. 24, the Nemax All Share Index, covering all the "new market" stocks, fell by more than 4% to 2,733 points, its lowest level this year. One-third of the Nemax peak of 4,000, reached on Feb. 1, has now been wiped out. While the downward trend of average "new market" stock prices has been ongoing since February, the speed of decline has considerably accelerated recently. In the last two months alone, the Nemax index was down more than 20%. The "Nemax 50" share index, covering only the 50 most prominent "new market" stocks, is down more than 40% compared to its peak on Feb. 16. In particular, the media-related stocks have proven to be excessively overvalued.

Prices of 38 stocks in the "new market" have been halved since their peaks earlier this year, including AC Service (-73%), Art-net.com (-77%), Brain International (-63%), Beta Systems (-68%), Ceotronics (-66%), Computec Media (-60%), Cinemedia Film (-70%), Datadesign AG (-73%), FortuneCity (-68%), Fortec Elektron (-60%), Graphisoft (-63%), Kabel New Media (-67%), MB Software (-66%), Micrologica AG (-81%), Mobilcom (-72%), Netlife (-62%), Plenum (-68%), PSI (-68%), Saltus Technology (-76%), Sachsenring Auto (-60%), Teldafax (-74%), and Teles AG (-68%). Almost all the first stock emissions on the "new market" which had been scheduled for the two weeks prior to Sept. 24, have been indefinitely postponed due to the aversive market conditions.

Natural Gas

Peruvian engineers urge development, not export

The Junin Departmental Council of the Peruvian School of Engineers (CIP) is aggressively promoting national economic development through the Peru-Brazil bi-oceanic integration project, centered around the Camisea natural gas deposits, located in Junin state. This is counterposed to Shell Oil, Mobil Oil, and a Peruvian government commission's proposal for extracting the natural gas for export. The Junin engineers argue that Camisea must become the focal point for extending a transportation interconnection to Brazil, and at the same time ensuring economic development.

The engineers' plan foresees building a new industrial city in Huancayo, Junin's capital, which is separated from the oil and gas deposits by the western chain of the Andes, but which is connected with Lima by the Central Peruvian Railroad, built in the 19th century by American entrepreneur Henry Meiggs. Historically, Huancayo benefitted from the development plans of nationalist President Manuel Pardo, and it constituted the last bastion of resistance to the Anglo-Chilean invasion during the 1879-81 War of the Pacific. Referred to as a proposed "Industrial Satellite City of the Center" in the proj-

ect, Huancayo would become a center of agro-industry, including electricity generation, refining of metals, and petrochemical, fertilizer, cement, and glass production.

The CIP envisions completing the Huan-cayo-Camisea-Ipapari highway, from Huan-cayo to the Trans-Amazonian highway, which links the Brazilian states of Acre, Rondonia, and Matto Grosso to the Atlantic port of Santos. Gas would be liquefied at Camisea, transported in containers to Brazil, and distributed inside Peru by highway, rail, and waterway transport. A second phase of the project proposes building gas pipelines. The Junin engineers have established contacts with pro-integration Brazilian entities, and chambers of commerce, private sector firms, and government agencies which might purchase natural gas, in both countries.

Hernan Lopez of the CIP Junin chapter told *EIR* that, in the long term, natural gas won't solve Peru's energy problem. More important, is the proposed Paquitznapango hydroelectric project, on the Ene and Tambo rivers, which has a 5,000 megawatt potential—five times greater than the Mantaro hydroelectric plant in Junin.

Colombia

Health system near collapse

The Pastrana government's obeisance to the International Monetary Fund's austerity dictates has led to a collapse in basic social services. Indicative is the imminent shutdown of the San Juan de Dios hospital and maternity ward, the largest hospital in Bogotá with 600 beds and 3,000 employees. Workers have not been paid for several months, and there is no budget for medicine or food. In September, several clinics which, combined, had offered 400 beds for low-income patients, announced that they would be shutting their doors for lack of funds.

The problem is not just in Bogotá. The nation's social security system owes some \$750 million to the nation's public hospitals, which are supposed to provide health care for 15 million of Colombia's poorest citizens. Already, as in Africa and elsewhere,

hospitals are urging prospective patients to bring supplies and medicines with them when they are admitted or visiting.

The government has been unable to care for the more than 1 million persons displaced by narco-terrorist violence, who are pouring across borders in search of shelter, only to be turned back in many cases. Another indication of economic and social collapse in the country, energy consumption in September alone reportedly fell by 3.9%.

Central Asia

Caspian Sea at center of Kazak, Iranian talks

Kazakstan President Nursultan Nazarbayev, who visited Iran in early October as head of a 40-person delegation, discussed agreements on economic cooperation, transport of Kazak oil through Iran, and joint work on natural resources. Nazarbayev and Iranian President Seyyed Mohammad Khatami both stressed in a press conference that "there is no obstacle on the way of Iran-Kazakstan cooperation."

Nazarbayev said that he hoped the two nations would work for an agreement on the legal regime of the Caspian, to be reached by all five littoral states. Khatami said that the Caspian Sea is "a divine blessing for the five littoral states," and stressed the need to establish peace in Afghanistan and to stop its drug exports, and to stop the war in the Caucasus.

Nazarbayev spoke of the transit of goods from Iran's ports, swap agreements, and plans to build pipelines to transport Kazak, Uzbek, and Turkmen oil through Iran. He denounced as alien plots, the operations behind the destabilization of Afghanistan, Tajikistan, and Kyrgyzstan.

Meanwhile, Turkmenistan President Sararmurat Niyazov, who met Oct. 4 in Ashgabat with the directors of American and European members of the trans-Caspian consortium, told Turkish Minister of Energy and Natural Resources Cumhu Ersuemer in Ashgabat on Oct. 6, that his country will sell Iran 60 billion cubic meters of gas unless the trans-Caspian project is implemented within seven months—a feat considered not possible.

ARGENTINE automobile production and exports plummeted in September, compared to September 1998, by 33.5% and 70.4%, respectively. Meanwhile, the Argentine branch of Massey Ferguson has gone bankrupt, after 30 years of operating in the country. The firm had been producing only 90 tractors a month, on orders from its parent firm, but low demand for tractors because of the agricultural crisis meant that the firm couldn't comply with an agreement with its creditors.

PHELPS DODGE, the copper producer, which broke up the planned merger of rivals Cyprus Amax and Asarco by offering to buy them both, has reached a deal to buy Cyprus Amax for \$3.3 billion, according to Bloomberg. The battle over Asarco is still up in the air, due to a competing bid for Asarco by Grupo Mexico.

TOTAL U.S. CONSUMER installment credit rose \$10.8 billion in August, to \$1.368 trillion, the Federal Reserve reported Oct. 7. Revolving credit (primarily credit-card debt) rose \$4.3 billion, an annualized growth rate of 8.9%. Non-revolving credit grew \$6.5 billion, a 10.1% annual rate. "What's disturbing is that earlier we were seeing some modest payback in debts but now consumers are just using borrowing openly to finance more spending," said MCM Money Watch analyst Astrid Adlolfson.

CHASE MANHATTAN Corp., New York City's largest corporate employer, has told its workers that, beginning in 2000, it will move 10% of its jobs (about 3,500 positions) to Tampa, Florida; Dallas, Texas; and Lowell, Massachusetts.

TYSON FOODS, one of the largest poultry providers in the world, announced on Sept. 20 an agreement with Titan Corp. to use its electron-beam irradiation technology on selected poultry items, as "part of Tyson's strategy of providing its customers the highest quality and safest product in the industry."

Tony Blair's 'Third Way' crashes, as reality strikes

by Muriel Mirak-Weissbach

When Oskar Lafontaine, former leader of the German Social Democratic Party (SPD), granted an interview to the Sunday edition of *Die Welt* on Sept. 26, it was the opening salvo in a sustained attack against the current party leadership and government. Lafontaine charged in his interview, that the government of Chancellor Gerhard Schröder had abandoned traditional socialist policies, in favor of the "Third Way," associated with British Prime Minister Tony Blair. Lafontaine charged, further, that by allying with Blair, even co-authoring a policy paper on the "Third Way" with Blair, Schröder had torn up the traditional German alliance with France, an alliance which has been the fulcrum of European politics since the end of the Second World War.

In the weeks following his first interview, a book by Lafontaine has been being serialized, in the same *Die Welt*, called *The Heart Beats on the Left*. In it, Lafontaine elaborates his charges, and calls for changing economic and financial policy, reinstating, for instance, controls on capital flows (see article in this section).

Lafontaine was denounced as everything from an "egomaniac" to a "deserter," as a systematic attempt was made by the party loyalists to avoid entering into a debate over the merits of what he had said.

Two developments contributed to changing this fact.

First, the SPD of Schröder went down to its sixth regional electoral defeat in a row, when it was smashed in the Berlin elections on Oct. 10.

Second, a head-on railroad collision occurred in London on Oct. 5, which was quickly recognized as the product of the deregulation and privatization policies that, introduced under British Prime Minister Margaret Thatcher, have become synonymous with Blair's "Third Way."

The two events spelled out what Lafontaine, and other, more rational elements within the Socialist International have been smelling for months: The Third Way is doomed. The simple fact of the matter is, in a period of economic collapse and



European voters are disgusted with the so-called Third Way policy of free-market austerity with a “compassionate” face. Among those feeling the heat are, left to right: British Prime Minister Tony Blair, German Chancellor Gerhard Schröder, French Prime Minister Lionel Jospin.



impending financial blowout, the entire corpus of neo-liberal, market-economy policies, has been proven utterly bankrupt. Financial markets are headed for a crash, employment levels are plummeting along with living standards, social infrastructure has been gutted, health, pensions, and education funds are being looted in the name of austerity—and populations are in a state of revolt.

Ironically, while the Third Way has proven itself to be a bankrupt policy in Europe, and while voters are rejecting it there *en masse*, U.S. Presidential contenders Al Gore, Jr. and George W. Bush are holding its banner high. In the United States, the same policy goes under the name of “triangulation.” In Gore’s case, his racism, and his support for Blairite welfare “reform” and the North American Free Trade Agreement, have already contributed to his rapidly accelerating political demise. As for Bush, his “compassionate conservatism” is nothing but Blairism by another name, and will quickly finish him off as well—provided the Democratic Party chooses a candidate who does not play the “triangulation” game.

Social revolt in Europe

The most eloquent expression of the social revolt in Europe is the string of electoral defeats that those parties have suffered, which have most vociferously championed the Third Way: from the SPD and Greens in Germany, to the Austrian Social Democrats.

Thus, it has come to pass, that from within the ranks of the Socialist International, certain sectors, including representatives of a more traditional current, like former Chancellor Helmut Schmidt, have emerged, to challenge the policy direction of the party. In France, pressures from labor and the Communist Party have forced its senior government partner, the Socialist Party (PSF), to adopt an anti-Third Way stance. The party has shifted gears, at least verbally, and has announced that it is steering away from the Blair-Schröder policy direction.

Whether or not the pious statements of commitment to the principles of social solidarity, on the part of the PSF in its new programmatic paper, are to be taken as more than opportunistic demagoguery, is still to be determined. Whether or not Lafontaine, and those inside Germany and France who are behind his move, are serious about reversing policy, is an open question.

What is clear, is that the Third Way is finished. Most important, the issue of economic policy has finally been put on the agenda by forces within political movements traditionally associated with the productive layers of society. Whatever other considerations may be involved in the Lafontaine revolt, the mere fact that certain taboos have been broken, and that proposals to tax speculative capital flows, return to state regulation of certain vital economic activities, and restore a healthy role of economic policy guidance to the state, have been thrust into the public debate, means that the real issues

can be thrashed out. The causes of the current crisis, can be identified in the economic policy madness that has reigned for the past 30 years; and the solutions, like those presented by Lyndon LaRouche, for global reorganization of the monetary and financial structures, can be pushed through.

Although neither Lafontaine, nor Jospin, nor any of the men behind the scenes, will dare admit it in public, LaRouche was right. That is the reality which is dominating the turbulent developments on the European political landscape.

'Third Way' derailed in Great Britain

by Mark Burdman

If British Prime Minister Tony Blair's deranged performance in his keynote address to the Labour Party's end-September annual conference in Bournemouth had not already provided convincing evidence that he was a most desperate man, and that his vaunted "Third Way" policies are a dead letter, events since then should quell any lingering doubts.

On Oct. 5, "Third Way" policies died a very public death in Britain, with the rail crash between a commuter train and an intercity train at the busy Paddington Station in London, which resulted in a reported 40 deaths, and which was one of the worst rail crashes in Britain in this century. The tragedy was all the more devastating, because a major rail crash had occurred at the same station just two years ago, in the aftermath of Blair's election victory on May 1, 1997. It became immediately evident, that the crash was a consequence of the Thatcher-Blair policies of privatization and disinvestment in transport infrastructure, in favor of short-term profits and pursuit of a so-called "post-industrial, information society." Notably, the Blair government has refused, in order to "save money," to invest in the superior automatic breaking system, the ATP, that is used on the European continent, as a fundamental safety measure.

The Paddington crash has forced onto the agenda the necessity of non-"Third Way" policies, centered around building up the real, physical economy.

The "Third Way," as devised for Blair by his ideological guru, Prof. Anthony Giddens of the London School of Economics (who wrote a book in 1998 entitled *The Third Way*), is an amalgam of several factors. It is, first of all, an attempt to continue Thatcherite austerity and cost-cutting, under a thin left-liberal veneer. It is, at the same time, a policy to distance the Labour Party, in particular, and the international

social democracy more generally, from its traditional working-class electoral base. Linked to this, as Giddens emphasizes, it is an attempt to "modernize" the social democracy, by bringing it into line with the "globalized realities" of the last 30 years, since the "post-industrial" paradigm was launched, in earnest, in the mid-1960s.

All of this is now called into question. As one astute Scottish observer told *EIR* on Oct. 8, the rail crash has had a "shock effect" in Britain, turning anger against the policy of "saving money, making profits, and killing people. People are very angry. It is now clear that, under Blair, we have a repetition of the Thatcher system, under a different guise. Those of us who voted for Blair in 1997, as I did, now see that we bought into a fraud. What is really happening in this country? We have run-down schools, hopeless transport and infrastructure, schools in chaos, universities being ripped apart, and meanwhile, a small elite making a lot of money. It's all rather sinister, and I can assure you, it will come to a head soon."

The return of 'Lord Mandy'

With that mood growing in Britain, how did Blair respond? He tugged on his emotional security blanket, and sought to give himself psychological-ideological support. In a desperate move, he opened the week of Oct. 11 by bringing Peter Mandelson, his closest crony and leading ideologue and "spin doctor" of the Blairite "New Labour," back into the government, in the post of Northern Ireland Secretary. This was part of a broader Cabinet reshuffle, to fill the posts of Defense Secretary, whose current occupant, Lord George Robertson, is the new NATO Secretary General, and Health Secretary, whose current occupant, Frank Dobson, has announced that he will be running for the post of Mayor of London. Mandelson is replacing Mo Mowlam, who is in turn replacing Dr. Jack Cunningham as chief Cabinet "enforcer."

Mandelson is a thoroughly discredited and unpopular operative. He was forced to resign as British Trade and Industry Secretary, around Christmas of last year, following revelations that he had failed to report a £373,000 loan, to buy an expensive house in London, from New Labour moneybags Geoffrey Robinson, who also had to resign from his post, as government Paymaster-General.

Mandelson had earned a most seedy reputation. He was known in leading London circles as "Lord Mandy of Rio," following an at-government-expense romp through the homosexual haunts of the Brazilian capital, Rio de Janeiro. Besides this, "Mandy" never missed an opportunity to pour bile on the traditional Labour working-class base, insisting that the age of industry had passed (true enough in "post-industrial" Britain!), and that New Labour had to move in the direction that Baroness Margaret Thatcher had established, during her 13-year reign as British Prime Minister, from 1979-92. Mandelson was wont to cultivate enormously wealthy British

and American establishment figures as cronies, and to frequent such pro-Thatcher policy institutions as the New Atlantic Initiative, which was launched by the Baroness herself in Prague, in 1996.

Despite his removal from office, Mandelson continued to play an important role in Blair's Third Way during this year. He recently had become head of the German-British Forum, from which post he insisted that German Chancellor Gerhard Schröder push through Blairite austerity measures, despite the German voters' rejection of such measures at the polls.

Mandy's pet idea, often portrayed as the secret of New Labour "success," is that the art of politics is the control of the media and the flow of information. Today, that idea is implemented, with brutality, by Blair's Press Secretary Alastair Campbell, known as "the real Deputy Prime Minister." No wonder, that one astute British observer, a former Blair supporter, told *EIR* that "nothing like the propaganda control and manipulation you see in this government, has been seen since the time of [Nazi Propaganda Minister] Josef Goebbels." This individual is not alone, in seeing certain parallels between the Blairite "Third Way" and Hitler's Third Reich.

No sooner had the Mandelson appointment as Northern Ireland Secretary been announced, than the 10 Downing Street Strategic Communications Unit went into full gear, to portray this as a sign of Blair's strength, and command over the situation. Nothing could be further from the truth.

Respecting Northern Ireland as such, there is an ominous side to Mandelson's appointment. In the days leading up to it, there were leaks in the British press that a split-off from the Irish Republican Army, known as the "Real IRA" (dubbed by one wag, "The Royal IRA"), is planning spectacular attacks on England, supposedly to be timed to coincide with possible computer mishaps because of the "millennium bug." This is very much in line with the so-called "Operation Surety" plan for placing Britain under emergency rule in the period to come. Having a 150% Blairite loyalist in the relevant Northern Ireland post would fit in with this scenario.

'Mediocrity worshipping itself'

Blair's Bournemouth speech was filled with emotional tear-jerking and various attempts at psycho-political manipulation, with the underlying message that Blair himself is the "incarnation" of Britain, and that his enemies are enemies of the state, who will have the power of the state used against them. Perhaps his most truthful comment was, "In the last few months alone, I've been compared to Hitler, Mussolini, and Milosevic."

The best published insight into Blair was written by Theodore Dalrymple, M.D., in the Oct. 3 *Sunday Telegraph*. Dalrymple mused, that if one had simply watched Blair making his speech in Bournemouth, without sound, "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."

Dalrymple went on, that Blair "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 likened Blair to an alcoholic who "smells of alcohol but who claims he never drinks a drop," and to "criminals." His speech was "just as dishonest and self-serving as that of the burglar who explains his activities by his unhappy childhood." The author warned of Blair's "staggering arrogance," "childish egotism," and "savage vandalism," continuing that "Mr. Blair has undeniable talents, though they are unpleasant ones; he is both demagogue and apparatchik."

Dalrymple concluded that Blair and the self-professed "populist elite" that he leads, represent "mediocrity worshipping itself. If it is possible to be brilliant mediocre, then that indeed is what Blair is: a brilliant mediocrity."

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Rail privatization led to London crash

by Richard Freeman

The head-on crash of two British commuter trains on Oct. 5, two miles west of London's Paddington Station, and its fiery aftermath, killed between 30 and 40 persons, and injured more than 160. The blame for the disaster lies with British Prime Minister Tony Blair. It is Blair who championed the policy of privatization for rail and other basic infrastructure, which had been set into motion by his Tory predecessor, the mad Margaret Thatcher.

Because of bad policy, the Oct. 5 disaster was an accident waiting to happen. Had the proper safety measures been taken and investments in infrastructure made, the accident would have been prevented. But those measures were not implemented, because, in 1979, Prime Minister Thatcher, a devotee of the oligarchical financiers' Mont Pelerin Society cult of monetarism, instituted the policy of privatization: selling off Britain's state-owned industries, including water, electric power utilities, and coal mines, to private financier sharks at bargain prices. Once the financiers got their hands on the companies, they squeezed out profits by looting the companies, i.e., cutting infrastructure investment, firing workers, cutting R&D. Though Thatcher pushed the privatization of Britain's state-owned British Rail, she did not succeed in getting the British Parliament to pass it. That task fell to her successor, Tory Prime Minister John Major, who carried it out during 1994-96.

During her long tenure as Prime Minister, 1979-93, Thatcher made minimal investments in infrastructure and safety. In addition to her ideological hatred of infrastructure, Thatcher held down investment because she thought that this would make the sale of a privatized British Rail more attractive to private investors, sparing these sharks from having to expend large sums to continue ambitious capital expenditure programs already under way.

In May 1997, the new Prime Minister, Labourite Tony Blair, adopted most of the Thatcher rail privatization policy, and many of her other policies as well. This is the essence of Blair's "Third Way," i.e., monetarist and draconian budget-cutting policies in social democratic guise. This became evident in September 1997, when the Southall, London rail accident killed seven people, only four months after Blair had assumed office. That accident gave Blair a perfect opportunity to reverse the entire Thatcher policy of privatization; he didn't take it. After the crash, a commission recommended that an

Automatic Train Protection system for safety-braking be adopted. Blair refused to implement this policy. Further, in 1998, Blair announced a plan to partially privatize the Underground, London's subway system.

Such disasters, along with other crimes, are dooming the "Third Way" to oblivion.

Here we examine how the Oct. 5 Paddington Station crash was the result of privatization; reveal how Thatcher, and her crony, Trade Minister Nicholas Ridley, pushed privatization through; and look at the long line of disasters and destruction of the economy that flow from privatization.

The Oct. 5 collision

Presently, Britain is the only country in Europe running high-speed trains with almost no fail-safe mechanisms to prevent driver error. This astonishing fact, which gives an indication of just how shoddy the British rail system is, situates the Oct. 5 crash. What is known, is that two commuter trains crashed two miles west of London's Paddington Station. The smaller of the two trains, the three-car Thames Train, was departing Paddington and heading west; the larger train, the six-car Great Western Railway (GWR) high-speed train, was completing its two-hour journey from Cheltenham in western England, and was headed east, toward Paddington Station. On impact, the heavy locomotive of the GWR instantly burst into flames as its diesel tank exploded. The temperature at the hottest point in the train entanglement reportedly reached 600°C.

It was originally thought that perhaps dozens had died in the inferno in Carriage H on the GWR train, but London police now say that only one dead body has been found. Their report will be updated once all the wreckage is lifted off the tracks.

It is reported that the driver of the Thames Train ran through track Signal 109, which was flashing red, indicating that the driver should stop his train. Some press have simply reported this fact, and announced that the Thames Train driver, who had only two months on the job, was the cause of the crash, and declared case closed.

But, that is only the starting point of any competent investigation.

First, it is reported that there are several signals in operation on the British Rail system, especially in and around London, that have been passed at danger (SPAD, signals passed at danger, i.e., trains have passed these signals when red). During the last two years, each of these signals has been passed at danger more than 10 times. The reason is often not driver error—the signals may be located just beyond a bend in the road; they may be obscured by trees, cranes, or other obstacles; there may be poor visibility in the region, and so on. Drivers have lodged many official complaints about these signals, but largely because of money, nothing has been done to relocate or upgrade them.

Second, it has been reported in a few locations, that once

the Thames Train passed through Signal 109, it was routed off its track and onto the track on which the Great Western Express was travelling. If this report is accurate, why this was done has not been explained.

Third, around 1995, as a result of the cost-cutting under privatization, many train companies reduced the number of drivers on a train, from two to one, significantly reducing safety. As train workers emphasize, should one driver miss a signal or a warning, the other driver would likely notice it before it were passed.

Fourth, the British rail system has no system-wide Automatic Train Protection (ATP) system, which is standard throughout Europe.

There are two versions of ATP. The older, mechanical version is the trainstop, consisting of a steel arm mounted alongside the track which is linked to the signal. If the signal shows green to proceed, the trainstop is lowered and the train can pass freely. If the signal is red, the trainstop is raised and, if the train attempts to pass it, the arm strikes a "tripcock" on the train, applying the brakes and preventing motoring.

The newer, electronic version relies on the transmission of electronic signals from the track to the train to activate the application of the brakes.

The fact that the British rail network as a whole does not

have ATP installed, while high-speed rail networks in every other country in Europe do, is thanks to the privatization of the British rail system.

Thatcher's privatization

Elected Prime Minister in 1979, Thatcher brought with her a deep antagonism to the American System of economics, which proceeds from the general welfare clause of the U.S. Constitution, that the nation has the responsibility to develop the cognitive capacity and welfare of each and every citizen. To this end, it pursues a protectionist policy and a dirigistic credit policy of directing cheap and abundant credit to technology-proud, capital-intensive, energy-intensive manufacturing, agriculture, and public infrastructure. It also provides each citizen with a Classical education.

Thatcher began from the opposite outlook, characterized by the oligarchical-monetarist dogma of radical budget-cutting, counting money as the only measure of value, and eliminating the state from any role in positive economic development. She particularly favored the lunatic view of Friederich von Hayek, founder of the Mont Pelerin Society.

For Thatcher, privatization was a policy to carry out the monetarist creed. In doing this, she hooked up with Nicholas Ridley, who became her Minister for the Department of In-

Major rail accidents under privatization

July 1984: Thirteen were killed and 44 were hurt in a derailment.

July 1986: Nine were killed and 11 were injured when a passenger train hit a van on a level crossing at Lockington, Yorkshire.

October 1987: Four died when a train fell into the swollen Towy River after the rail bridge collapsed. In the same month, 14 were injured when two trains collided at Forest Gate, on the Liverpool Street line, London.

November 1988: A train driver was killed and 18 passengers were hurt when a commuter train ploughed into a bridge after leaving the tracks at St. Helens, Merseyside.

Dec. 12, 1988: Thirty-five people died in the Clapham Junction crash in a rush-hour collision.

March 1989: Five people died and more than 90 were injured when two trains collided outside Purley Station in south London.

Two days later, two people died when two electric trains in Glasgow collided head-on on a single track.

August 1990: A train driver was killed and 35 were injured at Stafford Station in a two-train crash.

A few months later, two passengers died and more than 240 were injured after a train ran into buffers at London's Cannon Street Station.

Shortly after that, four died and 22 were injured in a head-on crash at Newton Station near Glasgow.

December 1991: More than 100 people were injured when two trains bound for Cardiff collided deep inside the rail tunnel beneath the River System.

October 1994: Five were killed and 12 injured in a head-on crash near Cowden in Kent.

January 1995: One was killed and 30 were injured in an accident at Aisgill on the Settle to Carlisle line.

August 1996: One was killed and 69 were injured when a train collided with a stationary passenger train at Watford South Junction in Hertfordshire.

September 1997: Seven people were killed as an express from Swansea to Paddington Station crashed into an empty freight train at Southall.

June 1999: Thirty-one people were injured after a London-to-Glasgow Virgin Rail train collided with a stationary local train near Winsford, Cheshire.

dustry and Trade, and a chief overseer of the implementation of privatization. In *The Iron Lady: A Biography of Margaret Thatcher*, author Hugo Young explains Ridley's role:

"The principal map-maker [for privatization] had been one of the few men removed from the [Edward] Heath government for overtly ideological reasons. Nicholas Ridley had the wrong social pedigree for a natural Thatcherite, having been educated at Eton. But he burned with zeal for the free market and the diminution of the state; . . . In the late 1970s, he set to work on some unthinkable thoughts about tackling the nationalized industries, and produced a report which . . . provided a blueprint for the more adventurous Thatcherites to contemplate and . . . act upon.

"Ridley believed that the nationalized industries were from every point of view deplorable, over-subsidized, uncompetitive, and monopolistic. . . . His report proposed a strategy for dismantling them, or at least for removing their offensive dependence on subsidy from the taxpayer's bottomless purse. . . . Managers not ministers should determine how far the workforce at British Leyland, British Rail, and the rest would be reduced."

In 1989, the British oligarchy and Thatcher selected Ridley as the point-man to attack the reunification of Germany, which he labelled the "Fourth Reich," because West Germany's economic strength—a product of its dirigism—would expand to the newly freed East German states. Wittingly or not, Ridley demonstrated that the attack on the economy and the attack on the nation-state flow from the same oligarchical worldview.

Thatcher and Ridley privatized everything they could: During 1981-85, they sold British Aerospace; in 1983-84, they sold Associated British Ports; in November 1984, they sold British Telecom, the phone company; in December 1986, they sold British Gas. They also sold the water authorities and the electric power authority.

Many financial sharks who bought the companies got rich. During the late 1980s and the 1990s, the financiers organized a stock market boom. The share prices of the companies that the investors had purchased from the government were manipulated upward, making them multi-millionaires.

But, what happened to the infrastructure and services provided to the population?

Even the *Wall Street Journal*, an enthusiastic booster of the "Thatcherite Revolution," admitted that privatization has wrecked the economy, in an Oct. 2, 1995 article entitled "Taking a Bath: Britain's Sale of State-Owned Water Companies Has Proved To Be a Disaster":

"Margaret Thatcher tried to prove [that private business is competent] when she privatized the water companies of England and Wales in 1989. Six years later, is efficiency up? Ask the thousands who can't water their roses. Prices down? Ask the millions whose bills have doubled. Competition? Not unless you count Perrier. . . . People in England and Wales

who used to pay \$150 a year for water, today pay \$250, \$400, even \$800."

British Rail's sell-off

Thatcher tried to privatize British Rail, but did not get it through Parliament by the time she left office in 1993. This task was left to the monetarist government of John Major. Major carried out the policy in two stages, during 1994-96. On April 1, 1994, a new entity, Railtrack, was created, and the ownership of British Rail's operational track, land, and signalling system, was turned over to it. Stock of Railtrack was floated on the Stock Exchange in 1996. Then, British Rail's domestic passenger service was privatized and divided into 25 train-operating units. Next, British Rail's rolling stock was divided between three subsidiary companies, which were privatized in 1996. All in all, British Rail was chopped up into 100 separate companies, and sold off piecemeal.

Throughout her tenure in office, however, Thatcher adamantly rebuffed all attempts to make the necessary investments in British Rail infrastructure. For example, on Dec. 12, 1988, Britain experienced one of its worst train wrecks of the century: a train collision at Clapham Junction, in London, in which 35 people were killed and 100 were injured. An official inquest, the Hidden Inquiry, recommended installation of Automatic Train Protection for the entire rail network, to prevent such accidents in the future. The cost was placed at a relatively low £750 million (about \$1.3 billion). Under Thatcher's watchful eye, the British Rail board rejected the recommendation, citing "cost."

Thatcher established a pattern of suppressing investment on rail infrastructure; breaking labor unions, through layoffs and reduced wages; and rejecting safety equipment. This pattern became more pronounced after rail privatization was officially adopted. As a result, since Thatcher took office, Britain has been inundated by a major rail accidents (see box).

Blair's 'Third Way' to more devastation

On May 1, 1997, Blair's "New Labour" won the general election. He was sworn in as Prime Minister the next day, and immediately began implementing the Mont Pelerin Society monetarist policies of Thatcher. (For example, it is Blair, not Thatcher, who instituted the Thatcherite policy of forcing welfare recipients to work in jobs paying poverty wages.) Blair embraced the policy of rail privatization, along with all the other Thatcherite privatizations.

In September 1997, an express train from Swansea to Paddington crashed into an empty freight train at Southall, in London (the accident was near the site of the Oct. 5 crash). The public outcry over the accident gave Blair the mandate to bury privatization once and for all. At the very least, he could have proposed spending the \$20-30 billion needed to rebuild and upgrade the rolling stock, track, and other features of the British Rail system. Apparently, Blair

never even contemplated that as an option.

At minimum, now was the time that Blair might be expected to recommend the long overdue installation of ATP. But, no. Instead, Blair recommended the installation of Train Protection and Warning System (TPWS), and he has stuck with that system even after the recent Paddington Station disaster. TPWS is less effective than ATP in stopping accidents, but it would cost £150 million to install, compared to the £1 billion or more to install ATP. Once again, cost. And, Blair does not intend to have even the TPWS safety system up and running for the whole system before the year 2003.

An interim report on the Oct. 5 Paddington disaster, issued Oct. 8 by the British Health and Safety Executive, stated, "On the basis of what we know so far about the speed of [the Thames] train, the accident was preventable by the Train Protection Warning System (TPWS)."

In 1998, Blair proposed to partially privatize the London Underground: The government would continue to manage the subway train system, but private contractors would be granted long-term leases on constructing infrastructure, and get a share of ridership revenues in return. Blair intends for it to go into effect in the year 2000. Not even Thatcher talked of privatizing the Underground.

'Reliability is down, fares are up'

The deadly accidents are only the more gruesome confirmation that the Thatcher-Blair privatization program is fatally flawed. There are other indications of the destruction of Britain's railroads. For example, Thatcher and Ridley claimed that privatization would put an end to "wasteful" government subsidies of the rail system. But, precisely the opposite has happened. Since the Oct. 5 disaster, Tom Winsor, Britain's national regulator, a newly created government post that oversees the private rail companies, stated, "Punctuality and reliability are down, fares are up, complaints are way up, and government subsidies have doubled since privatization. Even the simple things don't get done. Why can't they clean the toilets?"

Meanwhile, in 1998, a year of "high investments" in Britain's rail system, the railway companies' investments in infrastructure and maintenance were only one-third of what Germany's state-owned railway, the Bundesbahn, invested. Germany's system is more efficient and modern, and like several other state-owned systems in Europe, deploys the Automatic Train Protection safety system. Furthermore, in 1998, there was a 21% increase in the number of registered bad rail tracks in Britain's rail system.

The Oct. 5 Paddington Station crash bares the label, "Third Way." The destruction of the British rail system guarantees that more crashes will take place, that more lives will be lost. But, if policies are now finally changed, the Paddington Station crash will have helped consign the "Third Way," to oblivion.

Tony Blair's star is falling in Germany

by Rainer Apel

Not least among the shocks created by the train accident near London that killed more than 30 passengers on Oct. 5, has been the increased unpopularity of those among Germany's Social Democratic Party (SPD) who want to imitate Tony Blair's "New Labour" by creating a "New SPD." Most of the articles that have appeared in the German news dailies about the train catastrophe have noted, that while the misery of the British railway system began under the reign of Margaret Thatcher 20 years ago, the cost-cutting transportation policy of the Blair government during the more than two years it has been in power, is also to blame for the catastrophe. The fact that British labor union spokesmen have attacked the Blair government for its policy, is big news in Germany, where labor is in a similar confrontation with a Social Democratic-led government that wants to introduce a similar austerity policy.

This conflict was visible during the Oct. 4-6 Hamburg convention of the metal workers union, Germany's biggest labor union. In speeches there, as well as during the discussion periods, the neo-liberalist orientation of the so-called "Schröder-Blair" paper came under heavy attack. The peak of this controversy certainly came when Jürgen Peters, the vice chairman of the metal workers union, called on Chancellor Gerhard Schröder to renounce his joint paper with Blair and to put out a joint paper with French Prime Minister Lionel Jospin in its place.

What Peters called for, is becoming a prominent view among many German Social Democrats. Many in Germany are looking to France, where the Socialists are not only showing traditional resistance against the "third ways" of the British Socialists, but are also presenting their own counter-paper to the Blair-Schröder document, for the European congress of the Socialist International in Paris, on Nov. 8-10. This is not to say that what the French Socialists are putting on stage is anything that would seriously call into question the paradigms of Blair's "social monetarism," but it does pose a nuisance to the Anglophiles among the European Socialists.

Anglophilia in the SPD

Germany's Chancellor Schröder made clear in interviews already before he took office a year ago, that he feels "closer

to the British, than the French way,” and remarks like these have not earned him friends in Paris.

Also, the fact that in Berlin on Oct. 10, Schröder’s SPD lost another regional election, the sixth in a row this autumn, is adding to the view among French Socialists that the German Social Democrats have lost their minds, adopting the suicidal Blair way, despite the growing dissatisfaction of the German voters.

Anglophilia has existed among German Social Democrats for a long time, ever since Britain’s Fabian Society made contact with the SPD at the end of the last century. But with Blair’s taking power in May 1997, the pro-British line among leading Social Democrats became stronger than ever before. This has to do with the fact that when Blair came to power, the SPD was still in the opposition, and not certain to do well in the next national elections, which were scheduled for September 1998.

This set the stage for Bodo “Bobo” Hombach, a Social Democrat with close connections to Peter “Mandy” Mandelson, Blair’s chief spin-doctor. Hombach gained the role of chief campaign manager of then-governor of the German state of Lower Saxony, Gerhard Schröder, who was preparing his bid for the nomination as the SPD’s candidate for Chancellor. During the summer of 1997, “Bobo” used his contacts to “Mandy,” but also to the American spin-doctors around Clinton’s former campaign adviser Dick Morris, to shape Schröder into the German variant of Blair’s “Third Way” monetarist socialism.

Many leading Social Democrats first were justifiably suspicious of Hombach’s methods, but after Schröder won the SPD nomination for chancellor candidate in March 1998, that criticism died down, at least in public. However, when Schröder overruled his own party in appointing “Bobo” head of the Chancellor’s Office, shortly after the elections in September 1998, he made a big mistake: Hombach’s many enemies in the party also became Schröder’s enemies, and when Schröder replaced Oskar Lafontaine as SPD chairman in May 1999, he became an even more direct target of the anti-Hombach wind blowing in the party. A series of corruption affairs around “Bobo” created daily bad headlines for Schröder and his government, in the weeks after. In addition to the unpopular Kosovo War and increasing problems of the German economy and the labor market, Schröder came to realize that he had created a third front of criticism against his policy.

In June, when the European Union was looking for someone to man the new post of chief coordinator of Western aid to the Balkans, Schröder grabbed his chance and proposed Hombach for that post—to get him out of Germany.

Growing opposition on economic policy

The Schröder government’s plans for deep budget cuts affecting social welfare, public health, and the labor market for FY 2000, created outrage among voters, and the election

defeats resulting from that during the month of September have discredited Schröder profoundly, exposing his sympathy for Blair as sympathy for neo-liberalism and social deconstruction. There are more Social Democrats now than ever before, who are disgusted with the Schröder-Blair relationship, and that is why remarks that former party chairman and Finance Minister Oskar Lafontaine made on the issue in his new book, have attracted a broad audience (see last week’s *EIR*).

Lafontaine provoked hysteria among other SPD prominents, because he broke a taboo when writing the following about the British Prime Minister: “With Tony Blair, a type of politician also entered the European stage who was television-compatible. Tony Blair looks good, shows a constantly happy and optimistic smile, and possesses the rhetorical talent of a good preacher. . . . Tony Blair, for his part, succeeded in having his spin-doctors create the impression in Europe, that he was launching a completely new, rather than traditional social democratic policy.”

Lafontaine continued: “The fact is, that the real decisions of the Blair government in British domestic affairs are the opposite of is what is being pretended in non-binding, market-oriented (public relations) campaigns. Whatever the Blair government does, is being labelled as ‘modern’ and ‘new,’ and thus it can be sold on the spot. ‘New Labour, New Europe, New Everything,’ even people at Downing Street are complaining.”

Lafontaine elaborated his views on economic policy in an Oct. 13 speech, presenting his new book at the Frankfurt Book Fair. He called for “in-depth interventions in the international financial markets, especially a regulation of short-term, global capital flows.”

Furthermore, measures against concerted speculation operations by the big investment funds, which are able to force the currencies of entire countries to their knees, are needed, he said. He specifically referenced the Malaysian currency controls as a way of regulating speculative capital movements, saying that since the collapse of the socialist bloc, the free-market forces in the West have falsely termed the “support of social market economy a leftist position.” The transformation of the Western capitalist system has, however, also been criticized by people that are not all part of the leftist camp, such as former German Chancellor Helmut Schmidt, Lafontaine said.

Lafontaine also mentioned the so-called Tobin Tax, a proposal to impose a higher tax on speculative financial transactions. Not to regulate the “concerted speculations of the big investment funds,” would imply more large-scale currency flotations, he said, mass unemployment, and social misery. For the Social Democracy, regulation of the global financial markets is the “Archimedean point,” he said, without which nothing would improve. To simply accept the agenda of the financial markets, would be a sell-out of “fundamental values of European humanism,” he concluded.

French Socialists inch toward regulation

by Christine Bierre

The heavy electoral defeats suffered recently by British Prime Minister Tony Blair and by German Chancellor Gerhard Schröder, as well as growing public pressure against the policies of globalization in France itself, have provoked intense factionalization within the French Socialist Party against the free-market “neo-liberal” policies of Blair’s “Third Way.” Even though the French Socialists have never gone as far as to dismantle social assistance, as has Blair, or to attempt to impose austerity, as has Schröder, French Prime Minister Lionel Jospin has quietly applied a policy more in line with British free-market ideology than that of any of his Socialist predecessors.

But now, under growing pressure from the labor unions and the ranks of the Socialist Party itself, Jospin and other leaders are distancing themselves—at least verbally—from Blair’s Third Way, and calling for some kind of reregulation of the financial and economic system. How far this will go beyond rhetoric, remains to be seen.

Pressure on Jospin

It is ironic that while President Jacques Chirac’s former Prime Minister, the conservative Alain Juppé, the man who provoked the one-month transport strike that paralyzed Paris in December 1995, remains one of the most unpopular politicians in France, Jospin has managed, with his soft manner and austere style, to impose practically all the “reforms” that Juppé never succeeded in getting through, and which made him so unpopular. In particular, Jospin has privatized more previously state-run industrial sectors than any other politician before him.

Jospin’s drift toward the Third Way, something which he has always denied publicly, appeared clearly in statements he made on national television on Sept. 13, concerning layoffs at Michelin, the French tire multinational. A few days prior to the interview, Edouard Michelin, the American-trained heir who just took over the company, announced that in spite of record 18% profits for the year, the company would be firing 7,500 workers in Europe and in France to “please” the stockholders! Michelin’s decision, plus the fact that Michelin’s stock prices skyrocketed by 12% after that announcement, provoked fury among Jospin’s left-wing partners, and also among labor unions and left-wing or patriotic opposition

groups throughout the country. The Communist Party, the major coalition partner of Jospin’s Socialist government, and the Green Party, are both on the verge of exploding, as the radicalized rank and file are demanding a real break with the “free-market” policies of the government.

The Prime Minister’s statements on national television provoked an uproar in a country where the state has always intervened to stop unjustified layoffs. After shedding crocodile tears on behalf of the Michelin workers, Jospin stated flatly: “One should not expect everything from the state. . . . I do not think at this point that the economy can be administered. It is not through laws, through texts, that the economy is regulated. . . . Everybody accepts the market now.” After thus confessing his total impotence, Jospin had the gall to call on the workers and on the labor unions of Michelin to organize demonstrations and social actions in order to tilt the “balance of forces” in their own favor.

When the head of government has to call on the labor unions to demonstrate, in order to impose what it, the government, is no longer able to do itself, the world is definitely upside down.

A few days later, the Communist and the Green parties both called for a national demonstration aimed at pressuring their own government to fight against unfair layoffs. The protests were so intense, that Jospin was forced to use the occasion of a speech delivered to the Socialist parliamentary group at the European Parliament later in the month to counterbalance his earlier statements, talking extensively about the need to *reregulate* the economy, and announcing a series of measures such as taxation of companies abusing labor laws, and elimination of state subsidies to job-reduction plans of companies that do not conform to the 35-hour week.

A counter to the Blair and Schröder paper

While the French Socialist Party (PSF) was already working on a document to counter the Third Way memorandum published last June by Blair and Schröder, national opposition to those policies has now forced them to strengthen the language in that text. In the meantime, the outbreak of a broader fight against the Third Way within the Socialist International, led in particular by Oskar Lafontaine in Germany, who is using the French “Jospin” model as a battering ram against Blair, has catapulted the PSF into leading what purports to be an opposite, “neo-Keynesian” faction. The document made public by the PSF early in October will provide the basis for their factional alignment at the Socialist International Congress in Paris on Nov. 8, as well as at the Nov. 20 gathering in Florence, Italy, which will bring together Socialist International leaders as well as U.S. President Bill Clinton.

Presented by PSF National Secretary Alain Bergougnieux as a document against “the British strategy of influence,” the Socialist Party memorandum goes against the Blair credo, and pleads for more regulation of the economy and of the international monetary system. And even though, at this

point, it is all words — something the French Socialists excel at manipulating — the tendency is clearly against the Third Way.

Entitled “Toward a More Just World,” the document stresses that the Socialist parties came into being as the “parties of the people as a whole . . . defending the general interests.” “We must maintain a critical relation to capitalism,” it states, because if “the force of the market economy is to be an incomparable producer of wealth, it is also unjust and often irrational.” We are for “modernity,” continues the document, the which, however, “must remain a force for progress” and “for the common good for all and not the privilege of just a few.”

Denouncing the globalized economy which “undermines solidarity,” “limits the autonomy of states and their options,” and “reduces hope in political action,” the document concludes that it is “necessary to define the forms of regulation that the new age of capitalism imposes.”

In a chapter entitled “Containing the Market,” the document clearly distances the French Socialist Party from Blair’s attacks on health care, social security, welfare, and other public services. “If mastering health expenditure is indispensable, it is aimed at ensuring the continuing existence of systems of social protection, against those who, through privatization, would like to turn health into a business. . . . A more human

society, is also one in which all are guaranteed access to essential services, to social and territorial cohesion and development of activities which demand heavy and long term investments.”

Among the tasks of the state, “a society must organize . . . access to full employment,” continues the document, indicating that the state plays “a major role in the competitiveness of the economy by ensuring the quality of its public services, the level of education and training of the population, the potential for research, the efficiency of infrastructure. . . . We cannot accept the ‘flexibility’ which translates into generalizing precarious [labor conditions]. . . . The state, guarantor of common rules, must continue to exert a regulatory function. . . . It is today a commonplace idea to say that ‘Keynesianism’ was adapted to the world of yesterday, but cannot survive in ‘complex modernity.’” The document underlines, on the contrary, the global relevance of the “Keynesian message” in a deregulated market.

(In fact, as Lyndon LaRouche has underlined, “Keynesianism” is no alternative to Adam Smith’s liberalism; they are simply two versions of British free-market doctrine, in fundamental opposition to the American System of Political Economy of Alexander Hamilton, Henry Carey, and Friedrich List. Neither approach will do anything to deal effectively with the crisis the world economy currently confronts.)

Reforming the financial system

The document further calls for “worldwide instruments of regulation,” something which runs up against the “skepticism of the liberal ideology which expresses itself even in our own ranks.” (Note that in European parlance, opposite to American, “liberalism” refers to the British free-trade model of economics, *à la* Adam Smith.) Calling globalization an “irreversible movement,” the French Socialists state that “there is a need, however, for rules not only to stop the crisis, but to preserve regional and national identities. The lessons of the financial crisis which shook the world in 1997 and 1998, going from the whole of Asia to Russia and to Latin America, must not be forgotten, any more than the speculative bankruptcies of certain Western investment funds which threatened to bring down the whole system with them.”

The PSF calls for a mixed bag of “greater transparency of the international financial system [as demanded by the International Monetary Fund and World Bank]; for the imposition of prudent rules on all financial institutions, including speculative investment funds and offshore centers; for the abolition of fiscal paradises; for limiting the destabilizing effects of the freedom of circulation of capital to emerging countries by opening up their capital markets in a more progressive and controlled fashion.” The document also calls for “taxing international financial transactions in order to limit speculative capital movements; for involving lenders in the solution of crises they contribute to provoking; for

DO YOU KNOW

- that the American Revolution was fought *against* British “free trade” economics?
- that Washington and Franklin championed Big Government?
- that the Founding Fathers promoted partnership between private industry and central government?



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From words to deeds?

Even though the general trend of the document is interesting, how can anyone seriously believe that the government of Jospin will move to realize such policies? The fine phrases are not concretized by any specific proposal. A closer study of the measures announced by Jospin in Strasbourg aimed at penalizing companies which abuse labor flexibility laws and which do not create jobs, shows that the proposed reforms do not go very far. In fact, most of them have still to be negotiated with the company owners themselves, or among the different government ministries.

Typical of the “anti-liberal mood” of the Socialist Party is an interview given by Finance Minister Dominique Strauss-Kahn, known as a “social-liberal,” to *Nouvel Observateur* of Oct. 13, run under the title, “No, We Are Not Liberals!” Here, Strauss-Kahn develops the new credo: The new name of the game is “new forms of regulations,” as Jospin told the Strasbourg assembly. But when Jospin was questioned about the fact that “governments, by relinquishing traditional instruments of control, have . . . created a situation where ‘monetary policies’ are no longer defined by the governments, but by the ‘central banks,’ ” he replied, “False, totally false,” and argued that “the creation of the euro constitutes a gain in sovereignty for France.” What do words about “regulation” mean to such a person? When questioned about what the state can do in the case of Michelin, Jospin thinks it sufficient to say that 1) “the state must declare . . . that it is infinitely shocking that a company can” fire all those people; and 2) the state must promote 35-hour-week negotiations with the company and threaten the company with increasing its social security payments, if it does not contribute to reducing the layoffs.

Just as Jospin was speaking out against too much labor flexibility, Martine Aubry, the Economics and Social Affairs Minister, was defending her 35-hour-week bill at the National Assembly. There was massive opposition to this even from the Socialist deputies, because although the 35 hours will be paid the equivalent of 39 hours, those 39 hours come out to 4,831 francs per month—less than the minimum wage, which is 5,453 francs. The Socialist Party deputies and others feared, with good reason, that companies would take advantage of this loophole and immediately have everybody who is presently employed at the minimum wage, rehired at the costs of the new 35-hour contract, leading to significant cuts in the actual minimum wage. Aubry, however, was adamant in refusing to establish the new 35-hour week at the level of the present minimum wage, because that would be too heavy a burden on employers.

If the anti-Blair document represents a real shift in the current situation, it will take a lot more pressure to get the present government of France to go fully in the direction outlined by that memorandum.

The Devil’s triangle: Bush, Gore, and ‘Dirty Dick’ Morris

by Michele Steinberg

The treasonous financier oligarchy that Democratic Presidential candidate Lyndon LaRouche identifies as the British-American-Commonwealth (BAC) faction in the United States, is in quandary over the Year 2000 elections. Despite this oligarchy’s determination to ram a choice between Gore and Bush down the throats of the American voters, the strategy has not worked. And, as the panic grows over the disintegration of the international financial markets, moves by George W. Bush in recent weeks reveal that his policies are a mirror image of the “Third Way/triangulation” policies that have doomed Vice President Al Gore’s bid for the Presidency.

Gore, like his other “Third Way” allies, is going down the tubes. And if the Gore candidacy is ended, the Bush potential is in trouble—George W. Bush, possibly the dumbest candidate to be fielded in recent history, according to observers such as *U.S. News and World Report*, would lose to any serious candidate. The way is open for a miracle, especially with LaRouche, campaigning as the true bearer of the Franklin D. Roosevelt tradition, on the scene.

On Oct. 5, the London *Financial Times*, one of the flagship newspapers of the BAC and the British Empire, signalled the end of Al Gore. Quoting extensively from unnamed officials of the British Foreign Office, the *Financial Times* takes a swipe not only at Gore, but at British Prime Minister Tony Blair for supporting him. Blair is already under fire for his increasingly erratic behavior which includes, sources say, plans to send some of his own election experts and polling officials to help out Gore. The *Financial Times* warns:

“‘We cannot repeat the mistake Major made with Clinton,’ said an official [from the Foreign Office], referring to former British Prime Minister [John] Major’s endorsement of George Bush, Sr., when he ran against Clinton.

“‘If Blair backs Gore, and Bush (Jr.) wins, it would be a disaster. But the more Gore appears to be in trouble, the more the Prime Minister seems to want to help him.’ ”

On Oct. 9, just after Gore announced he was moving his campaign headquarters “back home” to Nashville, Tennessee, the Anglophile *New York Times* echoed the *Financial Times*: “Mr. Gore finds himself in a harrowing battle for his party’s nomination.” The *New York Times* says that Gore



Gore's new campaign strategy

began the campaign with more insider backing and “more institutional advantages than any candidate in modern times,” but it then comes very close to announcing that Gore won’t get the nomination. The *Times* quotes Roy Neel, a Gore confidant who had served as the Vice President’s first Chief of Staff, saying, “We have to stop the bleeding,” and campaign workers are described as “unnerved, if not panicked.”

Bush pushes the ‘Third Way’

As Gore’s fortunes were plummeting, George W. Bush grabbed headlines anew, allegedly “shocking” the right-wing Republican Congressional leadership by criticizing them for trying to “balance the budget on the backs of the poor.” Gingrichite House Majority Leader Dick Armey (R-Tex.) and his cronies were, indeed, trying to force through a hare-brained scheme to steal back a poor- and working-class tax rebate, by spreading out the payments over an entire year, instead of giving, as promised, a lump-sum payment—the usual tax refund Americans look forward to, and which poor Americans depend on. In a speech on education at New York’s Manhattan Institute, Bush knocked the Conservative Revolution’s pessimism, claiming that America is not “slouching toward Gomorrah” (which also happens to be the title of a neo-con best-seller by former Federal Judge Robert Bork).

Bush’s statements caused an outcry from the ultra-right yahoos like yesteryear’s media rage, Rush Limbaugh, but astute political observers called Bush’s statement a “brilliant” move that distanced him from the hated right-wing Republicans in Congress, and helped build his image as a “Washington outsider.” But, these political observers said, the Bush move was contrived, “phony as hell . . . [and] smacks of the kind of strategy that Dick Morris pushes.”

In fact, the statement by Bush was a political move, not a policy fight, and it immediately drew high praise from “Dirty Dick” Morris, in an Oct. 12 commentary in the BAC-owned *New York Post* entitled “Why Not Victory for the GOP,” Morris lets slip the truth: George W. Bush is a “Third Way” politician.

Morris praises Bush for being a “new” Republican, saying, “[American] political debates are not endless and perpetual. We come to conclusions and move on. Triangulation is simply a willingness to embrace those decisions, implement them, and go forward. . . . It is a strategy that moves to a higher place, a third place, above either of the two parties.

“When Bill Clinton advocated both capital punishment and gun control, he articulated a realistic strategy to cut crime which worked. When he said ‘balance the budget and also strengthen Medicare,’ he transcended the sterile, repetitive debates of the past and reached new ground. . . .

“Now George W. Bush is reaching for the same wisdom from the right. He learns from history that when the rich get tax breaks, they spend the money on yachts and villas and that when the government gets money, it squanders it on the bureaucracy and the unions. So he calls for a third way: tax credits to encourage charitable donations to mobilize the voluntary and faith-based sector to step into the breach and help the poor.

“Bush realizes that a rising tide does not lift all boats. . . . Our national life has seen an oscillation between periods of debate and those of consensus. When we face a new threat . . . we polarize and debate. . . . Then we triangulate and come together over a common solution. . . . We veered left with Clinton and right with Gingrich until we triangulated, balanced the budget, cut welfare, reduced crime and catalyzed a decade of prosperity. . . . It’s the genius of our system and George W. Bush seems to get it.”

Gore and ‘Dirty Dick’ Morris

To appreciate just how much of a stampede *away* from Gore this Morris statement reflects, look at Morris’s column from January 1999 when, at the height of the impeachment proceedings against Clinton, he urged the President to step down, and let Gore finish out the remainder of the term. This, said Morris, would “put VP Gore in the Oval Office with the head start a two-year run-up would give him to a race in 2000. If he were then re-elected in 2004, he would be the second-longest serving President in history, after FDR’s 12-plus years.”

At the time, Morris, the embittered former consultant to the Clinton-Gore campaign, was not just a columnist. As a witness and adviser to both special prosecutor Kenneth Starr and to the House Managers who prosecuted Clinton in the impeachment, Morris was trying to oust the President, as part of the BAC coup.

Gore had been Morris’s key ally in implementing the “Third Way,” as *EIR* documented in its January 1999 article,

“Al Gore and Dick Morris: The Unholy Alliance ‘Behind the Oval Office.’ ” *EIR* reported: “During the 1996 Clinton reelection campaign, Lyndon LaRouche, then a candidate in the Democratic Presidential primary elections, warned President Clinton to purge the White House of so-called political consultant Richard ‘Dirty Dick’ Morris. Morris, the cousin-once-removed and protégé of the late gangster attorney and closet homosexual Roy Cohn, slithered between the White House and his clients among the President’s arch-enemies, the Republican Confederates, collecting and passing on bits of gossip and compromising information on Clinton.

“. . . For a time, Morris was President Clinton’s chief reelection campaign strategist—to the tune of \$20,000 a month in ‘consulting fees.’ Some of the President’s men labelled Morris a ‘GOP double agent’ and a ‘Republican mole.’ In a June 27, 1995 Knight-Ridder story, Sandy Grady wrote that ‘some Clinton loyalists compare Morris to Rasputin, the 19th-century Russian mystic and faith healer who led the Tsar’s family to destruction.’

“Morris was ousted as a campaign adviser in August 1996, during the Democratic nominating convention, when details of his affair with a call girl, and his foot fetish—especially sucking the toes of his sexual partners—broke in *The Star* supermarket tabloid and was then reported on the front page of the *New York Post*.

“Morris blamed his ‘enemies’ in the White House for leaking the information that led to photographs and tape-recordings of his trysts. Morris . . . is still trying to get even.

“In two interviews . . . Morris made a remarkable revelation: While he had a lot of opposition in the White House, he also had an ally—Vice President Al Gore, Jr.

“**Fact:** Gore and Morris ran a ‘Mutt and Jeff’ routine against President Clinton, to force him to break with the ‘liberal wing’ of the Congressional Democrats, who were engaged in something like hand-to-hand combat against House Speaker Newt Gingrich and his Conservative Revolutionaries. Gore and Morris’s message was: Scrap the ‘general welfare’ clause of the U.S. Constitution, and chart a ‘New Democratic,’ ‘Third Way’ course, which Morris described as ‘triangulating,’ between the embattled Congressional Democrats and the Newtzis.

“**Fact:** Gore and Morris teamed up to ram through the 1996 Welfare Reform Act, over White House and Cabinet objections, in order to ‘out-Gingrich Gingrich.’ It was President Clinton’s capitulation to this deal, which jettisoned the Franklin Roosevelt coalition of traditional Democratic constituencies, and . . . kept the Gingrichite fascists in power in the Congress in both the 1996 and 1998 elections.”

Gore’s campaign is collapsing

Gore’s devotion to the “Third Way/triangulation” policy is the very reason that he is unelectable, but neither he nor anybody else in his Democratic National Committee-domi-

nated campaign will change direction.

The polls on Gore’s troubles are more devastating every week: A *USA Today/CNN* poll released on Oct. 11 showed a dramatic leap in support for Democratic candidate Bill Bradley. The new poll shows that Gore is now ahead of Bradley by only 12 percentage points (Gore at 51%, Bradley at 39%). A month ago, Gore led Bradley by 33 percentage points (Gore’s 63%, to Bradley’s 30%).

This latest collapse in Gore’s support came *after* Gore “reinvented” his campaign, maybe for the last time, and moved back to Tennessee. Some people compare Gore’s campaign shakeup as “rearranging the deck chairs on the *Titanic*.” National media mock the campaign fiasco. In the Oct. 11 *New Yorker*, reporter Jane Mayer wrote, “A close associate of Gore’s compares the Vice President to ‘the guy who gets a divorce, and decides he wants to change his whole life, so he paints every room in his house blue. It may make him feel better, but is it really what matters?’ ” According to Mayer, even President Clinton is expressing his doubts about the viability of Gore’s campaign more openly. “President Clinton suggested to a confidant that the only reason Gore ever sought the Presidency was to please his father, Tennessee’s Sen. Al Gore, Sr. . . . ‘The President . . . thinks that ‘a lot of Gore’s baggage is his father.’ ”

Predictions of a defeat for Gore are now common. “The Gore candidacy is in collapse in the Northeast,” is the quote from McCormack Institute director Lou DiNatale, from the University of Massachusetts, reported in the Oct. 8 *Boston Globe*. The *Globe* headline reads, “Surging Bradley Dominates Mass. Poll.” The article reports on the just-released McCormack Institute poll, which shows Bradley running eight points ahead of Gore among Democratic primary voters (43% to 35%). The survey marks an “11-point shift in Bradley’s favor since a University of Massachusetts poll in June showed Gore leading 38-35%.”

DiNatale says, “This poll confirms that at the very least there is a race to the convention, it could even be a March knockout by Bradley.” There are some two dozen 20-25 primaries and caucuses in March, with half of these on March 7, “Super-Tuesday.”

But national polls show that the Democratic Party had better wake up. The *USA Today/CNN* national poll, and indeed every other poll taken this year, shows that George W. Bush, with his \$50 million war chest and major BAC support, still has a devastating lead over both Gore and Bradley. Yet, the Gore-controlled Democratic National Committee is still applying pressure to muffle the LaRouche campaign, and keep LaRouche out of candidates events and debates. Some top Democrats are beginning to wake up to the fact that not only would a Gore ticket lose the White House in the Year 2000, but the coattails will drag the Democratic Party to lose the Congress, again, as well. This state of affairs could be the very crisis that opens the way to the “LaRouche miracle.”

Queen's Australian toadies provoke war in East Timor

by Allen Douglas

On Oct. 10, the Australian-led International Force for East Timor (Interfet) shot and killed one Indonesian policeman and wounded three others, in the first major Australian-Indonesian clash since Interfet landed there in September. Both sides immediately made plans to rush thousands of troops to the border of East and West Timor where the incident took place.

Indonesia filed a sharp protest with UN Secretary General Kofi Annan over the "cross-border raid by Interfet," and took two additional strong measures on Oct. 12: It froze the Timor Gap treaty with Australia, which allocates the rights to hundreds of billions of dollars worth of oil and gas deposits off East Timor, and announced that it would not grant Interfet's request to conduct flights over East Timor. The Indonesian Air Force commander for Eastern Indonesia, Rear Marshall Ian Santoso, warned Interfet against such flights: "If they insist in doing so, they will have to face the Indonesian Air Forces' fighter aircraft," he said.

Perhaps the best gauge of the growing Indonesian outrage, came from leaders in its national parliament, the People's Consultative Assembly (MPR). Slamet Effendy Yusuf, chairman of the Golkar (President B.J. Habibie's party) faction in the MPR, charged that Interfet had *knowingly* violated Indonesia's border in West Timor. He asked, "Are we allowed to chase any Australians in Melbourne?" The head of the MPR, Amien Rais, expressed the bitter feelings of many, inside the Parliament and out, when he said on Oct. 11, "Indonesia should be firm. If they entered West Timor, we should wipe them out."

With troops from both sides pouring into the border area, more such incidents are almost guaranteed to occur. Meanwhile, as U.S. troops also converge on the area, to provide Interfet logistical support, the danger rises by the hour that the United States will get sucked into a disastrous land war in

Asia. U.S. Democratic Party Presidential pre-candidate Lyndon LaRouche warned in a Sept. 17 statement: "Bringing the British monarchy, whose Queen is the head of state in Australia, into the command of the intervention into East Timor, will have no effect but to turn an already terrible situation in Indonesia into the detonator of a potential political 'Krakatoa explosion' for the United States and others viewed as authors of this latest piece of strategic folly."

'Hot pursuit'

The Interfet forces claim that they did not cross the border into West Timor on Oct. 10, when they fired hundreds of rounds during a 15-minute interval. On Oct. 11, the military commander of Eastern Indonesia (which includes West Timor), Maj. Gen. Adam Damiri, inspected the area where the clash took place, and rejected Interfet's denial that it had entered the clearly marked Indonesian territory. "Interfet went into West Timor territory in a ready-to-combat position as if facing enemies," he said. A spokesman for Indonesian Armed Forces Chief of Staff General Wiranto charged that Interfet's Maj. Gen. Peter Cosgrove "must be held responsible for the incident."

Cosgrove disputed the Indonesian charges, claiming that he had a map which showed that his troops were still in East Timor. However, the United Nations Mission in East Timor, which conducted the Aug. 30 independence referendum in East Timor and which is notoriously anti-Indonesian, said that it regarded the town of Motaain, where the clash took place, as clearly Indonesian territory, and had therefore registered no one in that town to vote.

Whatever the findings on this particular incident, it is clear that Interfet is following the aggressive doctrine announced by Australian Defense Minister John Moore shortly after Australian troops first landed in East Timor. Moore said then, that

FIGURE 1

British target Indonesia for breakup



Interfet would knowingly disregard Indonesian sovereignty, if it were in “hot pursuit” of suspected pro-Indonesian militiamen. The statement caused an uproar in Australia and throughout Asia, and Moore withdrew it, at least publicly.

But, new revelations show that Australia has been systematically violating Indonesian sovereignty since at least April. Sydney Morning Herald London correspondent Ian Hunter reported on Oct. 11 that the Australian government had covertly sent Special Air Services (SAS) troops and a Royal Australian Navy Clearance Diving Team (CDT) into East Timor at that time. Said Hunter, “The sole task of the two elite units was reconnaissance in preparation for a large Australian Defence Force (ADF) deployment.”

The SAS-CDT operations in East Timor in April were highly sensitive. Hunter observed, “The covert operations before the creation of the Interfet force are classified secret and will remain so under the Federal Cabinet’s 30-year rule.” However, Hunter did report some details: “A senior ADF special forces and intelligence officer recently said the small force was observing Indonesian military activity as a necessary precursor to full-scale deployment. The same tactics

were used by the British SAS during the 1982 Falklands and 1990-91 Gulf wars. . . . The SAS and CDT cells transmitted constant reports on TNI [the Indonesian Army] and militia activities to ADF headquarters and the ultra-secret Defence Signals Directorate, also in Canberra.” Most recently, Hunter wrote, “In armed contact with the TNI and militia, the general observations, technical descriptions, and assessments of TNI capabilities in Timor have been invaluable.”

‘A plot to splinter Indonesia’

Australia is not conducting a “peacekeeping mission,” but rather, on behalf of the British monarchy, it is spearheading a highly provocative incursion aimed at splitting up the Indonesian nation-state. As LaRouche explained in his Sept. 17 statement: “The current, British-led [e.g. Australia, British Foreign Secretary Robin Cook et al.] targetting of Indonesia and its oil-gas reserves, through the East Timor mess, is, in reality, a part of the British monarchy’s stated intent to bring about a form of world government based upon a combination of supranational authorities and the reduction of existing nation-states to micro-states. Even the U.S. itself is the declared

target for such chopping of existing sovereign nations into pathetic little parts.”

Indeed, many Indonesians are convinced that Australia intends to break up their country, the only plausible explanation for the recent aggressive behavior of a country with whom Indonesia had had very good relations for decades. As the *Australian's* Jakarta correspondent Patrick Walters reported on Oct. 2, “At the mass level, suspicions have been sown about whether Australia has some hidden strategic agenda in East Timor that is aimed at weakening the fabric of the unitary state.”

Nor is it only Indonesians who are convinced that the aim is to break up their country. In a column in the Oct. 11 *Mainichi Shimbun* newspaper in Japan, Malaysian Prime Minister Dr. Mahathir bin Mohamad charged that Australia intended to “split up” Indonesia, and that moves would soon be made on Irian Jaya, Aceh, and Sulawesi.

As *EIR* documented in its Sept. 24 issue, Australia, with its immense intelligence capabilities respecting Indonesia, knew full well that any referendum in East Timor would result in violence. With that in mind, Australian Prime Minister John Howard wrote a letter in December 1998 to President Habibie demanding a referendum. Then, as soon as Habibie bent to the pressure, Howard entirely revamped Australia's military structure, to prepare for the present invasion under the cover of “peacekeeping” — for the violence Australia itself had provoked! Indeed, even former Australian Prime Minister Paul Keating charged that Howard's action in pushing the referendum had *caused* the deaths in East Timor.

And, it now emerges that the Australian and international media reports (and UN claims) that some 7,000 East Timorese were slaughtered by pro-Indonesian militiamen, were almost entirely fabricated, precisely to force the UN to authorize a “peacekeeping” force. UN Humanitarian Assistance spokesman Michael Barton stated on Oct. 13, “We have not found evidence of massacres so far.” Only 34 bodies have been found to date.

Blaming it on the United States

While the British monarchy orchestrates the assault on Indonesia, that monarchy's minions are making sure that the United States takes the blame (a strategy aided by the bellicose, anti-Indonesian statements and actions of its U.S. assets in Vice President Al Gore's “Principals Committee,” such as Defense Secretary William Cohen and Secretary of State Madeleine Albright).

On Sept. 21, Australian Prime Minister and British Crown Privy Councillor Howard told his Parliament, that Australia's foreign policy would no longer be based on “the personal rapport of leaders, the sentiments of governments, or so-called special relationships,” a clear swipe at the policy of previous, Labor governments, of strategic engagement with Indonesia. Then, in an interview with the Sept. 28 issue of Australia's *The Bulletin* magazine, Howard stressed that his new foreign policy would be based on “asserting Australian

values” throughout Asia. Coming as it did with Australian troops landing in East Timor, the “Howard Doctrine,” as *The Bulletin* referred to it, clearly meant that, if necessary, Australia would use force to assert its “values.” Twice during the interview, Howard's interlocutor described Australia's new role as being that of the “deputy” to the “U.S. sheriff” in the region, a characterization from which Howard did not demur.

The “deputy sheriff” phrase provoked an uproar in Australia, and across Asia, which is still raging weeks later. But, Howard waited five long days after the initial explosion of outrage, to protest that he himself had not used the term “deputy sheriff.” However, the point was made: Since Australia, with its minuscule 50,000-man army, clearly could not act on its own against the 211 million-person nation of Indonesia, it was clearly *somebody's* deputy sheriff — and that somebody, was the United States.

The “deputy sheriff” flap erupted just as LaRouche's Sept. 17 policy statement on East Timor, and accompanying documentation by *EIR* on the *British* authorship of the policy (*EIR*, Sept. 24, “Australia Acts as British Stooge in East Timor Crisis”), was circulating throughout Australia and Asia.

The Bulletin is owned by multi-billionaire Kerry Packer, one of an elite group of financiers around the Crown, which includes Lord Jacob Rothschild, World Bank boss Sir James Wolfensohn, United Nations Undersecretary General Maurice Strong, and the late Sir Jimmy Goldsmith. Packer himself is sometimes seen in the Queen's private box at the Ascot races. In addition to *The Bulletin's* “deputy sheriff” interview with Howard, Packer's Channel 9 TV station had been the most vociferous in trying to provoke violence in the lead-up to the vote on the referendum, and in reporting alleged massacres afterward.

Her Majesty's Australian servants

Australian Prime Minister John Winston Howard is notoriously “British to his bootstraps.” He was named after arch-imperialist Winston Churchill, and, in the current crisis, has used explicitly British imperial precedents to justify his foray into Indonesia. Australia's new foreign policy, he has proclaimed, is based on the dictum of the mid-nineteenth-century British Empire's Lord Palmerston, that “Britain has no permanent friends, only permanent interests.” On Oct. 11, the day after his troops killed their first Indonesian, Howard lauded Australia's role in fighting in the Anglo-Boer war of 1898-1901, on behalf of what he specifically cited as “British imperial” interests. That war, like the present British grab for the massive oil and gas deposits off East Timor, was fought to secure raw materials — the richest gold deposits on earth.

Howard's Anglophilia is well-suited for Australia's “new foreign policy,” given that it is merely a predicate of a strategic shift in *British* foreign policy, as announced by Her Majesty's Royal Institute of International Affairs (RIIA) in 1995. An RIIA report of that year, “Economic Opportunities for Britain and the Commonwealth,” argued that Britain must turn much of its attention to Asia, as the single-largest source

of wealth remaining in the world, and that Australia should be Britain's "launching pad" into the region. The old British empire, the report emphasized, had never really disappeared, but merely took on a new cloak as the "Commonwealth," which is based on "an informal financial empire that maintained its vibrancy long after the formal empire went into decline."

By mid-1997, led by the Queen's sometime-investment manager George Soros, the British unleashed the speculative assault against Asian economies, which drastically weakened Indonesia, setting up the next phase of attack—the Australian-led Interfet assault now under way.

Australia's role as *Britain's* "deputy sheriff" is not exactly a secret. On Aug. 8, 1997, the *Canberra Times* reported on a conference which had just taken place in that city, one of a number of follow-on conferences to the RIIA report. There, Britain's High Commissioner to Australia, Sir Roger Carrick, said that the British-Australian intelligence relationship was "growing rapidly," and had been "very productive and useful recently." The *Times* elaborated on the nature and depth of that relationship:

"Britain's overseas spying agency MI6 and other intelligence agencies have close links with Australian agencies such as the overseas espionage agency, the Australian Secret Intelligence Service. ASIS has an MI6 officer attached in its Canberra headquarters . . . at assistant director level, and the top secret Defence Signals Directorate has a special British liaison officer. According to intelligence sources, several MI6 agents attached to the British High Commission work closely with the Defence Intelligence Organization. They also liaise closely with the ONA [Office of National Assessments, which advises the Cabinet on intelligence matters]."

Furthermore, the *Times* said, "British officers are involved in virtually every aspect of Australia's intelligence collection and assessment network. . . . In fact, every ASIS station around the globe has direct liaison with MI6."

British Foreign Secretary Cook, who played a crucial role in launching the East Timor crisis, addressed the conference by video message, emphasizing, reported the *Times*, that "Australia was a more viable partner for Britain now than at any time in the past two centuries." Proclaimed Cook, "The growing importance of Asia and of the countries around the Pacific means that Australia is much stronger for Britain as a bridge into an area of the world of growing importance."

While Canberra and London are involved in the most intimate of intelligence relations, whose single-largest focus from Australia's side is Indonesia, U.S. agencies have been angry at the Australians over the last year for withholding intelligence the United States has requested on East Timor. Senior U.S. officials are also angry at Australia for not "flagging" the violence around the East Timor referendum, violence which Australia had clearly expected.

While shut out of crucial intelligence, the United States may soon be deep in a quagmire. For instance, the 40,000-ton U.S. amphibious assault ship *USS Belleau Wood* has just

arrived off East Timor with its 1,800 sailors and marines and its 300-bed hospital. Asked if he might be called upon to use the ship's contingent of helicopters to provide close air support for Interfet, Capt. Thomas Parker responded, "I think that is something that could be arranged, but, quite frankly, that is something we have not discussed."

Indian elections promote stability

by Ramtanu Maitra

The Bharatiya Janata Party (BJP), led by Prime Minister Atal Behari Vajpayee, and its 23 allies, called the National Democratic Alliance (NDA), have secured an absolute majority in India's 13th Lok Sabha (house of Parliament) elections. Despite the diverse nature of the coalition partners, the significant majority that the NDA has secured ensures that the present arrangement may last the entire five-year term of the Parliament, or at least the better part of it. Most importantly, people in general are relieved, and the financial market is ecstatic. Reactions all around South Asia have also been positive.

NDA's 30-plus majority in the house of 543 members was greatly aided by the BJP, which brought in 182 winners. What undermines this, however, is that although the BJP has once more emerged as the largest single party in the Parliament, it is still 90 seats short of securing an absolute majority as a single party, and thus, ensuring foolproof stability.

Vajpayee's growing stature

Assuredly, the most positive aspect of the recently concluded elections is that the people have put their confidence in Prime Minister Vajpayee. Most coalition partners of the BJP-led alliance had centered their electoral campaigns on identifying Vajpayee as the leader. There is also no question that a vast majority of people who voted for the alliance did so because it is led by Vajpayee. Vajpayee's status as the undisputed leader under the present political circumstances provides him the mandate to take hard decisions. It is also likely that the Prime Minister will have to bring some of the allied parties to support policies which may not help some of the allies, including the BJP, politically. His growth in stature during the last 18 months will help him to accomplish this difficult task.

The 13th Lok Sabha election was a hard-fought one. Both the NDA and the Congress-led alliance had resorted to personal attacks, which led to acrimony and bitterness. For this reason, the Prime Minister, in an interview with the leading English-language daily the *Times of India*, issued a call to "make a new beginning" and put aside "the bitterness gener-

ated during the elections.” He has called for creating “an atmosphere of consensus.”

The poor performance of the Congress-led alliance in the election will provide the NDA the opportunity to deal with immediate issues, and get India’s house in order. It is likely that the Congress Party, under the leadership of Sonia Gandhi, will go through debates and discussions before “settling” on why the debacle occurred. The party will be under pressure once more to get rid of the senior politicians who have formed a wall around Sonia Gandhi and kept her ill-informed. What it all means in the near future is that the Congress Party, the second-largest party with 112 seats of its own, will be unable to organize others to bring the government down. Moreover, the Congress leadership may have realized that, by bringing down the 12th Lok Sabha last June, and claiming that it had a majority to form the government, but then failing to do so, it weakened its credibility with the electorate.

Looming crises

Years of political instability, which led to three parliamentary elections in three years, have made the country’s policy-makers highly inattentive to the critical issues of our time. In addition to India’s massive poverty, which needs focussed attention, along with India’s weak physical and social infrastructure, New Delhi must also take a close look at the crucial strategic developments in the region. To name a few: the growing instability in Central Asia; secessionist threats in Russia, Pakistan, Indonesia, and India; the development of a war-like situation in South Asia, over Kashmir, and in South-east Asia; and the on-going terrorist activities, albeit on a much larger scale now, in Sri Lanka, and threats of the same in Myanmar.

Added to these strategic threats is the danger posed by a bankrupt international financial system and the weak economies of South and Central Asia. A massive, in the case of both India and Pakistan, infusion of funds to build physical infrastructure, which would make the agro-industrial sectors more productive, and in social sectors, which would make the population healthier, is needed more than ever before. But, the political instability in all South Asian nations has kept the political leadership in the region from dealing with the obvious. In that context, by securing a slightly larger majority, the BJP-led alliance is now in a position to deal with the economic issues at hand.

In addition, Indian political leaders have shown little capability to make disparate alliances work. A number of coalition governments have come and gone, producing further factionalization within the political system. It is for that reason that the consensus that the Prime Minister has sought, as he explained, must not only be within the opposition groups but also within the 24-party alliance. The alliance partners will have to put their “ideological positions” aside and rethink their position on issues which need to be addressed. The Prime Minister, in his interview, stressed the need to strengthen rural

infrastructure. This means, he pointed out, building roads, and providing education, health care, electricity, and other basic amenities to all Indians. As the Indian cities are expanding physically and approaching the villages, he pointed out that it is most important now to plunge into rural infrastructure development.

At the same time, Prime Minister Vajpayee will have to act speedily on a number of parliamentary bills which have been gathering dust since last June, when the BJP-led government was brought down by a combined opposition. He has already appealed to NDA members to act in unison for swift passage of pending parliamentary bills, including the Insurance Regulatory Authority (IRA) bill, the Money Laundering Prevention bill, and the Foreign Exchange Management Act.

Economic considerations

Meanwhile, the latest election results are being read by various interested groups abroad any way they like. Although two former finance ministers and two of the most pro-reform economist-politicians in India, Dr. Manmohan Singh and P. Chidambaram, have been defeated, the foreign investors and foreign institutions believe that the BJP-led alliance will open up the economy further for globalization and economic liberalization. According to a leading Indian financial daily, foreign institutional investors have rushed in to buy stocks, and the NDA victory has triggered speculation among the investors that Finance Minister Yashwant Sinha, who is expected to retain his job in the upcoming Cabinet, will push forward further economic liberalization.

Stirrings within the foreign insurance companies have also become visible. Representatives of the Association of British Insurers, who have been parked in India for a while, are confident that the Insurance Regulatory Authority bill will pass without a hitch, and that the insurance companies will be in India “pretty soon.” Trade officials in Britain have also expressed hope for a sharp rise in exchanges between trade groups of both countries.

In the coming days, there will be growing pressure on New Delhi to enact further economic “reforms.” Years of industrial recession has exacerbated poverty and increased unemployment. Added to the misery are the political uncertainties and hesitant leadership. With the advent of a stable government, the pro-reform factions within India, and outside, will move to enhance liberalization and globalization of the Indian economy. At the annual World Bank-International Monetary Fund meeting in Washington, Indian Finance Minister Yashwant Sinha was cautious, and did not take on the failure of the IMF policies worldwide. He failed to point out that those who are chiefly responsible for the present international financial instability, cannot continue to dictate terms to all countries. His mincing of words on full convertibility of the Indian currency is an indication that New Delhi, given its way, will continue to listen to, and partly incorporate, the policies aimed at preventing any confrontation with the IMF.

The strategic implications of Dagestan

by Lyndon H. LaRouche, Jr.

Editor's note: Amidst silence and obfuscation in Russia about the causes of the rekindled insurgency in the Russian North Caucasus, issue No. 12 of the periodical Rossiyskoye Analiticheskoye Obozreniye (Russian Analytical Review) came out in mid-October with the memorandum by Lyndon LaRouche, which we publish here. Mr. LaRouche was responding to written questions submitted by the journal.

On Oct. 1, the weekly Ekonomicheskaya Gazeta previewed LaRouche's forthcoming memorandum, in an article by Prof. Taras Muranivsky, headlined "Britain Lit the War in Dagestan." "In the kaleidoscope of evaluations of the Dagestan events," wrote Muranivsky, "superficial factors are usually emphasized: Chechen banditry, or so-called 'Arab fundamentalism.' A qualitatively different and, in our view, well-grounded approach to this problem is that of the well-known American economist, politician, and candidate for the U.S. Presidency in the year 2000 from the independent wing of the Democratic Party, Lyndon LaRouche."

September 10, 1999

In general, the responses here should be read against the background of a featured report, "Brzezinski Plays Britain's 'Great Game' in Central Asia," as that feature appeared in the September 10, 1999 edition of *Executive Intelligence Review*.

1. What is happening in Dagestan?

LaRouche: This operation against today's Russia, in Dagestan, is modelled in form, and political methods, upon the British monarchy's Nineteenth-Century "Great Game" run in both Transcaucasia and Central Asia. It employs many of the same elements, methods, and theaters of operations, which the British Empire used continuously against Russia, from the days of Bentham and Palmerston, into the early years of the Soviet Union. The principal difference between then and now, is the emphasis on petroleum and natural gas, as also other mineral resources of the region.

2. What are the reasons for the conflict?

LaRouche: The present operations represent a continuation of the Thatcher-Bush decision of 1989-1991, to destroy the Soviet Union, and loot and dismember Russia into a state of helplessness. This is being done under the central direction of the British monarchy, but with the complicity of other

nations, including elements associated with Presidential candidates Bush and Gore inside the U.S.A. The timing of the present phase of these operations reflects the highly advanced state of the presently ongoing process of disintegration of the world's present financial system. It was by no coincidence that Russia's mid-August 1998 default, itself a symptom of a threatened October 1998 meltdown of the world's financial system, coincided in time with the launching of a series of Anglo-American military adventures, beginning with the bombing of Sudan, the later reopening of warfare against Iraq, and the London-directed NATO assault on Yugoslavia. The attack on Yugoslavia was the intended stepping-stone for unleashing irregular warfare and related operations, using "Iran-Contra" methods, throughout all of Central Asia and Transcaucasia.

3. What basic forces are at enmity in the conflict?

LaRouche: The collapse of the Soviet Union, and the worsening economic and social conditions throughout the region since, have fostered a deepening cultural pessimism among the populations. This aggravated mood of cultural pessimism, and a collapsing influence of the governments in Moscow and Kiev, has created the tinder of ancient ethnic and religious warfare which the British-led Anglo-American forces have ignited. The relevant types of agents are highly visible in considerable numbers throughout the relevant regions of the Transcaucasus and Central Asia, all the way to the India-Pakistan border.

The kinds of local enmities being exploited by the meddlers are historic. They are of a type which can be uprooted only through several generations of successful development of the conditions of life. Even then, experience with similar ethnic and religious conflicts around the world shows, that these types of enmities remain capable of rather sudden re-eruption, even after two or three generations of relatively peaceful relations among the relevant groups.

4. Why, in your opinion, has the intrusion of Chechen fighters on the territory of Dagestan become possible? What has hindered the present conflict?

LaRouche: We have seen the pattern of developments leading into this since the warfare in Nagorno-Karabakh. The intent by the London-directed Anglo-American circles was clear in 1992-1993. Only certain preliminary stagings, and

FIGURE 1

The Caucasus chessboard



waiting for an opportune moment, delayed the assault until after the completion of the preliminary step, the recent NATO war against Yugoslavia. Strategically, we must view that Balkan war as the natural stepping-stone toward pan-Turkic-based general destabilization throughout both the Transcaucasus and Central Asia. I see no mystery in any of the developments relevant to that presently ongoing succession of developments.

Also to be considered, is the attrition within the former Soviet military capabilities of Russia. Also to be considered is the Moscow government's obvious reasons for hesitating to take either the actions, or preparations for action, which would greatly displease Russia's foreign IMF and other creditors.

5. What has been brought to the Caucasus by A. Lebed and the Khasavyurt agreement?

LaRouche: In my estimation from a distance, time was bought, but no durable solution was obtained. The future problem should have been foreseen, and correspondingly appropriate measures taken. Apparently, those measures were not taken, and, under the conditions then prevailing, the government in Moscow was not likely to take needed measures which would have been displeasing to Russia's relevant creditors.

6. Do you feel that there is a presence of anti-Russian forces in the Caucasus? Which states have increased their influence

in the Caucasus?

LaRouche: This anti-Russia influence from outside the region is beyond doubt. It is primarily the influence of the British monarchy. This includes the British monarchy's control over Windsor-ruled Commonwealth states such as Canada, Australia, New Zealand, and Antigua, but also features traditional British monarchy assets of Wall Street finance, such as the circles gathered around the candidacy of Texas Governor George W. Bush and also Vice-President Al Gore. The principal trails of this influence are the London-dominated international petroleum cartel and the same pattern of international drug-trafficking which then-Vice-President George Bush and the late Sir Jimmy Goldsmith, among others, used to fund the 1980s Afghanistan war.

7. Do you think it is possible to assign NATO troops a peace-keeping initiative in the Caucasus?

LaRouche: NATO troops in the Caucasus would be a doubtful undertaking. First, the only available forces are nominally Turkish NATO troops. NATO troops from continental Europe simply do not exist in the quantities and logistical support needed for a theater of such complexities as the Transcaucasus represents. The events associated with the recent earthquake in Turkey have shown Turkish forces ill-suited to such an undertaking. Also, since such deployments would become a direct military threat to the existence of Russia, Russia would be provoked by such foreign interventions into taking steps which are implicitly available to it, but which the Russian state has been unwilling to muster until now.

Thus, there is a significant degree of bluff in the threat to deploy such NATO forces, especially given the effects of the skyrocketing world financial crisis' impact on Europe and the United States' budgets. However, one must not overlook the factor of gross incompetence and bluff among most leading banking, corporate, and political circles of both Europe and the U.S.A. Never underestimate the factor of strategic miscalculation which the incompetence of a military-political command might produce.

This pattern of growing incompetence, is a very important strategic consideration, so I shall comment on it at this point.

If one reflects on experience with the business and political leadership in the U.S.A. and western Europe since the assassination of President Kennedy, there has been an appalling decline in the quality of leading officials and their immediate subordinates in all categories of banking, business, and government, especially since the middle of the 1970s, with accelerating deterioration in the competence of leading officials in these categories since 1982. The kinds of corporate industrial leadership which made the U.S.A. an impressive economic and military power no longer exists, either in the U.S.A. itself, or in western Europe. Generally speaking, it must be assumed that most banking, corporate, and political leadership whose age is under 60-65 years of age is simply

incompetent, irrational ideologues, not competent officials of their craft.

This incompetence among the majority of such strata of leadership creates an awesome potential for fatal miscalculation. The case of NATO SACEUR commander Wesley Clark, and the virtual lunacy of Britain's Prime Minister Blair, Robin Cook, et al., illustrates the nature, if not the scope of the risk involved.

8. Do you suppose any connection between the following events: Yugoslavia-Dagestan; Dagestan-Kyrgyzstan-Karachayev-Cherkessiya, scandal with corruption of Russian headquarters-Dagestan?

LaRouche: Excepting the matter of the corruption scandal in Russia, all are part of one and the same strategic operation against Russia.

9. What is the influence and role of Islam in Dagestan and in the Caucasus as a whole today and hereafter? Do you consider the so-called "Islamic fundamentalism" as reality? Is there any difference between civilizational Islam and Islamic fundamentalism, or does it exist only at the level of declarations?

LaRouche: "Islamic fundamentalism" as Zbigniew Brzezinski and his subordinate Samuel P. Huntington define it, was a creation of the Bentham-Palmerston British Foreign Office operations against Nineteenth-Century Russia. The adoption of this by U.S. figures such as Henry A. Kissinger, Brzezinski, and Huntington, was a product of the influence of the British Foreign Office's Arab Bureau, featuring such post-World War II officials of the Bureau as Sir John Bagot Glubb Pasha, and Bernard Lewis. Brzezinski's and Huntington's role in pushing this "Islamic fundamentalism" game dates from the period of the 1975 Kyoto meeting of David Rockefeller's Trilateral Commission, and Huntington's production of his *Crisis in Democracy* paper, the paper which has been the origin of the founding of the U.S. National Endowment for Democracy (NED), Huntington's 1993 *The Clash of Civilizations*, and Brzezinski's own book, *The Grand Chessboard*.

As to the reality of the Brzezinski-Huntington notion of "Islamic fundamentalism," both persons are utterly insincere rascals. They are not supporting a cause of "Islamic fundamentalism," they are exploiting it as strategic cannon-fodder.

Admittedly, British Foreign Office advocates of "Islamic fundamentalism" profess to trace it to the teachings of the Turkic opposition, associated with Al Ghazali, the opposition to the great Baghdad Caliphate of al Mamoun and Haroun al Rashid. However, the movements associated with al-Afghani, Blunt, et al., like the use of London's International B'nai B'rith to create the Young Turk government and other exotic Foreign Office concoctions of that same period, it is essentially a modern concoction, totally contrary to the deep-rooted ecumenical affinities among the monotheistic, Mosaic, Hebrew, Christian, and Muslim faiths. In the

hands of a Brzezinski, Huntington, et al., the induced phenomenon has much more in common with the existentialist teachings of Nazi philosopher Martin Heidegger, with Heidegger's follower Jean-Paul Sartre, and Sartre's Frantz Fanon, than with anything else.

Unfortunately, although the legitimacy of that sort of "Islamic fundamentalism" is doubtful, once that belief has been induced, and whipped up into a state of murderous hatred, the induced belief takes on a life of its own.

10. What is the role of mass media in the Dagestan conflict? How, in your opinion, are those events illuminated in the mass media, and what are the shortcomings of such coverage?

LaRouche: So far, the mass media in Europe and the U.S.A. have not developed a clear propaganda-line specifically addressed to the intrusion into Dagestan. The trend, however, is that which we see in mass-media coverage of Kosovo, East Timor, and elsewhere. The hegemonic line, as expressed by Vice-President Al Gore and Britain's Prime Minister Tony Blair, is to push for the break-up of existing sovereign nation-states, creating micro-states wherever possible. The production of such micro-states, is a part of the process of eradicating the sovereign nation-state's existence in any part of this planet.

The resulting tendency is, and will be, to foster sympathy and actions in aid of any band of alleged insurgents which is engaged in efforts toward the fragmentation of existing nation-states. To this purpose, the relevant mass media will, as customary for them, lie without limit.

11. What script of events do the Chechen rebels try to impose to the Russian side?

LaRouche: The British Foreign Office will, as usual, have two or more options for their overall strategic operations against Russia in the Transcaucasus and Central Asia. Its preferred option is that Russia disintegrate into a collection of micro-states. However, if Russia were to succeed in defeating the first option, the Foreign Office would then prefer to have Russia ruled by an "authoritarian" ruler, that ruler operating on friendly terms with London, but against the U.S.A. and China.

Otherwise, the Chechen forces engaged in Dagestan are simply British assets, and merely one of many elements deployed throughout the entire region of the Transcaucasus and Central Asia.

12. Your prognosis of the development of further events?

LaRouche: The dominant feature of the present global strategic situation is the ongoing process of disintegration of the world's present financial system. Once this fact became obvious to relevant Anglo-American and other circles, in the 1998 aftermath of the so-called "Asia crisis" of 1997, there was a thorough-going shift in the general strategy of

London and others.

This shift has three features:

a) To prevent China, Russia, and India from becoming a cooperating bloc of Asian nations, rallying other nations to the bloc. Such a bloc would strengthen Asia's ability to outlive the shocks of a general, global financial collapse, and would represent a powerful power-bloc for determining whatever new world monetary, financial, and economic order would emerge from amid the rubble of the disintegration of the recent IMF system. Thus, an acceleration of the destabilization of Asia was launched during the Summer and early Autumn of 1998.

b) To engage in a temporary effort to delay the inevitable disintegration of the present world financial system, thus affording the leading financial interests an opportunity to get out from their risky financial holdings, and into the kinds of assets, such as raw-materials holdings, which would be functional assets even after the financial system itself had disintegrated.

c) There is an ongoing orgy of bank officials stealing from their own banks, for the benefit of their friends. This is typified by various forms of global asset-grabs. The current panic-like traffic in transnational mergers and acquisitions, reflects nothing so much as that process of looting the physical assets to be had through these kinds of operations.

To facilitate that three-fold process, the world's central bankers, including the U.S. Federal Reserve System, are being looted by their officers, such as the U.S.A.'s Alan Greenspan and the Bank of England's Eddie George. Meanwhile, in the mass of financial traders and related cases, the state of mind is chiefly, as former Chancellor Schmidt and others have described this publicly, virtual or actual psychosis.

Generally, therefore, Russia is faced with the challenge of developing means and programs for securing the survival of not only the Russian nation's functioning integrity, but that of the states of the Transcaucasus and Central Asia.

13. What should be the policy of the Russian government today in the Caucasus so that the Caucasus is not transformed into Kosovo-2?

LaRouche: The answer must be found in a combination of military and economic-developmental measures. The ability to hold territory peacefully, with the support of the citizens there, depends upon a demonstration of Russia's intent and ability to contribute to a significant improvement in the conditions of life in those states.

Precisely what the foolish NATO refused to do for the general development of the Balkan region after the end of the bombing, must be the core of the strategic security policy for the Transcaucasus. Necessary military security actions are workable, provided that Russia is able to mobilize enough of its presently idled, surviving economic potential, for growth programs which include urgently needed and substantial self-help assistance to the economically desolate regions of the Transcaucasus.

14. What should be the principles of multinational policy in Dagestan (in particular) and in Russia (as a whole)?

LaRouche: The Soviet Union built itself up, under its industrialization program, after the terrible effects and after-effects of civil war and foreign invasions. That and similar lessons from the histories of Russia and other parts of the world, show that it is virtually always possible, to proceed with rebuilding from even terrible conditions.

Russia still has tremendous economic potential, although presently largely wasted potential. If the leadership of Russia were to adopt the perception that it is the target of an ongoing war, by forces intent upon the nation's actual or virtual destruction, the will could be found to mobilize existing resources for a general reconstruction program. Since the threat is not only to Russia and the former states of the Soviet Union generally, but also to many other nations of Eurasia, including China and India, the potential for a reconstruction effort, even from relatively poor nations, is enormous.

I would emphasize the well-known point of military strategy. One does not win wars; one must win the outcome of the war. What one does in preparation for post-war victory

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in securing the peace, does much to predetermine the degree of possibility for even a simply military victory.

15. What should Russian diplomacy do in the present circumstance with respect to Western and hostile Near and Middle Eastern states, desiring to expand a zone of military operations?

LaRouche: Russia's enemy is not the states which express such adversary postures. The enemy is the oligarchical system typified by the forces centered around such financial interests as those which control the City of London and Wall Street. This oligarchical interest expresses itself overtly today as a supranational imperial force, a force determined to eliminate the sovereignty of all existing nation-states—including that of the U.S.A. itself (!), and to establish a global system of world government, a new Pax Romana, consistent with so-called "globalization."

The fight must be to free nation-states from the political grip of those forces which are pushing desperately to establish world-government rule by forces centered in the Anglo-Dutch monarchy, forces which include those U.S. Wall Street institutions, such as the U.S. Federal Reserve System, set up in their present form, by Britain's King Edward VII, under President Theodore Roosevelt. (Edward's assets included those agents of his banker Cassel such as Schiff, Harriman, Warburg, et al.)

It is essential to free oneself from the misleading belief, that the attack is coming from a rallying of nation-states as such. One should think in more appropriate terms of historical reference, not of nation-states, but of the legions and auxiliaries of the Roman Empire, or of the Achaemenid Empire shattered by Alexander the Great. One should think of a mass, not of sovereign nation-states, but mere puppet-states, mere auxiliaries of a single supranational power centered in the British monarchical oligarchy.

Viewing matters in that corrected way, victory against such a foe lies only in turning the patriots of nation-states against the oligarchical power which presently controls their nations' policy.

A case in point is to be recognized in the role of the late Sir Jimmy Goldsmith, among other British agents, in running the Pakistan side of the continuing war in Afghanistan. Admittedly, it was U.S. President Carter's Zbigniew Brzezinski who prepared the U.S. role in that war, but it was a fellow-member of Carter's Trilateral Commission, George Bush, who as Vice-President with special powers, set up the Iran-Contra operation, through Britain. This was done, then as now, through British agents participating in Bush's Iran-Contra operation, such as Goldsmith, which, like Bush's International Republican Institute, is a key part of the Great Game against Russia today.

The simplest way to bring these and related facts into focus, is to examine the bitter conflicts between the war-time allies President Franklin Roosevelt and Winston Churchill.

Especially notable today are their differences respecting the post-war world. With the untimely death of Roosevelt, Churchill's policy prevailed, more and more, especially after the assassination of President John F. Kennedy.

As the case of the recent war against Yugoslavia illustrates the point, one can not deal with the present situation in simply military terms. One must proceed from a higher political standpoint. One must stage the political fight on the issue of defense of the rights of nations to the benefits of full political and economic sovereignty of true nation-states. One must make the possibility of true economic sover-

Russia's enemy is not the states which express such adversary postures. The enemy is the oligarchical system typified by the forces centered around such financial interests as those which control the City of London and Wall Street.

eighty credible to nations which are being looted and otherwise ruined by the presently ongoing processes of globalization, a globalization conducted by an incurably bankrupt present world financial and monetary system.

The challenge is to outflank the imperial adversary on the political-economic flank.

16. How should the information policy of Russia (including, at the international level) be designed with respect to the events in Dagestan?

LaRouche: The true, global nature of the present-day form of Britain's old "Great Game" must be stressed. One should not permit the issue to be misrepresented as a Dagestan issue. To play into a debate about the so-called local issues of Dagestan, would be tragic error. We all know that the war is a global, regional conflict, centered in all of the Transcaucasus and Central Asia, and including London's direction of the conflict which the Pakistan military has launched against India. Never let the enemy set the political agenda.

In all this, the most crucial feature of the global situation, is the onrushing, inevitable, and hopeless financial bankruptcy of the present world monetary system. That is the terrain on which the strategic conflicts are being fought; it is the way in which that terrain is exploited, which will determine the outcome of the conflict between nation-states and supranationalism.

There is no basis for maintaining the UN sanctions against Iraq

Dr. Sa'adoon Hammadi is the Speaker of the Iraqi National Assembly (Parliament). He held this post during 1984-85, and his current mandate started in 1996. Dr. Hammadi has served as Iraqi Prime Minister and Minister of Foreign Affairs. He gave the following interview to Muriel Mirak-Weissbach on Oct. 13 in Berlin, where he led an Iraqi delegation to the Interparliamentary Union conference.

EIR: Dr. Hammadi, how is the situation in Iraq?

Hammadi: After nine years of sanctions, the negative effects are accumulating, especially adverse effects on health and nutrition. The situation is tragic. Of course, it is the general population that is hurt, especially the lower-income groups. Not only are there immense negative material effects, but these have also taken a toll on family conditions: Young men who would like to marry, find that they are not in a position to do so. Children are not able to benefit wholly from education. I have visited a number of schools and seen, they have no benches to sit on, they sit on the floor. Glass windows in their schools have been broken and not repaired, in winter the classrooms are cold, and so forth. So, their ability to absorb ideas is diminished. In addition, many children have to work, to help the family, and therefore cannot attend school.

So, the indirect social effects are not any less important than the direct material effects.

That said, we are determined to resist, to withstand the pressure. We must be very patient. The population is strong and is united. There is no basis whatsoever for maintaining the sanctions, given that all the legal requirements of [United Nations] Resolution 687 have been met.

EIR: The British, with the Dutch, have presented a new resolution to the UN, which would actually aggravate the sanctions regime, and the Security Council is split on it, with Russia and China opposed, and France not in favor of it. The British succeeded in getting the United States to support it. Just as, in 1990, it was Margaret Thatcher who went to the United States, to convince George Bush to launch a war against Iraq. Now, there are indications that the British-American front could be split as well. For example, there was a delegation in Iraq, in August, of aides of members of the U.S. Congress. That was the first such visit by a group of American

elected officials, or, their representatives, since 1990. What did they do there?

Hammadi: They visited towns and cities in the south; they visited hospitals, factories, and schools. So, they were able to gather first-hand information, which was limited, of course, by the time they could spend there. But it indicates that, if a good chance is given to world public opinion, to know what is going on, then there will be a storm of protest against the sanctions. If more such delegations were to visit Iraq from the U.S., if the media were to reflect their findings honestly for just one week, of the negative impact of the sanctions, then there would be a huge public outcry, and U.S. policy would have no chance to continue.

EIR: What was the impact of the delegation's visit, inside the United States?

Hammadi: It was positive. We hear that people were taken by surprise, to see that a group of Americans went to Iraq, and came back with this distressing information. To us, it is no surprise, but it shows how much disinformation has been circulating.

EIR: What about the planned visit of Pope John Paul II? His itinerary, for this pilgrimage on the occasion of the millennium, was supposed to start with a visit to Ur, the biblical city of Abraham. First, Secretary of State Madeleine Albright intervened, warning the Vatican against the trip; then she was followed by British Foreign Secretary Robin Cook; then, the U.S.-U.K. planes bombed Ur, which had earlier not been a target in the so-called "no fly zone." What is the status of the trip now? Has it been postponed?

Hammadi: I do not have the latest information, but I can say this: I expect the visit of the Pope to be useful, to bring good results, because this important religious personality will have to see with his own eyes what is going on in Iraq, and the media accompanying him will also have this chance. So, this shows again, that the situation in Iraq is being hidden, or the chance is not being given to see it.

It would be unfortunate if the Pope's trip were postponed. We believe that such a religious man, with the prestige and standing of the Pope, should not be swayed by political considerations. The Vatican should be neutral. Everyone expects this religious institution to be neutral, and humanitarian.



The embargo against Iraq has taken a high toll, dramatically increasing the death rate, especially among children, because of lack of food and medicine.

EIR: There was a report in the press here, about a group of Iraqi intellectuals, who had issued a letter protesting the visit of the Pope.

Hammadi: The letter was not an attack on the Pope's visit. It was urging the Church to do more for Iraq, where the sanctions are nine years old, and to expand the initiatives it has taken, to be more active and comprehensive. It was *not* protesting the visit of the Pope.

EIR: We are hoping that the visit will take place soon.

Hammadi: Let me take this opportunity to give you some facts and figures that I don't think many people know. These figures concern the Special Commission of the UN, UNSCOM. The Special Commission sent to Iraq 264 inspection missions, which included 3,558 experts in the teams. UNSCOM visited 386 sites in Iraq, for a total of 6,938 visits. In addition, a permanent monitoring system was established covering 386 sites in Iraq, monitored by 129 sophisticated cameras and 27 other sophisticated monitoring units.

Despite this, UNSCOM said that they still had doubts about the armaments of Iraq. If a country allows for this amount of work to be done by UNSCOM, and opens the doors for this huge number of visits and sites and experts, and yet they say Iraq is not cooperating with UNSCOM; if UNSCOM carried on all these activities over nine years, and nothing is found, what else can Iraq do?

EIR: There was a report in the press, that King Abdallah of Jordan was carrying a message from Iraq to President Clinton.

Is it a fiction?

Hammadi: I have no information either way. I heard of the report, on the plane coming here, together with the Jordanian delegation. One of them told me that BBC had broadcast this news. This is because Mr. Tariq Aziz made a visit to Jordan, and that's the connection they made.

EIR: What are the relations of Iraq with nations in the region? For example, the process of reconciliation with Iran, exchange of prisoners of war, and so on.

Hammadi: At the time Rafsanjani was President of Iran, twice Iraq conveyed the message at the highest level, that Iraq was ready to resolve all outstanding issues, in the form of package deals: We said, we and you will list all complaints, and we will sit down and solve them, one by one, until they are all solved, and relations are normalized. Mr. Rafsanjani was very cordial. I visited Iran more than once. They spoke positively, but no

decision was taken; they did not say yes or no. Things dragged on. On the prisoners of war, we agreed that we would release all Iranian POWs and Iran would release all Iraqi POWs. We started the process, and Iran followed the procedure of one to one, whereas, after the war with the U.S., both sides released all prisoners of the other side. Now, there are more Iraqis in Iran than Iranians in Iraq, so this is a pending issue.

Contacts are going on. There have been a number of Iraqi missions to Iran, they have made some visits, but fewer. They released token numbers of Iraqi POWs on religious occasions. They wanted us to hand over to them the Mujahideen al Qalk [MKO], which are in Iraq. We said, if we come to an agreement, we will tell the MKO that they can stay in Iraq only on condition that they do not undertake any hostile acts against Iran. And Iran would have to do the same, with the Iraqi opposition there.

When Mr. Khatami came in as President, there was a new atmosphere of understanding. He stated that he wanted to normalize relations, and there were several meetings, inside and outside Iraq, to discuss it. It was clear, there were two trends: The administration of Khatami was more lenient and wanted to solve the issues, but the hard-liners, in the army, intelligence, and, it seems, in Parliament, are against it. So, there is a conflict within Iran. It seems that Mr. Khatami is not ready to overrule the opposition. As far as we are concerned, we were and still are ready to solve all outstanding issues. Many gestures have been made: We opened the borders to Iran, to allow Iranians to enter Iraq; the heads of state have exchanged telegrams of congratulations and statements

of courtesy, etc. The number of visits has increased; in international forums, we are on speaking terms, etc. So, there has been an improvement since Khatami has come in.

EIR: In the context of the activities of many countries in Eurasia—China, the Central Asian Republics, India, and others—to rebuild the historic Silk Road, what is Iraq’s position? We have promoted an initiative, in the form of a committee for the Silk Road, to redefine policy, especially in the United States, toward Iraq, by bringing Iraq into this perspective. Given its economic potential and strategic location, Iraq must be a part of this Eurasian Land-Bridge.

Hammadi: The bilateral relations with China, Russia, and many Asian countries are improving a great deal. Day by day we see more missions and visits. We have joint committees, at the ministerial level, which functioned before, but stopped after the war. Now, they have resumed their work. I have made visits to China, we have strong contacts with China, economically, and there is nothing we can complain about at all. So in relations with China, we are making great strides. At the same time, with Russia, and the Southeast Asian countries, with India, Malaysia, Indonesia, Pakistan, we are making immense progress, restoring our bilateral relations, most recently with Pakistan.

EIR: Do you see any positive signs in Europe?

Hammadi: With Germany, we explained to them the foundations of bilateral relations, saying that there is complementarity and mutual advantages—Iraq needs the industrial capabilities of Germany for its reconstruction program, and Germany is an energy-importing country. We had a successful experience before, so it is wise to resume our bilateral relations. They understand that very well and are eager to reactivate them. But, I think that they are overly cautious. They have appointed a chargé d’affaires to reopen their embassy; we discussed this yesterday, and discussed trade relations. He is active, energetic, will go to Amman first, then to Baghdad, to survey the possibility of opening the embassy. He was very eager to exchange economic delegations between the two countries. But they are not as forthcoming as France. They are over-cautious; they don’t hide that, and say they have to take into account the American position.

EIR: Do you differentiate between the British position and the stance of President Clinton? You remember that Clinton at first resisted the British, and their co-thinkers—Albright, Defense Secretary William Cohen, and others—back in November, when they wanted to start bombing Iraq? Then, in December, while Clinton was in the Mideast, the decision was made to go with the British drive for aggression, based on the fraudulent report by UNSCOM Director Richard Butler.

Hammadi: In intellectual circles, there is the opposite impression, that if the U.S. goes 100 steps, the British will go 98. That’s not true. Of course, an important element in

America, is the Zionists. They would like to destroy not only Iraq, but the region. The most extremist Zionists want to dominate there.

But, again, as you mentioned, Britain has the historical conflict with Iraq. Iraq was the first to nationalize oil. The British were the first to come to Iraq, with pipelines, to get oil concessions, then they were the first to be nationalized. The British are much more cold-blooded, calculating, for their self-interests. There are these differences.

And, as you have said, it was Mrs. Thatcher who steered toward war in 1990-91. But I’m not sure it is always the British in the lead; to us in Iraq, it looks as though the Americans are in the lead for the sanctions.

EIR: What is your view of the Middle East situation, including Arab-Israeli relations, since the formal revival of the negotiations?

Hammadi: We, as a political party, believe that Zionism is an imperial power, which uses religion as a pretext. Palestine was colonized, and the Palestinians were expelled by the British, who had the mandate. That’s an ideological factor.

As for the practical aspect, we believe there will be no positive outcome, unless there is a balance of power between the two sides, which does not exist at present. The Palestinians are not being given what they should, on their merits, but have to beg. If there is to be peace, it must be based on justice, which is not the case now.

EIR: What else would you like to say to our readers?

Hammadi: In this IPU [Interparliamentary Union] conference, we are hearing lectures about “human rights and democracy.” There are a number of countries represented here, from the Third World, who say the issue is not “human rights and democracy,” but that there are economic issues, there is military pressure on them, outside interference, problems of injustice. We Arabs believe injustice has been done to us, and there are many African and Asian countries which share this view. When we see Western countries hammering on “human rights and democracy,” we see this is not a universal approach. Their credibility would be addressed if they were to address this in the world as a whole. Chancellor [Gerhard] Schröder and President [Johannes] Rau, in their speeches here, talked about “human rights and democracy,” but with no reference to problems in the world: no reference to sanctions—I don’t mean Iraq, but sanctions policy—no reference to military interference into the internal affairs of a country. Mrs. Johnson, from the Human Rights Commission of the UN, made a reference in a speech about ministers who come to talk to her about human rights abuses, always in “other countries,” and she received a lot of applause.

So, if “human rights and democracy” are being used as a cover for interference, then the West, in promoting this, has no credibility in the developing sector countries. If a Palestinian refugee, for 50 years, has been living on the equivalent of 7¢ a day, where are human rights?

The oligarchy wants Fox as the next, and last, President of Mexico

The following statement was issued by the Ibero-American Solidarity Movement (MSIA) of Mexico, from Mexico City, on Oct. 9.

The present electoral contest for the Presidency of the Mexican Republic represents a turning point in the existence of the nation as a sovereign nation-state. With the current ongoing collapse of the world financial system as the backdrop, what the international financial oligarchy centered in London is cooking up in this electoral process, is not a genuine election, but a plot to impose the political, economic, and territorial disintegration of the nation.

The case of Indonesia (and East Timor) is a mirror in which Mexico should look and see its immediate future. In that country, the fourth most heavily populated in the world, first the International Monetary Fund (IMF) destroyed the economy, starting in 1997, and then, in 1998, the forces of globalism ousted President Suharto for "corruption." Today, in 1999, the international oligarchy is carrying out a supranational military invasion, supposedly in defense of East Timor separatism.

The Mexican Presidential candidate clearly preferred by the international oligarchy for these same ends is Vicente Fox, until recently the governor of the state of Guanajuato. Their first choice was to install him as head of the National Opposition Alliance, but, given the failure of that tactic, they now support him directly for President, as the candidate of the National Action Party (PAN).

Fox is a pragmatic, ignorant, and unscrupulous lackey, who relies for support inside the country on his colleagues in the PAN, such as Fernando Canales Clariond, the governor of the state of Nuevo León, who is threatening to break the pact with the federal government on the pretext of budget disputes, and also over the issue of the irregular warfare of the Zapatista Army of National Liberation (EZLN) in Chiapas and at the National Autonomous University in Mexico City, which is fighting for so-called indigenist autonomy, and which would break the constitutional backbone of the nation.

The genocidal economic measures imposed by the IMF, the main supranational instrument of globalism, has served to undermine the legitimate existence of national governments, and now that oligarchy is moving to fracture the nations themselves.

Vicente Fox has embraced each and every one of the goals of the oligarchy. He proposes to privatize the state oil and

electricity companies, Pemex and the CFE; he openly advocates renouncing monetary sovereignty by adopting a currency board and the dollarization of Mexico, while establishing a full-scale monetary union with the United States and Canada; and he wants to legislate the subdivision of the territory into autonomous ethnic areas. His economic program states that "it is no longer possible to continue following national development plans: The vocation of each region of the country, each community, each state, and each township requires a different development plan."

Fox has been explicit: "Governments are being displaced. . . . They are not trustworthy, that is the word," he stated at the State of the World Forum, held in San Francisco, California on Oct. 3, 1995. To Fox, the non-governmental organizations (NGOs) are the "social institutions which today are trusted by the world financial centers and, by being in private hands, are receiving a large part of the resources." These are the same organizations which the EZLN's "Subcomandante Marcos" and Samuel Ruiz, the schismatic bishop of San Cristóbal, Chiapas, favorably describe as the true representatives of "civil society," and which are generously financed from abroad.

From East Timor in Indonesia, to Chechnya and Dagestan in Russia, to Chiapas in Mexico, one finds the ominous presence of these civil, political, and financial NGOs, promoting separatism and the disintegration of those nations.

Fox's mentors: Thatcher, Bush, and Salinas

Ever since his appearance at the State of the World Forum in October 1995, Fox locked on to his sponsors, former British Prime Minister Margaret Thatcher and former U.S. President George Bush, two leading architects of the fascist New World Order. Although it has been implicit since that time, the role in the Fox camp of Bush ally and former Mexican President Carlos Salinas, took on new shape more recently when the prominent Salinista Jorge Castañeda joined the Fox team of policy advisers.

For Fox, the principle of non-intervention in the affairs of other states "should be revised, in cases like NATO's intervention in Kosovo." In this area, as in others, Fox is working closely with the PANista current of treason in Mexico, which for many years has been associated with Anglophile elements of U.S. intelligence, primarily those tied to the political interests of former President Bush, both within and outside the Republican Party. Such is his association as well with the corrupt U.S. political consultant Dick Morris, who was an adviser to Fox during his campaign for governor of the state of Guanajuato, and is again advising him in his current Presidential campaign. Morris's skills as a political mercenary were acquired running dirty operations for his cousin, Roy M. Cohn, a mob lawyer in New York.

Fox is a serious fascist danger, and nothing can be further from the truth than the myth that he is a "peoples' politician," a "tough guy," and "his own man." What Fox expressed in the salons of Washington's Capitol Hill during his repeated

visits there, is the essence of the line promoted by, among others, Graham Fuller, who served as chairman of the National Intelligence Council at the CIA during the Bush years. Fuller is currently an adviser to George W. Bush.

Fuller presented his thesis in an op-ed in the May 4, 1999 *Washington Post*, and it closely resembles that of such friends of the EZLN as Juan Enríquez Cabot (the alter ego of the former Mayor of Mexico City, Manuel Camacho), who is currently posted at the David Rockefeller Center of Latin American Studies at Harvard.

Fuller says: "The world had better get used to what's going on in Kosovo, because it represents the wave of the future. . . . If the states cannot provide good governance, their minorities may expend some blood or treasure to gain maximum autonomy or independence. The challenge for the world then becomes: How hard will the community of nations fight to preserve borders and territorial sovereignty of states that are brutal, incompetent, or failing?"

Enríquez Cabot argues that "today, governments have more to fear [in the dissolution of their borders] from within than without. . . . Groups within the state are asserting their ethnic, religious, linguistic, regional, or national identities and questioning the integrity and legitimacy of existing countries. Internal turmoil increasingly leads to abrupt border changes."

For the Bush-linked intelligence group represented by Fuller, "the process of nations falling apart and peoples recombining will not be orderly," and the dismemberment and invasion of Yugoslavia is only the beginning. The foreign policy they are proposing for the United States has nothing to do with national self-determination, but rather with the creation of "an international group—much like Amnesty International—to place states on warning lists, states at peril of breaking up at some juncture." "Messy?" Fuller asks. "Yes," he says, "but isn't that what we already have now?"

Revolutionary changes against the oligarchy

The only alternative to this oligarchic offensive is to guarantee that neither Vicente Fox nor anyone else who adopts these policies will be elected as President of Mexico in next year's elections. To do that requires building a national and international movement, to form an alliance of sovereign nations capable of establishing a new international financial system, a "New Bretton Woods," as the Ibero-American Solidarity Movement has proposed, along with Lyndon H. LaRouche, Democratic pre-candidate for President of the United States; Natalia Vitrenko, Presidential candidate in Ukraine; Dr. Mahathir bin Mohamed, Prime Minister of Malaysia; and patriotic leaders of Russia and China, among many other national forces around the world.

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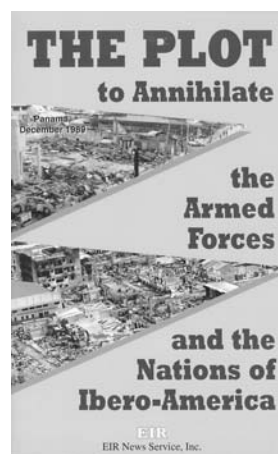
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—James Zackrisson, *Defense Force Quarterly*

Congolese protest annexation

Despite the signing of the Lusaka accords in early August, there is no sign of Ugandan-Rwandan withdrawal.

The Congo government on Oct. 13 announced that the Ugandan and Rwandan forces now occupying the eastern area of the Democratic Republic of Congo (D.R.C.), are sending for troops from Burundi, for a renewed offensive against the government of President Laurent Kabila. The offensive, according to the Nairobi-based Missionary News Agency (Misna), will proceed along three routes: Kasai province, with the diamond depot of Mbuji Mayi as the objective; Katanga province, in the direction of Kamina; and Equator province, where the takeover of Mbandaka would open the river course through to the capital city of Kinshasa.

Sources reporting to Misna have confirmed passage of the "reinforcement troops" from Burundi of various nationalities. Ugandan troops were reported by the UN news agency IRIN to be involved in aiding the Burundian military in rounding up hundreds of thousands of Burundian civilians into concentration camps at the end of September. The Burundian military regime of Pierre Buyoya, a Tutsi force allied with Rwanda and Uganda, has consistently denied reports of its involvement in the Congo, despite eyewitness accounts.

The Congo war involves, on the one side, the Kabila government with its allies from the Southern African Development Community (Namibia, Angola, and Zimbabwe), and on the other, the militaries of Burundi, Uganda, and Rwanda, which invaded eastern Congo in August 1998. Early attempts by the invasion forces to seize Kinshasa were thwarted, but the Ugandan and Rwandan militaries, despite

their own internecine conflicts, have effectively annexed the Kivu provinces of eastern Congo.

This annexation, until recently, has received little attention in the Western press. As *EIR* has reported, however, the people of eastern Congo have been subjected to massacres, rape, murder, and the total pillaging of their personal property, along with the wholesale pilfering of the region's gold and diamonds. Local administrators and chiefs have been replaced by Rwandan- or Ugandan-approved potentates.

In early October, the people of Kisangani, where occupying Ugandan and Rwandan forces exchanged fire with each other for three days in September, protested to the mayor's office about the involvement of Rwandan and Ugandan soldiers in the affairs of the city. Uganda and Rwanda have divided the city into sectors, each dominated by troops from either country. The Kisangani residents called for the immediate implementation of the so-called Lusaka accord, which, they said, means the withdrawal of Ugandan and Rwandan troops from the area, and the dispatch of UN observers to the scene. They demanded an end to the "looting" of Congo's riches by the foreign invaders. The Ugandan annexation has gone so far, that Uganda has carved out two separate provinces from the province of Nord-Kivu under its occupation, calling them Kibali-Ituri and Ruwenzori provinces. The Kisangani protesters demanded an immediate dismantling of this administrative entity and respect for the sovereignty of the Congo.

In Kinshasa, on Oct. 6, a delega-

tion of the tribal leaders from Beni and Lubero in Nord-Kivu province gave further evidence of the occupation to a conference of civic and religious leaders. Elders of the Nende tribe, speaking in the name of the people of the region, attacked all the rebellion factions. They said that all the rebel signers of the Lusaka accords were "military foreigner occupation movements whose aim is the balkanization of the country, the systematic looting of its wealth, and the destruction of its infrastructure." They said that the towns of Beni and Lubero were recently split off to form new provinces for Uganda. They also said that the rival rebel factions had set up border and customs posts along their respective occupied zones. The chiefs demanded the "maintenance of the territories of Beni and Lubero in Nord-Kivu province, and respect for the unity and territorial integrity of the D.R.C."

There are today 1.2 million Congolese who have been displaced by the war. Along the cease-fire line—that is, the front—hundreds of thousands of Congolese have been thrown out of their homes and are scrambling to survive. Reports coming into IRIN say that in the eastern areas of Moba, Kalemie, and Nyuna, a UN donor team found severe economic depression, acute malnutrition, and deserted towns along the cease-fire line. "Local markets have stopped functioning. People who have not fled have lost all their possessions, as well as their means of livelihood."

A sample nutritional screening conducted by two international non-governmental organizations in Baraka in South Kivu reveals "astonishingly high rates of acute and chronic malnutrition. It is not hard to imagine the mortality tagged to such malnutrition rates, knowing especially that the medical stocks are totally depleted and facilities nonexistent."

International Intelligence

New slanders in Poland against LaRouche

Poland's biggest Polish daily, *Gazeta Wyborcza*, published in its weekend edition on Oct. 9-10, a lengthy attack on the trade union *Sierpien '80*, which has been regularly publishing various works by Lyndon LaRouche, as well as news bulletins from the Schiller Institute. *Gazeta's* attack on the union devotes a few paragraphs to the LaRouche movement, retailing the shop-worn slanders from the Anglophile media outlets. *Gazeta's* attack on *Sierpien '80* was occasioned because the union was one of the organizers of a major Sept. 24 demonstration against the government's neo-liberal economic policies which are destroying the country.

Moreover, *Gazeta's* authors also seem to be nervous about some of the articles appearing in *Kurier Zwiaskowy*, which included excerpts from LaRouche's feature "Can You, Personally, Survive This Bust?" and his shorter memorandum, "Is World War III Coming?" The *Kurier* has 50,000 circulation, and is distributed free in thousands of enterprises, and mailed to various institutions and government agencies.

Water official warns, Israel facing crisis

Outgoing Israeli Water Commissioner Meir Ben-Meir warned the Knesset (Parliament) State Comptroller's committee that if Israel does not decide by the end of this year to speed up plans to build water desalination plants, "I won't be responsible for the disaster that befalls the water situation here," according to the daily *Ha'aretz* on Oct. 12. Israel has had plans for the development of conventional desalination plants for many years. One important such plant could be built at Ashkelon, where the desalination process would use the excess heat generated by the new power station there.

Ben-Meir continued: "Elements in the Treasury [Ministry] are preventing the state from moving ahead toward desalination, and again and again, because of their short-

sighted view; we have to feel there's an impending water crisis. . . . I expect all those who, despite common sense, are delaying the implementation of desalination to look the citizens of Israel in the eye and say that, despite the fact that desalination is within the means of the state, they're delaying it and, because of economic considerations, they are threatening to damage our limited water supplies." He warned that even if the coming rainy season produces an average rainfall, water allocations to agriculture would have to be cut by 50%. If rainfall is low, allocations will have to be cut by 80%. Israel has been drawing too much water from its underground reservoirs, and 60% of its drinking water is below European standards. He also rejected proposals for cleaning sewage water to use in agriculture, because such low-grade water would pollute the existing watershed.

OSCE condemns attack on Ukraine's Vitrenko

The election commission of the Organization for Security and Cooperation in Europe condemned the Oct. 2 bomb attack against Ukrainian Presidential candidate Natalia Vitrenko. The OSCE's press release, datelined from Kiev on Oct. 5, was posted by the U.S. Information Agency on its website:

"An Election Observation Mission in Ukraine strongly condemns the violent attack on Presidential candidate Natalia Vitrenko and her supporters on Saturday, 2 October 1999. The Organization for Security and Co-operation in Europe, Office for Democratic Institutions and Human Rights (OSCE/ODIHR), is deeply distressed that so many people have suffered in this attack and expresses its deepest sympathies to those injured and their families.

"There is no place for violence in election campaigns, and it is totally unacceptable that any candidate or their supporters should be confronted with violence or the threat of violence. Such actions are completely contrary to both the letter and the spirit of OSCE commitments on free elections.

"The Election Observation Mission has

dispatched a team of observers to gain firsthand knowledge of what happened last Saturday night. It is not the job of the Observation Mission to determine who is at fault. This is rightly a matter for the authorities, who should undertake a full and complete investigation of the events in accordance with internationally recognized principles of due process of law."

The OSCE was invited by Ukraine to send an Election Observation Mission, for the Oct. 31 Presidential election.

London Telegraph pushes new Franco-German war

In some strange celebration of the tenth anniversary of German reunification, on Oct. 7, the *London Daily Telegraph* printed an article by the Académie Française permanent secretary Maurice Druon, projecting military conflict between France and Germany, and urging a Franco-British alliance against "German imperialism." Druon's ravings had earlier appeared in *Le Figaro*, one of France's leading dailies.

Druon begins with the bizarre argument that European wars begin 10 or 15 years after a new century begins, citing Napoleon and World War I, before launching into tirades against what he characterizes as proof of "German imperialism": He denounces Chancellor Gerhard Schröder for demanding that "German become a working language of Europe's key institutions, on the same footing as French and English. What will be next?"

"A nation's influence is measured by the extent to which its language is used in the world," he asserts. According to Druon's logic, current trends in Europe reinforce a "Europe of regions," which "benefits only Germany," which, he alleges, is seeking rights for German-speaking minorities in Czechoslovakia (sic), Luxembourg, Silesia, and other countries. "So here we are, with Austria already under Germany's wing, bound for empire once again. Language will help Germany to exercise the preponderance to which it truly aspires. Backed by the size of its population and its linguistic area, with

CHINESE PRESIDENT Jiang Zemin began an official visit to Great Britain, France, and four other countries on Oct. 19. The four-day visit to Great Britain is the first by a Chinese head of state. Jiang, who has visited France previously, will also go to Portugal, Morocco, Algeria, and Saudi Arabia. Jiang was invited to Britain by its head of state, Queen Elizabeth.

VUK DRASKOVIC, a former cabinet member in Serbia and now an outspoken opponent of President Slobodan Milosevic, charged on Oct. 4 that he was victim of a vehicular assassination attempt, 25 miles outside of Belgrade. A truck swerved into the left lane, as Draskovic was driving in a convoy of three cars, with his wife and leaders of his Serbian Renewal Movement. The crash killed three of his bodyguards and his brother-in-law. The driver of the truck fled the scene.

CORSICAN TERRORISTS from the Corsican National Liberation Front Historic Wing took credit for the Oct. 8 bombing which destroyed the French government tax office on the island. The bombing coincided with an official visit by French Justice Minister Elizabeth Guigou, who was speaking in the city of Bastia.

OSAMA BIN LADEN is planning terror attacks in Turkey around the Nov. 18 conference of the Organization for Security and Cooperation in Europe in Istanbul, Turkish sources told Voice of Russia on Oct. 8.

ISRAEL holds the sixth-largest amount of weapons-grade plutonium, according to the London *Times* of Oct. 9, which cites a secret document from the U.S. Department of Energy. Israel is estimated to have 300-500 kg of weapons-grade plutonium. Russia ranks first, with 140 tons; followed by the United States, with 85 tons; Britain, with 7.6 tons; France, with 6-7 tons; and China, with 1.7-2.8 tons. India is said to have 150-250 kg, and North Korea, 23-35 kg. Pakistan is not mentioned.

its government triumphantly reinstalled in Berlin, we shall now see Germany becoming more and more demanding, dominating, imperial. . . . When people realize what is going on, there is the real danger that the tensions will turn into a confrontation."

Druon then sides with those in Britain who see a "major danger" in Prime Minister Tony Blair's alignment with Schröder. What is needed, he says, is a "solid Franco-British *rapprochement* in the conduct of European affairs. . . . That is the only possible response to the arrogance Germany is tempted to display. And it would be in keeping with Great Britain's centuries-old policy, which has always sought to maintain a balance of forces on the continent. . . . So may Great Britain not take to the high seas once more? . . ."

How much is Canada paying FARC kidnappers?

This question is raised by declarations made in late September by Canadian government officials, who are coordinating attempts to free the 12 foreigners (8 of them Canadians) who were kidnapped on Sept. 11 in Ecuador, near the Colombian border. According to reports by the Canadian Broadcasting Corp. on Sept. 28, Canada's Secretary of State for Latin America David Kilgour went to Ecuador and Colombia, accompanied by Brian Dickson, the director of the South American division of the Ministry of Foreign Affairs. CBC reported that Kilgour told the families of the 12 kidnap victims, that their "best hope is that they have been taken by the FARC," the narco-terrorist Revolutionary Armed Forces of Colombia. Kilgour told CBC that a kidnapping by the FARC is not an attempt to make a political statement: "It's simply [that] cold, hard American dollars is what they want. And so, that, in a very real sense, should reassure the families, 12 families, that if it is the FARC, that their chances of getting them out are excellent. We have a 1,000% batting average in getting Canadians released from FARC up to now."

The *Ottawa Citizen* of Sept. 27 was told by Dickson that the FARC may negotiate

over its hostages for weeks or even months, but it does negotiate a ransom and then releases its captives; therefore, he said, if the FARC is responsible, there would be a predictable set of negotiations.

Both officials claim that Ecuadoran government and military officials presented "persuasive reasons" that the FARC did not carry out this kidnapping.

China's Foreign Minister visits North Korea

China's Foreign Minister Tang Jiaxuan visited North Korea's capital on Oct. 5 to celebrate 50 years of relations, and held talks with Foreign Minister Paek Nam Sun. "Developing friendly, cooperative relations completely accords with the basic interests of our two people and nations," read a message from Chinese President Jiang Zemin, Premier Zhu Rongji, and parliament head Li Peng. North Korean leader Kim Jong-Il and other officials added that friendly relations between the two nations "will certainly pass from generation to generation, consolidating and developing."

Tang's five-day visit is one of the highest-level foreign visits to Pyongyang in several years and it is clear that China is trying to work with the sane part of the Clinton administration to further open North Korean trade ties to the United States. "This is a very important visit, especially at this time, as China hopes to use its position as a go-between and seeks to improve North Korea's understanding of the outside world," Jia Qingguo, a scholar at the School of International Studies at Beijing University, told *Agence France Presse*.

Tang's trip could also result in a summit between Jiang Zemin and Kim Jong-Il, Jia said, but this would require significant planning. "Recently many Chinese high-level leaders have visited South Korea . . . so a triangular relationship between China, North Korea, and South Korea will only improve understanding between the North and the South," he added. "China has seen better ties between North Korea and the U.S. as beneficial."

AFL-CIO's endorsement of Gore: a Pyrrhic victory

by Stuart Rosenblatt

Using a brazen display of threats and intimidation, the Department of Justice and other friends of Al Gore and George W. Bush steamrolled a divided and confused AFL-CIO National Convention to endorse Al Gore for the Democratic Presidential nomination on Oct. 14.

The purpose of this endorsement was to jump-start the otherwise flagging Gore campaign, for the ultimate benefit of George W. Bush. Without Gore as the Democratic nominee, Bush stands little chance of being elected President. Hence the bludgeoning of the AFL-CIO in Los Angeles.

This desperate victory came with a steep price: Two major industrial unions, the Teamsters and United Auto Workers (UAW), refused to endorse Gore, and at least one other union, the American Federation of Government Employees (AFGE), also withheld their support. After the vote, most Teamster delegates, who comprised the single largest voting bloc, staged a stormy walkout from the convention floor to protest the outcome.

The fallout also could be seen from within those unions which had grudgingly climbed on the bandwagon. Many of those polled before and after the vote still said they would prefer to withhold support until a later date.

The vote itself came against the backdrop of a tough mobilization waged by campaign supporters of Democratic Presidential candidate Lyndon LaRouche, who fought to gain the endorsement of the AFL-CIO for his campaign. The LaRouche mobilization polarized the convention and brought a sense of hope to delegates being asked to swallow a candidate who directly opposes their interests.

The strong vote against Gore was conditioned by two factors. He was rightly seen by a substantial percentage of

labor officials and normal Americans as an enemy of traditional values and as an avowed enemy of labor. His outspoken support of free trade in general and the North American Free Trade Agreement (NAFTA) in particular, his ludicrous plan to "reinvent government," and his commitment to New Age lunacy, have eroded what little support he ever had among sane people. However, it was the sustained educational drive by the LaRouche campaign that galvanized the anti-Gore revolt. Without LaRouche, the delegates would have grudgingly "gone along to get along."

LaRouche campaign sets the agenda

Prior to the convention, associates of LaRouche contacted hundreds of union locals throughout the country to endorse LaRouche's campaign and demand that LaRouche be invited to address the Los Angeles national convention. More than 150 high-ranking union officials, including a significant number of union presidents and statewide officers, signed a letter to this effect, which was hand-delivered to AFL-CIO President John Sweeney.

Additionally, 5,000 copies of a videotape, "LaRouche Speaks to Labor," were delivered to union halls all over the country on the eve of the convention. This tape was an excerpt from a longer interview conducted by LaRouche in September with a group of state legislators and union officials on the critical issues facing the nation (the transcript of the full interview was published in *EIR*, Oct. 1). The ideas in the tape are setting the agenda not for only labor, but for the year 2000 campaign as a whole. Most delegates in Los Angeles acknowledged receiving the tape, and a number had already viewed it and discussed it with their membership.

When delegates began arriving on Oct. 9, the only visible campaign was that of LaRouche. There was no presence of candidate Bill Bradley at all, and that never changed. The Gore campaign operated largely in the shadows. Dozens of LaRouche supporters greeted the convention-goers with banners and large amounts of campaign literature. Copies of LaRouche's campaign book, *Road to Recovery*, could be seen tucked away by numerous attendees.

In addition, a mass petition drive was conducted to enlist more active support of LaRouche's candidacy. Over a hundred participants signed the "Appeal to President Clinton" to appoint LaRouche his economic adviser. More importantly, dozens of people endorsed LaRouche's candidacy on the spot.

Throughout, campaign volunteers engaged delegates and other participants in an intense, far-ranging debate on the key issues, which were otherwise noticeably absent from the convention. On Oct. 10, LaRouche issued an open letter to the AFL-CIO to "Bring an end to what has become lately 'politics as usual.' Replace news-media run politics with mass movement politics. Wall Street, which controls the mass media, will do nothing good to or for the people. Therefore the people must muster their forces to bring in a President and Congress who will represent the vital interests of the nation, not the special interests which presently control the mass media, and use the mass media to control what is called 'public opinion.' . . .

"I propose that the majority of the citizens of this nation unite around a single theme, the same theme President Franklin Roosevelt defended against his Wall Street enemies back then. That theme is to promote the general welfare for us and for our posterity. Labor and the so-called minorities represent the core of the natural constituency to be rallied for unified political action around that cornerstone of our republic's fundamental principle of constitutional law."

LaRouche's call permeated the entire event, provoking countless debates on the economy, American culture, the need for an FDR solution to the crisis, and other issues. One highlight was a public exchange on the night of Oct. 10, at a press conference called by United Steelworkers of America (USWA) President George Becker and AFL-CIO Secretary-Treasurer Richard Trumka, on the organizing perspective of the Steelworkers.

Angela Vullo, a representative of *EIR*, asked the speakers, and a packed house of more than 70 primarily USWA officials, to comment on LaRouche's open letter. She read relevant sections and then posed the challenge. There was a pregnant moment of silence, finally broken by Becker muttering, "Yes," in agreement. He was followed by Trumka, who found nothing disagreeable in the statement and commented on the need for "union solidarity." Sensing that the USWA was in some way endorsing LaRouche, USWA Secretary-Treasurer Leo Gerard blurted out, "We

support the statement, but not the candidate."

This led to a spirited discussion, after the public portion of the panel concluded, with all those present. One of the leaders of the LaRouche contingent, Melvin Muhammad, Nebraska state president of the American Federation of State, County, and Municipal Employees (AFSCME), got a chance to engage several high-ranking union officials, including Becker, in debate on the issues, and most people there were brought into the dialogue.

NAFTA issue brought into the open

Despite attempts to push it under the rug, Gore's abysmal record on labor, including his support of free trade, could not be swept aside. Just as Gore pretends to be an advocate of civil rights and cloaks himself in his father's horrendous civil rights record (see Dennis Speed, "Al Gore, Jr. Caught in Another Lie; Gore, Sr. Opposed Civil Rights," *EIR*, Sept. 10), so Gore has the chutzpah to present himself as a friend of the working man.

Delegate after delegate was visibly shaken by the crucial paradox of the convention: They were being asked to endorse a candidate whose attacks on their self-interest were a direct threat to their own survival, and that of civilization. In many cases, they just couldn't swallow it, and turned to LaRouche.

Numerous stories spilled out on the disastrous consequences of NAFTA. One needle trades union official from southern California, who endorsed LaRouche on the spot, described the deprivations of free trade in San Diego that have recently closed six factories in the area and moved them out of the country. A steelworker president from the Midwest also endorsed LaRouche after recounting the disastrous results of free trade in the auto and steel industries in his state.

On Oct. 11, the Steelworkers convened a forum against free trade and *maquiladora* labor—the slave labor factories just across the U.S. border in Mexico. Despite various problems with the forum, the ultimate irony was exposed by LaRouche representative Ted Andromidas, who intervened amidst a packed house to expose the duplicity of the moderator Ed Fires, president of the IUE (electrical workers).

"In light of the horrifying conditions which you exposed in the tape shown to the audience," said Andromidas, "and in light of your stated commitment to ensure that these conditions are brought to a justifiable end, how can you possibly justify the endorsement of the one Democrat who is most responsible for creating these conditions, Vice President Al Gore?"

Fires did not respond, but Steelworkers President Becker did. "You are asking that question because you have a political agenda," was all he could say.

On the afternoon of Oct. 12, the Teamsters held their own press conference on the impact of NAFTA on cross-border

truck traffic with Mexico. Teamster Western Region Director Chuck Mack laced into the free-trade package, but went to the heart of the matter in answer to a question from this news service, on the impact of the trade issue on the Teamster non-endorsement statement that had been released earlier in the day.

“Trade is a big issue,” said Mack. “Are workers’ views going to be taken into consideration on this or not? We are waiting for Gore or Bradley to separate themselves from the President on the trade issue. We are also concerned about the WTO [World Trade Organization] and China.

“The media and the campaigns are trying to sweep the trade issue under the rug, and make it a non-issue. If Gore had to stand for election in the Teamsters, and speak to our unions like our candidates do, he’d be in real trouble. We are going to make this an issue. For the Teamsters, this is crucial.”

Department of Justice thugs at work

By the afternoon of Oct. 12, the convention was sharply divided on the issue of whether to endorse Gore. Many delegates spoken to by *EIR* reporters thought it was “too early,” “not the right time,” or said they just plain disagreed with the move to endorse Gore without any debate or discussion.

The deciding element, however, was the ongoing manipulation of the AFL-CIO leadership by the Department of Justice. Threats of indictment against high-ranking officials emanating from the case against the Teamsters surrounding the election of James Hoffa last year, were swirling around the convention. This was coupled with the imminent DOJ attack on Laborers President Arthur Coia, and produced an atmosphere of fear and intimidation. The ultimate beneficiary would be Al Gore. If the AFL-CIO would endorse Gore, the pending charges would be dropped—or so they said.

This was underscored in an editorial in the *Wall Street Journal* on Oct. 12, entitled “The Trumka Card.” The *Journal* said that the delay just granted in the Teamster trial in New York was a *quid pro quo* for an endorsement of Gore by the AFL-CIO Executive Board. Trumka was the key target of the DOJ, and had now become a leading figure in the effort to secure the Gore endorsement by the convention.

Gore desperately needed the backing of labor in order to stay in the race. And George W. Bush needed Gore in order to bolster his chances of being elected President. So, all the stops were pulled out to strong-arm the AFL-CIO into the unprecedented early support, including blackmail.

When presented with this scenario, numerous high-ranking union officials attending the conference concurred. One top official in New York wanted the entire dossier assembled on the DOJ by the LaRouche campaign for his use. A top-level Teamsters officer wanted “everything you’ve got on the Justice Department.”

On Oct. 13, on the eve of the endorsement vote, LaRouche

warned the AFL-CIO leadership not to capitulate to the DOJ blackmail, in a statement circulated to the membership. “All trade unionists considering endorsing Gore because of the blackmail, do not forget that the DOJ will offer you this deal only to double-cross you later. If you think you are safe in making the deal and endorsing Gore, don’t complain when you are double-crossed!”

This statement flooded the floor of the convention, but the fix was in. Security officers for the AFL-CIO began guarding the doors, preventing LaRouche organizers from breaking the controlled environment. At 11:00 a.m., the Executive Board moved the endorsement. Neither LaRouche nor Bradley was invited to address the convention, and the deal was executed.

The Teamsters dominated the floor debate attacking the endorsement, and as the vote was cast, they staged a walkout from the convention. Other delegates also left in a huff. One state legislator, who was also a delegate, told organizers for LaRouche on his way out that he was “disgusted with the whole thing. . . . I have to get out of here.”

The United Auto Workers also refused to endorse, and the American Federation of Government Employees issued their own statement against endorsement, saying in part, “Although Vice President Gore has been an advocate for our positions within the administration, this administration has ended up on the wrong side of the issues on too many occasions.”

In conclusion

While it is true that the demise of Gore’s campaign has only been postponed, it is also true that it was a lack of nerve on the part of a significant portion of the delegates to the convention that allowed the Gore nomination to be ratified. Either that lack of nerve, all too typical of the “Baby Boomer” generation now in charge of the labor movement, is overcome, or this vote will be a harbinger of a coming splintering and further weakening of the labor movement.

The labor movement, like African-American politicians, are being blackmailed into supporting Gore, and, like African-American activists, they must break out of their subservience. In a national press conference on Oct. 13, broadcast over the Internet (see transcript in this issue), LaRouche summed up the approach that must be adopted: “I think that what we have to have in this country is a general popular revolt, by the citizens, who will start behaving like citizens, rather than seeking approval from the mass media, for going along with what they consider public opinion.

“The biggest problem I have in politics is so many people who agree with me, and who I like, will say, ‘Yeah, you’re right. But we can’t go along with you, because we’ll get in a lot of trouble.’ And thus, nobody, or very few of us, stand up and actually fight. I would hope that this time, with this election coming around, that more of us will stand up and fight.”

LaRouche press conference: 'It's time for a revolution in politics'

Vowing that his Presidential campaign would “smash through” any attempt to contain or control debate on substantive issues, Democratic Presidential candidate Lyndon LaRouche said, “It is time to think of a revolution in politics in the United States.” LaRouche’s remarks were made during a press conference that was broadcast live over the Internet on Oct. 13, and will remain posted on LaRouche’s campaign website (www.larouchecampaign.org), according to a campaign press release.

Twenty journalists participated in the press conference, from all over the world: Mary Otto, Knight-Ridder news service; Douglas Keicker, Associated Press; Aurelia Mitchell, *Mid-South Tribune*, of Memphis, Tennessee; Sarah McClendon, McClendon News Service, former long-time dean of the White House press corps; Josh Kaufman, *New Voice of New York*; Huang Xiangyang, *Seattle Post-Intelligencer*; *Birmingham World*, Alabama; Glen Matlock, *Gwinette Daily Post*, Lawrenceville, Georgia; Grace Simmons, *Jackson Clarion Ledger*, Mississippi; Nelson Thall, Toronto Media News/CFRB Radio; Eugene Piskounov, UN correspondent, Russian State Radio and TV; Yesil Murat, UN correspondent, *Turkiye Daily*; Prof. Stanislav Menshikov, *Slovo* daily, Moscow; Sergey Usoltsev, *Russian Analytical Review*, Moscow; Nate Sher, New York correspondent, *Asahi Shimbun* daily, Japan; George Ionyyou, freelance reporter for *Proini*, Greece; Larry Li, *Sing Tao Daily*, Los Angeles; Patricio Ricketts, *Sí*, Peru; Askia Muhammed, *Final Call*; Xinhua news service, China.

Following the press conference, LaRouche’s national spokeswoman, Debra Hanania-Freeman, said that LaRouche would continue to engage in such live exchanges. “We began this process on Labor Day, when LaRouche conducted an extensive dialogue with a panel of U.S. state legislators and labor leaders. The panel had hoped to interview Bradley and Gore. There was some initial agreement from the Bradley campaign. But, after they viewed videotape of the proceedings, they pulled out. The other candidates are extremely reluctant to engage in any discussion where they don’t have an opportunity to screen and control the questions in advance, and they are clearly afraid to stand against someone with Lyndon LaRouche’s unique competence in any policy debate. I can’t say I blame them. If I were running Al Gore’s campaign, I’d lock him in a closet before I’d let him debate Lyndon LaRouche,” Freeman said.

The following is the text of the press conference.

‘An election campaign like none other’

Lyndon H. LaRouche, Jr.: This is an election campaign like none other in this century. We’re on the verge of the collapse of the world financial system. There’s nothing like it in this century. We don’t know the exact day, week, or month in which this collapse will hit bottom, but it is systemic, and therefore, inevitable. The only remedy to avoid a general catastrophe—economic and political catastrophe, globally—is that if a number of nations gather together in an emergency session to declare the existing financial and monetary system to be bankrupt, and to use the model of Bretton Woods, as organized by Franklin Roosevelt, to create a new monetary system, with matching financial, trade, and related agreements, which, in effect, revives, on a more equitable basis, the kind of effort that was made at Bretton Woods and thereafter. By more equitable, I mean that nations of Asia, such as India, China, and so forth, will have to play a much greater role than was played under the old Bretton Woods system.

But otherwise, since we’re doing something in emergency, we’re going to have to take a useful precedent, which is most easily agreed upon, and use that to set up a new system.

The problem is, that at present, none of the political candidates who are my putative or potential rivals, as yet have the qualifications—economic qualifications—to address the specific kind of problem we face today. However, the crisis will occur while President Clinton is still President. The issue therefore, is, the President must be induced, and must have the support to do that—mobilized within the United States, in particular—to declare a kind of conference, which, together with other nations, will establish a new system, as an emergency action.

Following those emergency actions, whose function is to prevent chaos, the next President of the United States, who will be inaugurated in the third week of January 2001, will have to continue the rebuilding process. And, I think all other issues are either reflections of the crisis, and the kind of solution required, or are completely subordinated, so that those other questions are irrelevant unless the crisis is addressed for what it is, unless the kind of solutions which get us up are advanced.

That’s my opening statement.

Q: Hi. My name is Huang. I’m now working at the *Seattle Post-Intelligencer*. I used to work in *China Daily*. And recently there are two events which happened. One is that Bill



U.S. Presidential pre-candidate Lyndon H. LaRouche, Jr. addresses a panel of U.S. state legislators and trade union officials on Sept. 3, by telephone from Germany. Starting with his Oct. 13 press conference, which was broadcast live over the Internet, he will be addressing citizens in this manner on a regular basis.

Clinton signed the Fiscal Year 2000 defense bill into law, in which the U.S. military defense spending increased for the first time since the Cold War. And China thinks there are some anti-Chinese articles in the bill, and opposed it.

And the second event, is that the U.S. State Department recently designated China and four other countries as of particular concern for violations of religious freedom, and the United States threatened sanctions over such allegations.

And, I want to ask you, Mr. LaRouche, how do you assess the impact of these two incidents on China-U.S. relations, and according to China, a Chinese spokeswoman, these two incidents have put the relations on a crucial point. How do you comment on that statement?

LaRouche: First of all, I am opposed to any conception under which one, or a group of nations, meddle in the internal affairs of other nations. Recently, the Prime Minister of Great Britain, Tony Blair, has been on a lunatic kick, trying to get military and other similar interventions in various countries, on the basis of meddling in their internal affairs. We should have learned, if we know anything about modern history—and I doubt that Mr. Blair knows anything about modern history—that all you get out of this kind of meddling is hate and wars. It shouldn't occur. The idea that the United States should apply sanctions to China, because the United States wishes to interfere in defense of some cult group in China, this is not the basis for foreign policy.

On the second question. There is, as everyone knows, a right-wing bunch of nuts in the Congress, and elsewhere,

gathered around the Bush candidacy and some other candidacies, and they are pushing the President of the United States into supporting kinds of measures which are extremely aggressive. In point of fact, we can be headed for a global warfare, somewhere down the line, if the present trends continue.

On the other side, the kinds of measures which are proposed on behalf of the legislation recently proposed, these measures are *militarily* and strategically incompetent. And the problem we have, the danger is, is not so much the malice which some people in some countries are expressing toward China and other countries. The danger is that the presently leading circles in the United Kingdom, its government, and some circles in the U.S. Congress, and even in parts of the Executive Branch, are incompetent. So therefore, this incompetence is as much a danger as the malice.

Q: Douglas Keicker, Associated Press. Could you outline more, when you think this economic crisis is coming? Could you give us more detail on what it is you're talking about?

LaRouche: Yes. We've built up the biggest financial bubble in all history. The general paradigm is, we have about \$300 trillion equivalent, or more, of short-term liabilities on the international financial markets—that is, we denominate these in dollars. Against that, the security for this bubble is about \$41 trillion in total GDP, calculated in dollars, of the total world system. The total product of the world is collapsing, whereas the total bubble, size of the financial bubble, is increasing. This is an impossible situation; the system is

already bankrupt.

On top of that, we have a number of hotspots which are ready to blow. Mexico is on the edge of blowing. Ecuador has blown. Colombia is blowing. Venezuela's ready to blow. Brazil is threatening to blow. Argentina has blown. Africa is a mess. The Japan yen carry [trade] bubble is about to blow. The dollar, gold carry [trade] bubble is threatening to blow.

In the meantime, the annual trade deficit of the United States is now running about \$25 billion a month, or more, up, while the annual U.S. current account deficit is running over \$300 billion a year. In the meantime, the U.S. foreign debt, relative to U.S. production, is the most dangerous chaos point in the entire world system.

So obviously, we're in a system which is ready to blow. Week by week, day by day, more factors of instability accumulate. The firemen in the Federal Reserve System and elsewhere are trying to put out fires. Other people are more interested in stealing assets, than trying to put out fires. So you have a chaotic situation which is waiting for the accident to happen. It will happen soon. The question of what's going to cause it to happen, we don't know. But there are any number of combination of things out there, building up weekly, which can cause this thing to blow. That's the situation we face.

We must expect a blow could occur during the last quarter of this year. It could be postponed, but a major blow of some kind is likely now.

Q: This is Stanislav Menshikov, *Slovo* newspaper.

Mr. LaRouche, the Russian public today is totally disillusioned as to American policy towards Russia. Judging from the Clinton-Gore record, a continuation of the same policy under Gore would be a complete disaster. Judging from statements by Governor Bush's advisor on Russia, his policy would be equally disastrous, since it assumes that Russia will disintegrate in the near future. What would be your alternative course for U.S.-Russian relations, as next President of the United States? Are you prepared for a drastic change, in the tradition of Franklin Delano Roosevelt?

LaRouche: Yes, precisely. That's exactly what I'm for. That what Roosevelt *intended* to do, but for his untimely death, as the postwar reconstruction, is the model of reference. I wouldn't necessarily copy it in detail, but the model of reference for relations with these other countries.

What I'm specifically for, is to use the crisis, with the United States President taking the lead, bringing together people from Western Europe, especially the continent, with Russia, with China, with India, with other relevant countries which support the enterprise, and set into motion an emergency equivalent of a Bretton Woods conference, set up a new monetary system with new kinds of financial agreements, and agreements on how to put the bankrupt financial system through bankruptcy reorganization.

Under those conditions, then, Russia would have to revive and play a more significant role as a machine-tool, science-

driver contributor, together with Western Europe, Japan, and the United States, in particular, toward the development of the countries of Asia, which have a machine-tool technology shortage.

Menshikov: Just a followup: As far as nuclear arms are concerned, what is your position? What would be your policy toward the nuclear area?

LaRouche: The whole nuclear weapons business has been, in large part, as far as the public knows of it, and as far as this Congress seems to know it, a gigantic hoax. The kinds of weapons which are likely to be used in an actual conflict, are not likely to be what people think of as nuclear terror weapons. What is more likely is the use of more sophisticated special effects weapons, which have a tactical targetting, but which they have cumulative, of course, strategic effects. So I think that all this concern about nuclear arsenals is a legacy of a bad dream, and we ought to get off the kick and get down to sensible strategy. I think that, largely, our strategists, particularly in NATO right now, bother me, not because they're aggressive—that's bad. What bothers me is, I think they're incompetent and insane.

Q: This is Aurelia Mitchell with the *Mid-South Tribune*, from Memphis, Tennessee.

You've talked about NAFTA, how you are—in the past—how you are in disagreement with it. You've talked about NAFTA, how you don't agree with it. And of course you have the euro, which everyone is talking about right now. How would this fit into your New Bretton Woods plan? Are you just going to throw NAFTA out? Are you going to throw the euro out, or any type of independent means to perhaps solidify certain continents?

LaRouche: Well, on the euro, take the euro first. The euro is a European affair. It was shoved on Western Europe by Thatcher and Mitterrand, with the consent of Bush. It was a bad idea. However, I would say that if Europeans, the continental Europeans, are now in a great deal of turmoil about this, and might reorganize the euro on a basis which puts it back in the direction of more emphasis on the sovereign nation-state—

As far as NAFTA, and other forms of globalization that have occurred, are concerned, I'm for their complete, utter, and immediate elimination.

Mitchell: Okay, you say that you're for their elimination. Now, you talk about the New Bretton Woods conference, a New Bretton Woods conference in which Roosevelt brought together over 40-something-odd nations, to get a new monetary system. Is there a conflict on what you're saying here?

LaRouche: Of course there is. We're in a bankrupt system—

Mitchell: I mean, you want us to come together, and then

it seems like on the other end, you're saying you don't want any type of solidified, maybe in a continental way —

LaRouche: I would say that most of the people of Central and South America are against what NAFTA represents. So this was not something that came together on the basis of a friendly agreement. This was something that was shoved down their throats.

Remember Clinton was opposed to this when he was being elected. Gore got it rammed through, with support from London and from Canada. It originated in Canada. If you look at the effects of NAFTA on the people of Mexico, if you look at the effects of NAFTA on employment in the United States, among skilled and other workers, you say, this is a very bad idea, and should be reversed.

So, I don't think we should look at NAFTA as a step toward unification and conciliation. NAFTA is actually *anti-human* in its effects. And therefore, what it means is slave labor in poor countries, with a loss of jobs of American citizens, and I don't think that's a good arrangement.

Knight-Ridder: Yes, thanks. Mary Otto, here.

I was interested in knowing if Mr. LaRouche is serious about getting elected? Is he going to go out on the campaign trail, and shake people's hands, and look them in the eye, and talk about what his issues are going to mean to them as *individual citizens*? I'm just curious about what will come in the next few months, in terms of your campaign here.

LaRouche: Well, what we're doing first of all: Unlike most candidates, I'm a generator of ideas, and conceptions. Most candidates are politicians. Not generators of ideas. Maybe sometimes they pick one up and use it and push it, if they understand.

My concern is to present concepts to an American people which have been led down the wrong road for a long time, on ideas which don't work. That we keep hearing people talk about a robust economy, when in point of fact, if I look at the actual figures, and fakery behind most of the figures that are public figures, I would say that 80% of the U.S. population is sharing less than half the total national income of all households. And the status of most people is going downhill. We're losing industries, we're losing infrastructure, we're losing power. We don't have water protection systems. Catastrophes strike us—we don't have the means to fight them. So what we've been doing over the recent years, are the wrong policies.

Now, we've come to a kind of Pearl Harbor-type situation, where the bomb of all our past mistakes is going to hit us all at once. My job is to present to people the ideas which are the alternative to bad ideas which have dominated policy-making so far.

Now, what I shall do is two things. Since I have to present ideas, I shall present ideas by the medium which is most available—that is, usually the electronic and print media. That's my number-one approach.

Number two, I will use this method of the Internet to try



Patricio Ricketts of Peru.

to get more direct contact with more people in more parts of the world. There's been a change in technology; let's adapt to it, and use it for its purpose.

My concern, is to get the people of the United States back in politics, and not have a few professional politicians and mass media orchestrating politics, with the people never being asked, never being told, anything in terms of ideas. I will meet with people, I will be getting to meet with people in detail, but my method is not to prove that I'm the most kissable candidate—I don't pretend to be. My concern is to present those conceptions which the people need, and to try to make clear to the population, what went wrong, why it went wrong, what the alternatives are, and what proof do I have that these are the right alternatives. That's my approach.

And I shall be actively building an active organization, which is already in process, across the country, to spread that message, and to get that connection. But otherwise, in the course of events, I shall do what people consider normal campaigning.

Q: This is Patricio Ricketts from *Sí* in Lima, Peru. Good morning.

Mr. LaRouche. You are familiar with the Peruvian record in controlling coca and cocaine production and export, as well as narco-terrorism. In the light of this reality, would you accept that the Colombian situation is hopeless, and the control of drugs there impossible. What's to be done about it?

LaRouche: Well, the Colombian situation is not a hopeless one; it's a terrible situation, unless the policies are changed, especially the policies of the United States. Now, of course, the policies of General McCaffrey are policies with which I'm sympathetic; as I think many people in Peru—who know more about terrorism, I think, than our State Department does, and how to combat it—have good policies. I think our State Department's on the wrong track. And I think that with the right policies, it's going to be a tough fight, but with U.S.



“The experience of Peru,” says LaRouche, “and the difficulties and menace that Peru faced, from narco-terrorism in Peru, shows that we do know how to do these things, even in tough situations like that.” Here, Peruvian President Fujimori inspects the interior of the Japanese diplomatic residence in Lima on April 23, 1997, after the government raid on MRTA terrorists holding hostages there.

backing, and cooperation of the nations in the region, if there is the will to eliminate narco-terrorism, I think it can be brought under control. And I refer back to you, Patricio. I say that what you know of the experience of Peru, and the difficulties and menace that Peru faced, from narco-terrorism in Peru, shows that we do know how to do these things, even in tough situations like that. And I think Colombia’s may be worse than Peru, at the time being, but I think, as General Bedoya thinks, I think we can win it back.

[Some interchange, which was inaudible.]

Q: Hello, this is Yesil Murat from the *Turkiye Daily* newspaper. Mr. LaRouche, if you are elected President, what kind of major changes are you going to make in the U.S. foreign policy? And the second one is, how do you see the present situation in the U.S.-Turkey relations? If you became the President of the United States, do you plan to improve them?

LaRouche: Yes, on the second part, yes.

On the first part, there’s the following: I’m just in process of producing a video report, which will be about an hour and a half duration, on the subject of a strategic assessment of U.S. foreign policy. It will be in the form of a Presidential State of the Union message on foreign policy—that’s the form it will have—which would express *exactly* what the history of U.S. foreign policy is—good and bad—what the American position is, and ought to be. This will mean some very profound changes, from what has happened during most of this century.

During most of this century, since the assassination of

William McKinley, with the exception of Franklin Roosevelt and some measures under Jack Kennedy, before he was murdered, the general policy of the United States on foreign policy has been a cumulative disaster, overall. There have been some good spots, but overall, a disaster. I would propose to reverse that, to go back to a more traditional policy, like that of the Careys, or John Quincy Adams, as Secretary of State and President, to the Abraham Lincoln approach to foreign policy. So I would make a fundamental change in U.S. foreign policy, but to bring it back to what I consider the traditional American position.

Murat: But, sir, you didn’t mention about improving U.S.-Turkish relations?

LaRouche: Well, the problem is that Turkey is in a mess, and the mess is obvious from the effects of the recent earthquake disaster. The point is, it’s obvious that Turkey needs cooperation, as the whole region does, in order to build up the infrastructure, and build up the technological capabilities, so that Turkey, for example, as a test case, would be able to deal with the kind of disaster that this earthquake represented, and to prevent the worst effects which we’ve just gone through.

Now, obviously, I know from my earlier experience with Turkey—I was there some years ago, over a decade ago—that there are projects, such as great water projects, reforestation, other projects of development, which are needed. I think that the policy of the United States, toward Turkey in general, apart from the general question of stability in the entire region, is to promote, through cooperation, promote these kinds of developments, which Turkish leaders in the past, since the

great founder of modern Turkey [Kemal Attaturk] set this into motion, which developed Turkey as a fully modern nation, fully capable of addressing these technological and related problems of development.

Nate Sher, *Asahi Shimbun*: No question.

Q: Mr. LaRouche, Nelson Thall, the Media News, Toronto. As President, how will you use your powers to educate Americans to the real history, especially as it has been articulated by scholars such as Anton Chaitkin?

LaRouche: Well, the first thing to do, is you've got to inspire people. The function of a President is essentially, as the chief magistrate. And the President should be, at least a President of the United States, should be in the model of what Plato referred to as the philosopher-king. An old man, who's concerned with wisdom and knowledge, with what's needed by the nation. And in the course of that, doing that, part of that kind of leadership, is to attend to the basic policy questions which have to be addressed, on the order of the day, and crises.

What I would emphasize, as I emphasize in this hour-and-a-half package we're putting together now — what I emphasize is that, you know, 12,000 years ago, there was great flooding in many parts of the world. The ocean levels rose to about 300 to 400 feet above what they had been earlier, during the glacial period, to about their present levels. Not all in that period, but the greatest part. Whole civilizations were *wiped out* by this mass flooding, associated with the melting of the glaciers. Meteorites have destroyed whole sections of the world's culture, at one time or another. Here we sit on this planet, obviously among the things we have to deal with on the planet, are the things that come at the planet from off it. And therefore, if we're wise, we will have a major revival of the space program, using it as a science driver, to produce the new technologies and scientific discoveries needed on Earth, but at the same time, to put us in a position, where somewhere down the line, we'll be capable of dealing with problems of natural disasters from outer space.

I think that that kind of a program, and that kind of an educational program, will inspire people to begin to wish to learn.

Q: This is Sergey Usoltsev, *Russian Analytical Review*, Moscow.

One of the most [inaudible] economic problems of the present-day Russian policy is the adoption of the state budget, which goes under the great pressure of the IMF [International Monetary Fund], and is influenced by the Russian corruption scandal. What is your attitude to the draft Russian budget, and to the methodology of its formation, and also what consequences of such budgetary realization do you see, including the consequences in U.S.-Russian relations?

Thank you.

LaRouche: During the period 1988-1989, I had the opportunity to propose a policy for dealing with what I foresaw — and that is in my Oct. 12, 1988 address — foresaw as the coming disintegration of the Warsaw Pact, and Soviet Union's. . . . [interruption]

What happened was, I proposed that the breakup, the crisis in Eastern Europe and the Soviet Union, be taken as an opportunity for a new form of cooperation, under which the technological capabilities, which lodge in the Warsaw Pact system, scientific and related capabilities, will be mobilized in order to build cooperation in great infrastructure projects, throughout Eurasia, which would then make use of antiquated, and other plants in Eastern Europe, Warsaw Pact nations.

Other people such as Alfred Herrhausen, who was the head of Deutsche Bank, during 1989, had proposed the same policy, or same kind of policy, shortly before he was assassinated. He didn't deliver the speech in New York, but that was his policy.

We had a similar case in the assassination of Rohwedder, in the east German development, after the unification. So, what happened instead, is that Margaret Thatcher, as initiator, together with François Mitterrand, and with the cooperation of George Bush, said, Germany must not rise again, and took measures to prevent Germany from entering into significant cooperation with eastern Europe and Russia — of this type. At the same time, beginning 1991, George Bush, in cahoots with Thatcher, imposed upon a Russia, a bunch of conditionalities which were intended to destroy the former Soviet economy. Those policies, together with the gangster business, which came largely from Britain, and from the United States — which was imposed with IMF help on Russia — has almost destroyed the economy of Russia, and has had genocidal effects on some parts of its population.

Obviously, this present budget is a reflection of the effects of this policy decision from the 1989-1991 period. The only way we're going to stop the problem that now exists, is by recognizing, this policy has been a terrible mistake. And getting into cooperation, cooperative relations, to reverse it, and go on to the kind of policy I proposed in 1988, and that I proposed again in 1989, as, for example, Alfred Herrhausen, head of Deutsche Bank, also proposed in that period.

Q: This is Aurelia Mitchell again.

Of course, you know that racism still remains a problem in the United States, one of the biggest problems in the United States. And I want to know, are you going to be like most — not all, perhaps — Democratic candidates, where you take the African-American vote for granted?

LaRouche: No, not at all. I think anyone who knows my fighting record, knows quite the contrary.

Yes, the problem is, we have a New South policy, which expresses itself in the Stone Age side of the Republican Party (and some parts of the Democratic, also) have some Stone Age proclivities, eh? I've looked at specifically — until the



Margaret Thatcher receives the Medal of Freedom from George Bush, March 7, 1991, after Operation Desert Storm. Thatcher and Bush imposed austerity conditionalities upon Russia, which were intended to destroy the former Soviet economy—with the genocidal effects we see today.

middle of the 1970s, under civil rights influence, we had an improvement in the degree of representation of African-Americans. Beginning about the middle of 1975, particularly with the accession of Rehnquist at the Supreme Court, as an Associate Justice then, we've had a reversal in that trend, and we've had massive persecution, attempts to eliminate the African-American from *effective* political influence. And that's one of the things I want to reverse.

Mitchell: Okay, well, I think that what I'm saying also, is that so many times, we hear what you're talking about—this same type of rhetoric—where we're looking at just the political, and African-Americans are also looking at the economic, more so than anything else, than the idea of just everybody loving everybody. We're more interested in economics. So, what can you say as far as that end of the stick, which I'm saying that everybody's been missing, the economic end of the stick, as far as African-Americans in this country.

LaRouche: Take two areas, or three areas, actually: health care, education, and employment, the three areas that are—

Mitchell: What about ownership? Business ownership—we still have a hard time owning—

LaRouche: The problem is, we have a population which has been destroyed. Actually, the poor in this country, especially the so-called minority classes, Hispanic, African-American, and others, the largest part were having great increase in suffering, especially among youth. We have no com-

petent education being delivered, generally, in the school systems, and public education, to these strata. We have no jobs open to assimilate these poorly educated, and marginally educated strata, skill strata, into employment to move on the upward track. We have, therefore, no base in those communities, which are predominantly African-American, in which you can get a natural growth of African-American business. So, with the health-care policies we have today, with the education policies, with our present employment policies, our infrastructure policies, and with our tax policies, there is no chance for improvement of this economic situation under those conditions. Unless those conditions are changed, nothing is going to work. It will be, as you say, all rhetoric—a lot of fine rhetoric, but no result. I'm concerned about performance.

Q: Mr. LaRouche? It's Nelson Thall in Toronto again. Another question: Earlier on, you said that the mass media orchestrates politics, which I think is quite right. Being that the media cartels control the mass media, how do you think you'll be able to break into politics?

LaRouche: Oh, I break in—that's not the problem. The problem is, that some people who control most of the mass media, among their other evils that they have, are not too happy with me. And the more effective I become, the more nasty they become.

Now, what we're doing is, the basic problem lies with the people themselves. Because the people in general, in this republic, have allowed this to happen. They sit back and let themselves be pushed around, and they do virtually nothing



There is no chance for improvement in the economic situation of the African-American community, says LaRouche, unless we fix our education policies—along with our health-care policies, our infrastructure policies, our tax policies. Without that, “nothing is going to work.”

about it. They say, you’ve got to go along with public opinion—you’ve got to go along with the mass media. They see candidates getting up there, making jackasses of themselves, at these so-called League of Women Voters talks, where the reporters define the questions! Define the issues! And they say, *we* define the issues—you, the politicians, have to respond to the news media on the issues, and the people sit back and watch it.

Now, we’ve come to a time where all this nonsense is coming to a screeching end. We are in a disaster, and people smell it. Some people feel it, others smell it. And they’re going to start demanding answers. You’re going to have a revolt from within mass constituencies, against the kind of leaders who want to endorse the Al Gores and the George Bushes, or people like that.

Debra Hanania-Freeman: Okay, Lyn, I have a question that’s been handed to me from the *Birmingham World*. Appar-

ently, they can hear you, but they’re having problems being heard.

The question is: More than half of America’s black elected officials are, at any one time, either under investigation, indictment, or have found that they have been under investigation of indictment during the course of the last year. This is a problem that emanates out of the U.S. Department of Justice—we know that you’re familiar with it; would you please address how you would deal with it?

LaRouche: Look at a comparable case, just to get the picture. This, of course, I know. But look at a comparable case. We have a case of the AFL-CIO leadership. It has come under tremendous pressure from the Justice Department, from the same crowd in the Justice Department which, over the years, over the past period, over the past almost 25 years, has been increasingly victimizing African-American elected officials, at all levels, especially the state level. Trying to get them out, in this ultimately racist operation. This includes Jack Keeny, Mark Richard, just to *name names* of people in the permanent bureaucracy who are key to this. Some parts of the FBI have been part of that. Al Gore was part of this whole process.

The point is, that here the AFL-CIO is being implicitly blackmailed, not by the President, as far as I know, but by *Al Gore*, on behalf of Al Gore, to endorse Al Gore, and bring that to the convention, as the price, implicitly, of not being prosecuted for failing to endorse Al Gore—that is, prosecuted on the pretext of some deal with Carey, in terms of the former Teamster election.

Now, this is what goes on all the time. The problem is, is to—I’m convinced, that to deal with this victimization of the African-American, we have to look at the fact that it’s *not just* the African-American. Others, who should be aware, including the AFL-CIO leadership, are now nakedly, under naked pressure, from the Justice Department, to endorse Al Gore, or else! And this is the same kind of thing that the African-American politician’s been facing all this time.

I think that what we have to have in this country is a general popular revolt, by the citizens, who will start behaving like citizens, rather than seeking approval from the mass media, for going along with what they consider public opinion. The biggest problem I have in politics, is so many people who agree with me, and who I like, will say, “Yeah, you’re right. But we can’t go along with you, because we’ll get in a lot of trouble.” And thus *nobody*, or very few of us, stand up and actually fight. I would hope that this time, with this election coming around, that more of us will stand up and fight.

The African-American cannot win this fight alone. We have to point out to other people, who watched what’s happened to the African-American elected official, and say, “It’s happening to me too.” As a matter of fact, we’re getting the same kind of treatment to the entire AFL-CIO leadership—in the middle of their conference, today!—which the African-Americans had all the way along, from the same source, from

the Justice Department. And the American people have got to get up on their hind legs, and say, "No more!" And we've got to insist they do it.

Q: Mr. LaRouche, I have a question. This is Stanislav Menshikov again, from Moscow—*Slovo*. Are you going to take on Bradley and Gore in a public discussion, with them of the issues that Bradley has suggested right now for discussion. I mean, the health issue, and other social issues.

LaRouche: We will do that. We're already doing it.

Menshikov: Excuse me, because, you see, you're talking about the citizens, but the citizens will not be let into that discussion, quite easily, through the media, or maybe Internet. But you could make substantial fight there, right there, and get a lot of support, by proposing things that are more realistic than what these people are proposing.

LaRouche: Let me tell you exactly what is said. I just did, over the past month, I did a press conference, transatlantic, with video on both ends, with a number of state legislators and labor people. This tape, the tape was going to be presented, and was agreed to be presented, to Bradley for his people to answer the same questions. They said—they looked at the tape, and they said: We're not going to answer those questions. So, they called off the deal. And then another political sophisticate said, well, look, your candidate (speaking of me) is so effective that any political manager of a candidate, seeing this interview with LaRouche, would say: I'm not going to let my poor slob of a candidate have to face this candidate, LaRouche, in a debate. That's the situation.

And that's the way things go in the United States today.

This started in 1971. In the fall of '71 I had a debate with a fellow, since dead, Abba Lerner, in New York City—

Menshikov: Abba Lerner is a famous man—

LaRouche: Well, we destroyed him in a debate, and after that, his friends agreed, LaRouche is never going to be in a public debate with any prominent figure, ever after that.

We will smash through, we will smash through on this. The time has come. It's time to think of a revolution in politics in the United States.

Menshikov: Does that mean that you are doomed to—

LaRouche: If I'm doomed, the world is doomed—I'm not going to worry about that. I'm not doomed.

Freeman: I would interject at this point, that the panel discussion with the state legislators and the labor leaders that Mr. LaRouche referred to, was turned into a 90-minute tape, and at this point, there are tens of thousands of copies of that tape in circulation in the United States, and I suspect that before the end of the month, that number; we do have plans to put tens of thousands of that tape in circulation.

Just to underline what Mr. LaRouche said. The initial



Stanislav Menshikov of Russia.

agreement that the panel, which was an independent panel, would have the opportunity to interview the other two candidates. What occurred again, after they viewed the tape, after the other campaigns viewed the tape, they became extremely upset, and said that they would only answer questions if the questions were submitted to them in advance, so that the candidate could prepare to answer the questions.

Menshikov: In advance, a year ago?

Freeman: No, I don't think that far in advance. They just wanted the opportunity to prepare answers. It is our intention to continue the process of such panel discussions. It is our intention to broadcast such discussions on the Internet on a weekly basis, during the course of the campaign; and ultimately, we think that the best alternative is to let the American citizens decide, who is more qualified.

Menshikov: More Americans should know about LaRouche, and hear his program.

Q: Mary Otto at Knight-Ridder. A couple of domestic questions. I've really got three. I'll just run them real quick, because they're very short questions. Women's reproductive issues. Ecology—I've read that you call it a dangerous cult. And Jewish voters—how do you intend to win their confidence, or, do you think that's important?

LaRouche: Well, let's take it in reverse order.

The question of Jewish voters. I've always been a supporter in Judaism, of the policies which we associate with Moses Mendelssohn. These were the policies on which—a lot of people were *killed* in Germany, and among the Yiddish Renaissance circles in Poland, in Ukraine, Russia, by the Nazis over this issue. The Nazis were determined not only to wipe out Jews, they were determined to wipe out the Moses

Mendelssohn tradition, the Sholom Aleichem tradition, among Jews. And, I've always stood on the side of the victims.

Unfortunately, most of the victims in those countries were wiped out. And, most people today do not know what the issues were. They're ignorant of them. There are some people, rabbis and others, sophisticates, or the present Prime Minister of Israel understands—he's a follower of Moses Mendelssohn—understands that. But most people in the United States don't know what Jewish issues are.

So, I have no problem on Jewish issues. Some people allow themselves to be taken in by propaganda, false propa-

What people like me have to do, who are real politicians—not professional politicians, but thinkers—We have to get our case out to thinking citizens, who influence other citizens, so that when the bomb drops, we're out there, the issues are there, the people can then choose. If they don't choose right, then they're going to pay the price.

ganda—that's a different problem. They should find out the truth, before they follow opinion.

But, on the question of ecology. What is taught as ecology, has been taught since the *Silent Spring*, the Rachel Carson thing and so forth, is one continual, anti-scientific fraud. All of us are concerned about the environment—improving it, cleaning it—all who are sane. But what is presented as ecologism, which is anti-people-ism essentially, if you look at the stuff closely, is an unscientific hoax; I'm against it.

In terms of the so-called reproductive issues, I don't think it divides that way. I think that there are such things as human rights, and human rights are the basis for approaching anybody's rights. And everyone who has a concern on the basis of human rights, has a right to express that concern and be heard on it. But I don't believe in these single-issue kinds of issues, because, generally, you find out that single issuism becoming a treatise in hypocrisy. I think you state the whole case, you state on—

Otto: But I don't understand, though, about reproductive issues. Should the state be involved in abortion, and things like that, or not?

LaRouche: No, it should not be. I'm for right to life,

but I'm not for what the present right-to-life organizations campaign on—on single issuism. I think it's *wrong*. I think the problem we have with these issues, is that we have a Supreme Court, and members of the Federal court, and some of the people in the Congress, who don't know what human rights is. And they don't know what the Constitution means, when it talks about the General Welfare. And therefore you get decisions from the courts, which are idiotic decisions, up and down. And therefore, what has happened, the news media and single-issue people have made a mess out of what is a question of simple humanity. I think these issues are best left to the courts, if we could trust the courts. I don't think that we can trust the courts at this point.

Prioni: George Ionyou, from the Greek newspaper. Mr. LaRouche, your proposals about the reconstructin of the Balkans, with a new Marshall Plan, is in full accordance with the official policy of the Greek government. Many of your proposals are fascinating, especially about the world economy, and its global development. Unfortunately, very little of them are known to the American voters, because the mainstream American mass media either totally ignore them, or even worse, distort them. So, great ideas, unfortunately, are not appealing but to a very limited number of people. So, I wonder, if you have considered the possibility of forming an alliance with Mr. Bradley, by coming to a compromise with him, so that he may include your ideas in his agenda, so that Mr. Gore may have less chance to win the race.

LaRouche: I see it otherwise.

First of all, don't believe this stuff about the American people. The American people are great liars, and what they tell you they think, and what they actually think, are often two things. When you're dealing with Americans, you have to confront them and say, look, Joe, don't give me that stuff—you know that you don't believe any of that. And that's the first thing you have to do. Then you have to find out what Americans really think, because they lie to you most of the time. Like that, good Joe. . . . [interruption]

The point is, the question of Bradley is: Is Bradley a qualified candidate? Now, under normal circumstances, I would say, on the basis of acceptable, personally acceptable as a candidate, yes, Bradley is personally acceptable for ordinary circumstances. Gore is totally unacceptable for any circumstances. We've seen too much of him already.

Now, as far as Bradley is concerned, I pick no fight. I've stated the issues. He's done a useful job in bringing Gore down to size. It's very good. But, Bradley has no clear policy, and has not yet defined a clear policy. He, like [Sen.] Paul Wellstone, who I think is sort of a co-thinker of his, has raised a number of issues, which I think are legitimate issues, and with which I am in sympathy. But I do not think that Bradley is *qualified* to be President of the United States under these circumstances.

Finally, we have to take into account that we're going to

have a Pearl Harbor effect. The world financial system, in the very near future, whether weeks, months, I don't know — but it's going to collapse. When that collapses, you're going to have a Pearl Harbor effect. The day the bomb dropped: At that time, the American people are going to have to wake up. And they will wake, as they woke up when Japan bombed Pearl Harbor. They'll wake up.

And what people like me have to do, who are real politicians — not professional politicians, but thinkers — we have to understand that. We have to get our case out to *thinking* citizens, who influence other citizens, so that when the bomb drops, we're out there, the issues are there, the people can then choose. If they don't choose right, then they're going to pay the price. And there's nothing I can do about it. If they're not willing to change, and change their policies — there's nothing you can do to save this population from going through hell, and most of the world besides.

It's the same thing that's happening in the Balkans. People are going through *hell* there. They're facing worse hell as the winter comes on. Nothing is going to be done about it there. The United States government is not going to do anything about it. Bradley will not take it — not the way it has to be taken on. European governments won't take it on now, the way it has to be taken on. The people are going to die *en masse* in the Balkans.

And it's the underbelly of Europe, which is going to contribute to sinking the whole European economy — and they still won't do anything about it. It shows that, in the final analysis, the responsibility for the survival of populations and nations lies with the people themselves.

I have confidence that people will wake up under certain conditions. You have to be patient with them, because sometimes they can be stubbornly — refuse to wake. But I'm confident. This is not a hopeless situation.

Mitchell: It's interesting that you use Pearl Harbor as an analogy. Of course, we got into that, because we were following an isolationist policy, so to speak. Are you an isolationist?

LaRouche: No, not at all.

Nate Sher, *Asahi Shimbun*: I've been listening to you for about the last hour and a half, and pretty much all I've heard is a bunch of big words, seemingly strung together, in a way that makes absolutely no sense. I've yet to hear a specific policy recommendation. I've yet to hear you answer any of the questions about health care, education, welfare reform, defense spending, with a specific — "This is what I plan to do as President. I will ban soft money, I will do this." Would you care to respond?

LaRouche: Well, I would say, I have responded. You start from the top, you start from the policy, and you go to the concrete. I have very specific policies on health policy, which is revival of the Hill-Burton policy for hospital care —

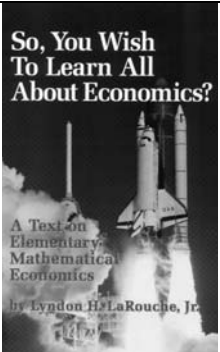
Sher: That failed miserably.

LaRouche: No, no. The Hill-Burton policy was the most successful health policy ever run in the United States in the 20th century. Until it was sunk, in 1975, beginning in New York with the Big MAC operation there, where they began to shut the hospitals down. The most successful health policy we ever had, in terms of general public health policy.

Education policy? We've got to scrap all of the reforms which were made in the last 25, 30 years. Get rid of them all. They've destroyed our educational system. They've made dumb children. And we've made dumb adults, who don't know how to think about history, or anything else. Just scrap it! Get back to a Classical art, science, education policy, in our secondary schools, and the preparation for the secondary schools in the primary schools. Those are very clear policies.

On economic policy — precisely. Bretton Woods system, a very precise policy — it *worked!* It worked. And what has happened since 1971, has not worked. It's been an unmitigated disaster, as you know, in Japan, for example.

Menshikov: I think Mr. LaRouche has given the best answers to most questions, that any candidate in the United States has done up to now, and I completely disagree with the previous gentleman.



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DOJ, FBI caught in more misconduct

by Edward Spannaus

In addition to the almost-daily new disclosures around the Waco case, Department of Justice (DOJ) officials have been caught in gross misconduct in two other cases recently, which have received far less attention than Waco. One case involves the 1983 conviction of former CIA officer and arms dealer Edwin Wilson; the other involves an ongoing Freedom of Information case pertaining to the scandal-ridden FBI Crime Laboratory.

In the Wilson case, it has now been shown that Federal prosecutors, including the very dirty Justice Department career prosecutor Ted Greenberg, knowingly submitted a false CIA affidavit in Wilson's 1983 trial—an affidavit which played a crucial role in the jury's decision to convict him. And then, after the trial, Department of Justice officials refused to disclose documents to the court or to defense attorneys, which would have shown that the affidavit was false.

Wilson has now filed a motion to overturn his conviction, on the basis that perjured testimony was used to obtain his conviction. An article in the Oct. 4 issue of *The Nation* provides the background to Wilson's recent court motion.

False CIA affidavit

Wilson was a direct CIA employee from 1955 to 1971, and then he "resigned" from the CIA and joined the spooky Naval Intelligence unit Task Force 157. In the mid-1970s, Wilson and his partner Frank Terpil were involved in providing arms, explosives, and training to the Libyan government.

When Wilson was tried on the explosives charges in 1983, prosecutor Greenberg filed an affidavit by a top CIA official, Charles Briggs, which stated that Wilson had not been asked or requested to provide any services for the CIA after 1971. Even as the affidavit was being filed, CIA General Counsel (and now Federal Judge) Stanley Sporkin asked Greenberg not to use the Briggs affidavit, but Greenberg went ahead and filed it anyway.

The affidavit was filed in the trial the day before the jury reached its guilty verdict. While deliberating, the jury asked that the affidavit be read to them, and although some believed that the CIA might have had something to do with Wilson's activities, Briggs's testimony convinced them that the CIA was not involved. Specifically, the one "holdout" juror was swayed by Briggs's statement.

Documents later obtained by Wilson under the Freedom of Information Act (FOIA), and through court discovery, show that Department of Justice officials Mark Richard and D. Lowell Jensen also knew that the affidavit was false, with Richard supposedly arguing that the DOJ had a duty to inform the court and/or defense attorneys of the falsity of the affidavit—but this was never done. All that was done was that the government filed a classified brief in Wilson's later appeal, which stated that the Briggs affidavit had omitted a few contacts, but that it was nevertheless sound—thus compounding the Justice Department's misrepresentation to the court.

Two months after Wilson's conviction, an internal CIA memorandum documented some 80 contacts between the CIA and Wilson after 1971; according to Wilson's lawyer, 36 of these were substantial enough to contradict the Briggs affidavit!

In late September, Federal prison officials raided Wilson's prison cell at the new high-security prison at Allenwood, Pennsylvania, and seized his copies of his own court filing and other documents, including documents obtained under the FOIA.

Not coincidentally, the four Federal officials implicated in the false filing and then withholding information about it—Mark Richard, Ted Greenberg, Lowell Jensen, and Stanley Sporkin—were all also personally involved in the Lyndon LaRouche case in the middle and late 1980s.

The FBI lab case

In the case involving the FBI crime laboratory, a Federal judge issued a ruling on Oct. 1, finding that the Justice Department and the FBI engaged in "misconduct and bad faith" in an attempt to cover up for improprieties committed by the FBI. The plaintiffs in the case are the National Association of Criminal Defense Lawyers (NACDL) and former FBI lab scientist and "whistleblower" Frederic Whitehurst.

In her ruling, Federal Judge Gladys Kessler said that she had supervised the release of the DOJ Inspector General's Final Report on misconduct at the FBI laboratory, which found that several lab examiners had provided scientifically flawed or inaccurate testimony, that there were serious deficiencies in the qualifications of several FBI examiners, and that there is a possibility of criminal prosecutions being tainted by the lab's deficiencies and inaccuracies. She said that these factors must be taken into account in considering an FOIA case, adding: "This is especially so at a time when the credibility of the FBI is being called into question more serious[ly] than [at] any other time in its history."

Judge Kessler said that the government had made "serious, repeated misrepresentations" in its arguments in the FOIA case "that are deeply disturbing."

Whitehurst's lawyer put it more bluntly, saying that that "the FBI's OPR [Office of Professional Responsibility] has been caught red-handed covering up misconduct."

Waco cover-up unravels, but GOP won't investigate

by Edward Spannaus

Even as new evidence concerning the deadly FBI assault at Waco, Texas on April 19, 1993 was making headlines almost daily, Congressional Republicans were shamelessly admitting that they have no intention of getting to the bottom of the massacre and the ensuing cover-up run by the FBI and the permanent bureaucracy at the Department of Justice (DOJ).

A few days after his short-lived appointment to head an extraordinary special "task force" of the Senate Judiciary Committee to investigate the DOJ, Sen. Arlen Specter (R-Pa.) declared that he wants to focus the investigation on the spurious allegations of Chinese espionage. "There's nothing we can do about Waco except correct procedures for the future," Specter said. "Espionage, I think, is the number-one priority."

Specter's approach was supported by Sen. Charles Grassley (R-Iowa), another member of the GOP task force, and hitherto a vocal critic of the FBI. "Waco is history, regardless of what we find out," Grassley said.

A week later, House Majority Leader Dick Armey (R-Tex.) concurred, saying that he also doesn't see "any compelling need" for hearings on Waco in the House. Rep. Mark Souder (R-Ind.), a member of the House Government Reform Committee, declared: "There's Waco fatigue. . . . There's a feeling that the political risk may be higher than the political gain of pursuing this subject."

Then, on Oct. 14, after weeks of internal bickering within the Senate Judiciary Committee, a compromise was reached in which the special task force idea was dropped, and the investigation will instead be assigned to a subcommittee.

The task force proposal had run into two major obstacles: Democrats refused to participate, labelling it "partisan," and Attorney General Janet Reno refused to provide confidential DOJ documents to it, saying that it lacked proper authority.

Specter, who will head the subcommittee probe, is maintaining that he will not put any priority on investigating Waco, instead insisting that alleged Chinese espionage and the 1996 campaign finance investigation are much more important. The permanent bureaucracy in the DOJ and FBI have nothing to fear from Specter.

More Waco evidence surfaces

Meanwhile, two expert witnesses have now declared that they believe the FBI fired gunshots during the Bureau attack on the Branch Davidian buildings.

One is Carlos Ghigliotti, an expert in thermal imaging and videotape analysis, who in the past has done work for the FBI. "I conclude that the FBI fired shots on that day," Ghigliotti told the *Washington Post*. "I conclude this based on the ground-view videos taken from several different angles simultaneously and based on the overhead thermal tape. The gunfire from the ground is there, without a doubt."

A second expert, Edward F. Allard, who was formerly the deputy director of the Defense Department's night-vision laboratory, was interviewed by special counsel John Danforth on Oct. 5. Allard is an expert witness in the wrongful-death civil case growing out of the Waco massacre, and according to court papers filed in that case, a report prepared by him "leaves no doubt that the U.S. repeatedly fired gunshots into the [compound] and at its occupants."

In another development indicating a further unravelling of the cover-up, the FBI has located thousands of pages of previously undisclosed documents concerning the Waco siege and attack; the documents were located at the FBI facility at Quantico, Virginia, where its Hostage Rescue Team is based.

Among other things, the new documents show that, prior to the day of the assault, FBI agents had thrown or launched "flash-bang" grenades at Branch Davidian members who attempted to leave the compound, in order to drive them back into the buildings; obviously, gunfire directed at the Davidian buildings on the day of the assault would have had the same effect.

FBI had TV cameras

But what is possibly the most damaging new admission came as newly disclosed FBI documents show that the Bureau had the Davidian compound surrounded by closed-circuit TV (CCTV) cameras and special sensing devices. For years, the FBI has denied having any cameras at Waco except infrared cameras deployed on aircraft flying high above.

FBI interview forms obtained by the *Dallas Morning News* quote an FBI technician saying in June 1993 that "CCTV monitoring sites . . . were all around the compound. . . . This enabled observers to see everything that was going on at the compound without showing themselves." Bureau documents show that the cameras were running as FBI tanks began gassing the compound, and as the buildings caught fire.

"Clearly, whatever those cameras recorded may well reveal the presence of government gunmen on April 19," said attorney Michael Caddell. "If the evidence showed conclusively that there was no government gunfire on April 19, don't you think the government would've trotted this out front and center six years ago?"

"This is clearly a deliberate, intentional cover-up by people high within the FBI hierarchy," Caddell said. "This type of closed-circuit TV system and recording system would've required approval from FBI higher-ups, and they've known for the last six years that this information was withheld."

McKinney calls for U.S. peace policy for Africa

by Linda de Hoyos

In a letter to President William Clinton dated Aug. 31 and publicized in late September, U.S. Rep. Cynthia McKinney (D-Ga.) has challenged the Clinton administration to drastically change its policy in Africa, from one of war, to that of peace. McKinney, a member of the House Subcommittee on International Operations and Human Rights, wrote the letter upon return from a visit to the Democratic Republic of Congo, where she met with “committed individuals from myriad walks of life.”

She told the President bluntly: “Unfortunately, I feel compelled to report to you that crimes against humanity are being committed in the Democratic Republic of Congo and throughout Africa, seemingly with the help of your administration. I would suggest to you that U.S. policy in the Democratic Republic of Congo has failed and it is another example of our policy failures across the continent. One only has to point to diplomatic duality in Ethiopia and Eritrea, indecisiveness and ambivalence in Angola, indifference in Democratic Republic of Congo, the destruction of democracy in Sierra Leone, and inflexibility elsewhere on the continent. The result is an Africa policy in disarray, a continent on fire, and U.S. complicity in crimes against humanity.

“Mr. President, everywhere, people whisper it, but are too ‘polite’ to say it out loud: Your Africa policy has not only *not* helped to usher in the so-called ‘African renaissance’ but has contributed to the continued pain and suffering of the African peoples.” The Congresswoman specifically asks the President to take “personal charge of our policy. It is now time for you to personally engage on these important issues. I stand ready to be your ally on the Hill for all these important issues. We all know that when you get involved in a concerted push for peace it does make a difference. The time for your personal engagement is now.”

A policy scripted in London

With this call to the President, McKinney is directly challenging the policymakers who are responsible for carrying out a policy toward Africa that has been irrelevant to U.S. national interests, but was scripted in London. That policy, as reported consistently in *EIR* since 1994, centers around the creation of warlords who, while carrying out the demands of the International Monetary Fund (IMF) in their own countries, have also been unleashed to begin wars throughout the conti-

nent against the sovereign states of Africa.

The London blueprint centered around Ugandan President Yoweri Museveni, Rwandan Vice President Paul Kagame, Ethiopian President Meles Zenawi, and Eritrean President Isaias Afwerki. The United States was hooked on this policy around the alleged national security threat posed by the government of Sudan to United States. In Africa, the London script has resulted in wars, destabilizations, and economic pressures—in complete contrast to the President’s own stated policy of a Partnership with Africa for trade and development.

In Washington, the war party has been protected at the State Department by Secretary of State Madeleine Albright, and centers around Assistant Secretary of State for African Affairs Susan Rice; John Prendergast, formerly of the National Security Council and now with the U.S. Institute for Peace; Roger Winter, executive director of the U.S. Committee on Refugees; and, on Capitol Hill, Rep. Donald Payne (D-N.J.) of the House Subcommittee on Africa.

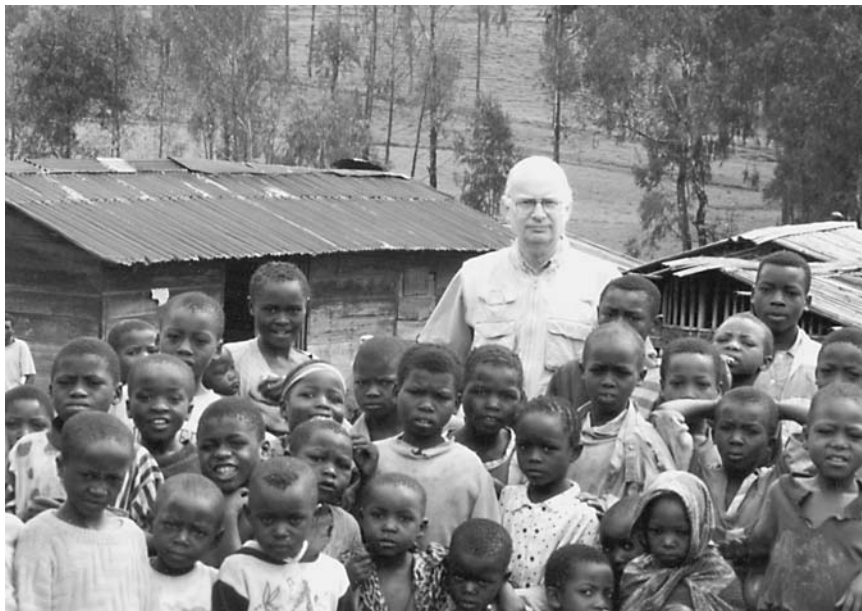
Without naming names, McKinney draws an accurate picture of the effects of this London war policy on Africa *and* the perception of the United States among Africans. Addressing the President, she writes: “Your failure to intervene and stop the illegal invasion of the Democratic Republic of Congo by your allies, Uganda and Rwanda, has directly led to the commission of crimes against humanity by their troops in the Democratic Republic of Congo.

“Even now, you ask the world to shadow-kiss this outrageous policy by calling these two countries uninvited when the world knows that both Uganda and Rwanda are military aggressors deep in the territory of the Democratic Republic of Congo, far away from their borders. The atrocities being suffered daily by all the people of this region are outrageous and are compounded by bad U.S. policy and indifferent U.S. leadership.”

IMF blackmail

The Congresswoman is addressing a U.S. policy which offered no resistance to the Ugandan-Rwandan invasion of the Congo in August 1998. When Congo President Laurent Kabila called upon Zimbabwe, Namibia, and Angola to help defend his country against the invasion, the State Department demanded that “all parties” withdraw from the Congo. Whereas Uganda has received debt relief and mountains of monies—\$2.2 billion—from the Paris Club to carry out its militarist expansionism, the IMF and the Paris Club have put pressure on Angola and Zimbabwe, with the unspoken demand that Zimbabwe must withdraw from the Congo if it wants to receive a tranche of its debt facility, which had already been guaranteed!

The State Department has been silent on the issue of the Ugandan-Rwandan effective annexation of eastern Congo and the pattern of consistent atrocities carried out against



Roger Winter, Director, U.S. Committee for Refugees, in Zaire, January 1997.

the Congolese people in the occupied zones. Instead, it has assiduously endorsed the “security concerns” of Rwanda and Uganda and their right to be deep inside the Congo in order to deal with them. Meanwhile, the continuing conflagration in the Congo has extended the war to engulf all of central Africa, including Angola and the Republic of Congo. As McKinney notes, the Clinton administration’s de facto support to Uganda and Rwanda has earned it the opprobrium of Africans throughout the region.

Roger Winter’s fake confessions

Representative McKinney is drawing the President’s attention to the suffering of Africans at the hands of the war policy, and noting that such a policy therefore stands in contrast to the aspirations and principles of the American republic. However, even in its own terms, the war policy has been an abject failure, as noted by one of its most strenuous proponents, Roger Winter. In a conference of the Ethiopian Community Development Council on Sept. 18, Winter broke away from his prepared remarks to state that he had been wrong in endorsing “the new breed of African leaders.” According to members of the audience, Winter said that he and others had put high hopes on the “new breed,” but now all these leaders are fighting among themselves.

The aim, for instance, had been to create a military coalition against Sudan, around Uganda, Eritrea, Ethiopia, and the Congo. But events happened otherwise. In May 1998, Eritrea invaded Ethiopia, and the two countries have been engaged in ferocious trench warfare since; their joint operations against Sudan’s eastern border disintegrated. Although Kabila had been put in the Presidency by the

Rwandan-Ugandan armies in 1997, fifteen months later, Uganda and Rwanda were invading Congo again, since Kabila had reneged on his part of the bargain to hand over all the spoils of Congo to the British Commonwealth companies backing the “new breed.” Now, and the worst, as Winter bemoaned, Rwanda and Uganda are fighting in eastern Congo against each other over the gold and diamonds the region is drenched with.

The coalition of the “new breed” which, as per the 1994 Pan-African Congress in Kampala, was to redraw the map of the African continent by military force, has disintegrated. Winter et al. not only backed the new breed, but also helped bring them to power. Winter was with Museveni in the bush in 1983, three years before the Ugandan guerrilla leader came to power. Winter

supported and backed the formation of the Rwandan Patriotic Front, organized a conference of its adherents in Washington, D.C. in 1988, and encouraged its invasion from Uganda of Rwanda in 1990. According to his own Congressional testimonies, Winter accompanied Kagame’s RPF front line when it blitzkrieged through Rwanda in the summer of 1994. He was with Kabila in November 1997, when the Ugandan and Rwandan troops then backing Kabila assaulted the Rwandan refugee camps, killing thousands and herding thousands more at gunpoint back into Rwanda.

There is no indication that Winter has learned anything from the debacle his policy has caused in U.S. foreign policy, or in the millions of dead Africans it has left in its wake. Disappointment in the “new breed” has not ended the State Department’s support for John Garang and the Sudanese People’s Liberation Army, which continue to wage a militarily hopeless war in southern Sudan, with backing in money and arms from Winter et al. Peace is not the goal of American foreign policy toward Sudan—but continuing war—even though 2 million southern Sudanese people have already died, according to the body count published by Winter’s own U.S. Committee for Refugees. Winter has reportedly stated that the deaths of so many southern Sudanese “is the price that must be paid.”

Thus, the *British methodology* of backing those who are determined to come to power by the gun continues at the State Department, and until it is overturned, U.S. policy will make the United States a target of hatred, not hope, among Africans. In combination with continued reliance on the conditionalities policies of the IMF, such a U.S. policy is guaranteed to result in the mass deaths of Africans.

John Quincy Adams and Henry Carey refute candidate Pat Buchanan

by Nancy Spannaus

A Republic, Not an Empire: Reclaiming America's Destiny

by Patrick J. Buchanan

Washington, D.C.: Regnery Publishing, 1999
337 pages, hardbound, \$29.95

Forget the critics, especially the television “talking heads,” on the subject of Pat Buchanan’s latest book. Most of them have not read the book, and those who have, are simply looking for a way to discredit it. As a matter of fact, the more the media whores attack the book, the more credibility it will gain in many circles.

For Pat Buchanan, you see, is a populist, and his book plays to the prejudices of the populists in America. His standpoint is “America First,” with all the disastrous implications that that phrase has for the abysmally miseducated American of today. Because Buchanan’s book works to reinforce those popular prejudices, in apparent opposition to the media establishment, it should be answered.

Buchanan’s book also purports to provide a history of American foreign policy, going back to the principles laid out by President George Washington, and moving through to the present day. This historical analysis is not unsophisticated, but it is fundamentally flawed. Because, when it comes right down to it, Pat Buchanan either does not understand, or is not being honest about, the real differences between the principles that define an empire and a republic — in particular, the British Empire and the American Republic. Those principles, in the arena of foreign policy, were most clearly established in the 19th century by Secretary of State and President John Quincy Adams, and Abraham Lincoln’s chief economic adviser, Henry Carey. Thus, it is upon these great Americans that we will call in order to refute Buchanan, and hopefully teach thoughtful Americans how they must approach foreign policy today.

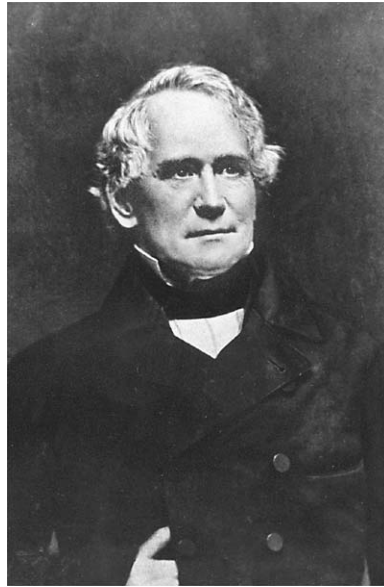
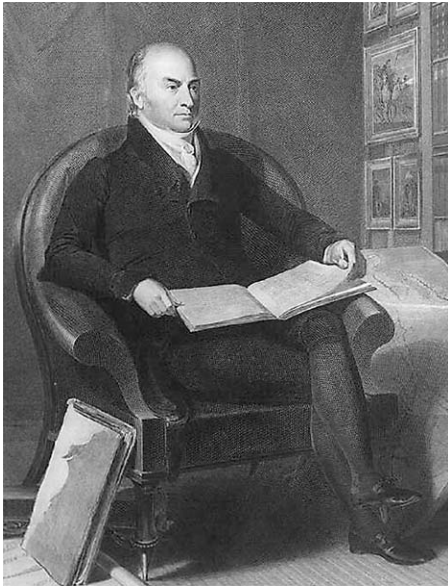
What Buchanan gets right

Before entering upon our main argument, it is useful to note some of the matters which Buchanan got right. In these areas, it would almost seem that the experienced political commentator and candidate has taken advantage of his familiarity with the work of Lyndon LaRouche and this news service.

First, Buchanan is right to say that there is nothing American about the tradition of “free trade.” While he doesn’t deal with this issue in this volume (it was the subject of his previous book, *The Great Betrayal*), his declaration of this truth, including a reference to the “American System” in his preface, indicates that he does know something about American history.

Second, Buchanan both leads and concludes his book with a most appropriate warning against the *imperial* policies of George Bush, including the fact that the adoption of such policies will put the United States directly on the pathway to World War III.

Buchanan begins with the case of none other than Paul Wolfowitz, a member of the Kissinger-trained foreign policy coterie who served in the George Bush administration and is currently an adviser to his son, Republican Presidential candidate George W. Bush. Defense Undersecretary Wolfowitz wrote a 46-page memorandum in 1992, Buchanan reports, which proposed a U.S. strategy which would be based on the decision that “the United States would never permit any nation—Russia, Germany, Japan, China—to rise ever again even to the status of regional superpower” (p. 9). In particular, Wolfowitz’s memo projected a potential war by land, sea, and air against Russia, over the defense of its small neighbor Lithuania. In elaborating the thinking by this crowd, Buchanan notes that this provocative policy of NATO expansion up to Russia’s borders, has been continued under the Clinton administration. Buchanan believes that such a policy could well lead to a nuclear showdown with a nuclear-armed Russia, an unnecessary confrontation which is by no means justified by the national interests of the United States.



Secretary of State and then President John Quincy Adams (left) and economist Henry Carey. Buchanan cites Quincy Adams repeatedly, but does not comprehend his outlook. Carey, who formulated the plans for economic development which must accompany a true “Community of Principle” between nations, is not mentioned at all.

On the policy of the Bush administration, and where it leads, Buchanan’s report is absolutely right.

The policy of imposing so-called “global democracy” also appropriately comes in for attack by Buchanan.

The third major useful observation by Buchanan regards the role of British thinking in subverting the American tradition of anti-imperialism. He points out that the two Presidents who actively embraced imperial policies—Teddy Roosevelt and Woodrow Wilson—were ardent Anglophiles (Buchanan’s word). He notes that only the British supported the United States in the Spanish-American War, and that the whole policy of aggression in Asia, the Open-Door policy, was a concoction by the British Foreign Office. And, of course, it was to save the British that Wilson broke all his electoral promises, and entered World War I against Germany.

Fourthly, Buchanan correctly notes that the pathway of imperialism, which he identifies as the Bush thrust for a *Pax Americana*, is a pathway to disaster. So far, so good. But Buchanan’s alternative, which he mislabels as nationalism, grossly misrepresents the tradition of American foreign policy by confusing it with “America First.” He genuinely does not seem to understand the key principles of our republic.

What is the American republic?

Looked at from the standpoint of universal history, the United States of America represents a unique accomplishment, a high point, in human history. The idea of man as a noble creature of thought, as a discoverer and developer of the laws of the universe, which had been advanced by Greek Classical culture, particularly Plato, had established a republi-

can current in European history, which had founded the institution of the nation-state at the time of the 15th century’s Golden Renaissance. It was the nation-state, devoted to uplifting all citizens through education and improvements in their standard of living, and providing the means for citizens to participate in their own governance and development, which the republicans saw as indispensable to the progress of mankind.

The first such nation-state was the France of Louis XI, during 1461-83. But, within decades, the oligarchies of Europe were able to make a successful assault, and during the following centuries, despite brilliant breakthroughs in art and science by individuals and networks, there were no successful political institutions formed to preserve and pass on their breakthroughs to the next generation. The republican elite of Europe determined to outflank the oligarchy, through a colonization of the New World.

Thus began the American experiment, dedicated to forming a true republican form of government, devoted to the General Welfare of all people, free of the oppression of a nobility which insisted upon ruling over an ignorant, toiling mass of peasants. With the support of republicans throughout Europe, and aided by the fact that the oligarchy was not entrenched on their soil, the American colonies eventually won their independence, and established the only constitutional government in the world which enshrined the concept of the General Welfare for the population, and its posterity, as its purpose for existence. That government was far from perfect, as the toleration of slavery and lack of universal education underscore. But the America of the Declaration of Independence and Constitution was conceived by its leading founders and supporters as a step forward to freedom and progress for all mankind. It owed a debt to its European republican supporters then, and throughout its subsequent fight for survival.

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A true American foreign policy: the ‘Community of Principle’

From this concept of the American republic come the principles of foreign policy.

The republican foreign policy outlook of the United States, although implicit in the work of Founding Fathers Benjamin Franklin and George Washington, was clearly defined in the 19th century, in the work of John Quincy Adams and Henry Carey. While Buchanan cites Quincy Adams repeatedly, he does not comprehend the foundation for his out-

look. As for Carey, who formulated the plans for economic development which must accompany a true “Community of Principle” between nations, Buchanan doesn’t reference him at all.

The first touchstone noted by Buchanan is that of Washington’s Farewell Address, which had been edited substantially by First Treasury Secretary Alexander Hamilton. From that document comes the admonition to “steer clear of permanent alliances with any portion of the foreign world,” and to pursue “commercial relations” without getting politically involved. This was understood to be directed at avoiding having the United States become ensnared with either France or Great Britain—or the wars of independence being carried out between them and their colonies.

Washington was correct at the time, 1796. Both of the major imperial powers were interested in destroying the very model of republicanism which the fledgling United States represented, and there was no principled basis for U.S. alliances with them.

The second touchstone is the Monroe Doctrine, which was primarily the work of Quincy Adams. But, even before that was declared in 1823, Quincy Adams gave a Fourth of July address in 1821 which took on the issue of U.S. potential involvement in other nations’ wars of independence. Adams put it this way: “America does not go abroad in search of monsters to destroy. She is the well-wisher to the freedom and independence of all. She is the champion only of her own.” Buchanan quotes this statement approvingly, in the spirit of “no entangling alliances.”

It was in the formulation of the Monroe Doctrine, *against* the British proposal that the United States join with England in keeping other European powers out of the Americas, that Quincy Adams articulated his foreign policy idea more clearly. In that context he enunciated the concept of a “community of principle” between nations. “Britain and America . . . would not be bound by ‘any permanent community of principle,’ ” Adams said in a memorandum to President Monroe, as exemplified by the fact that the United States had recognized the independence of the newly formed Ibero-American republics, where Britain had so far refused to do so. In other words, Adams was saying that a “community of principle” could not exist between the British Empire, with its imperial interests, and the American republic, which had very different commitments. But such a “community of principle” could be forged with the Hispanic, Catholic republics of South America.

What Quincy Adams understood—and Buchanan, as he shows in his treatment of the Monroe Doctrine, most definitely does not—is that that cornerstone of foreign policy was meant to establish a U.S. commitment to defend a community of principle with other *republics*, not just to “keep the foreigners out.” Republics, as Quincy Adams noted at some length and many times during his long political career, are devoted to a political and economic system which de-

fends the concept of man in the image of the God, and which has a government actively involved in improving the conditions of life for all through science, technology, and infrastructure.

Quincy Adams’s collaborators and successors in developing American System principles of economy and foreign policy—particularly father and son Mathew and Henry Carey—were able to put more economic content into the “community of principle” concept. Henry Carey, in particular, was deployed by the American System grouping to work on economic development plans for sister republics, as a means of establishing a lasting basis of collaboration between them, as well as the way of permanently defeating their imperial opponents. A fierce opponent of free trade, Carey attacked “British free-trade despotism,” and promoted collaboration between America, Russia, Japan, Germany, and China on “Great Projects” (railroads, canals, etc.), with the strategic aim of defeating British imperialism, and the human aim of *improving* conditions of life—economic and cultural—for the people.

Quincy Adams and Henry Carey—like Franklin before them—understood that the United States, as the world’s pre-eminent republic, had a *mission*, which went beyond its borders, and called for an active pursuit of alliances based on joint economic development. The very fact that Buchanan jumps past the period after Abraham Lincoln’s assassination, when the Carey networks were fighting tooth and nail to build collaborative relations between the United States and Russia, Germany, Japan, and China, based on such a positive economic development perspective, speaks volumes about his lack of understanding of the American System tradition of foreign policy.

The nature of British imperialism

Don’t expect populists to understand the evil of British imperialism, or any other. Populists react, and they are easily manipulated. Buchanan is constantly showing throughout his historical review, that he does *not* understand the oligarchical principle from which the British Empire is operating, despite his self-professed defense of republicanism versus empire.

The first glaring problem is that Buchanan does not realize that the British Empire still exists! In his view, now that the accoutrements of power have become invisible, the empire has died. Geopolitical manipulation, control of financial flows, raw materials control—all of these levers which the British oligarchy still uses to maintain power over the world economy and politics, he simply ignores.

Buchanan’s errors are devastating to his historical analysis, and are entirely consistent with his lack of understanding of the republican principles of a community of principle among sovereign nation-states committed to economic development. It was to *prevent* such a community of principle, at the end of the 19th century, that Great Britain sponsored the assassination of President William McKinley, and launched

the crises that broke up a nascent U.S.-Russian-German alliance, and ultimately led to World War I. The same kind of thinking led to the *British* — with significant Wall Street aid — crucial role in bringing Adolf Hitler to power in Germany, and maintaining support for him over several years. Their imperial purpose was precisely what Buchanan proposed to do: let Germany and Russia mutually destroy each other. The aim, however, was that the British Empire, with its would-be American satrap, might thrive.

Thus, America-Firsters, even if not sympathetic with Hitler (as many of the “anti-communist” variety were), were manipulated by British intelligence for most of their existence.

It would be even more difficult for Buchanan to understand the conflict between Franklin Roosevelt and Winston Churchill which subsisted during World War II, where FDR insisted that winning the peace entailed the end of empires and in sovereign economic development for all nations, no matter how small, while Churchill insisted that he was not going to fight a war in order to preside over the dismantling of the His Majesty’s “Empire.”

Quincy Adams, in particular, thanks to his immersion in Classical culture, had an acute understanding of the nature of the beast with which he was dealing. He understood what it meant when the British authors of slavery, became “anti-slavery” when it served their geopolitical purposes; he saw the British be pro-free trade one moment, and pro-protection the next; or, pro-republic and pro-monarchy. It all depended upon which “position” would serve the British monarchy’s ability to maintain its power in the long term.

And, on the level of principle, perhaps no one until Lyndon LaRouche has expressed the difference between the British imperial system and the American System more pungently than Henry Carey, from whose 1851 “Harmony of Interest” pamphlet we quote below.

‘America First’ is not republican

The dangers involved in Buchanan’s misunderstanding of the republican principle are made excruciatingly clear in the concluding section of his book, where his proposals for what *should* be done are outlined. His call for abandoning the Bush imperial proposals are fine, of course. But what he would erect in their place as principles of foreign policy are potentially disastrous.

Buchanan calls his preferred foreign policy a “defensive shield.” What a misnomer!

In the first place, Buchanan ignores the greatest threat to our national existence — the cancerous financial bubble which is eating away at the foundations of physical existence for the world, including the U.S., economy. This bubble’s inevitable collapse can be dealt with, but only with the kinds of measures which Franklin Delano Roosevelt took, both domestically, and in conjunction with allies in a community of principle. But on both fronts, Buchanan is bitterly opposed to such measures.

He’s not prepared to defend us from our biggest enemy.

Secondly, Buchanan sees the emerging partnership between Russia and China as a threat to the United States, when in fact, such a partnership, in conjunction with the United States, is precisely what is needed to create a new, thriving world financial system.

Thirdly, Buchanan wants to *contain* China, allegedly because of its trade surplus with the United States, and its “aggression” in Asia. Can he really be so ignorant? China’s trade surplus with the United States is due to the fact that we will not export them the high-technology goods they want and need! And there is no Chinese aggression in Asia at all. Buchanan also wants to “expel” the Chinese from the Western Hemisphere, allegedly due to their commercial port arrangements on the Pacific Coast, using the “Monroe Doctrine” as a justification. This is ludicrous on its face.

Then there are Buchanan’s infamous proposals on immigration, particularly that from Mexico. Refusing to recognize the economic basis for the massive emigration from Mexico to the United States, Buchanan calls for a clampdown, severe limits on immigration, and blames the Mexicans for separatist movements in the country. Such an approach will only serve to exacerbate tensions between nations and neighbors.

What comes across in these proposals is a Hobbesian mind-set, not a republican one. Rather than seek out allies against the British imperial financial system, which is destroying us all, Buchanan calls for hunkering down to defend ourselves, within a universe of each against all.

Buchanan is right to defend the nation-state, but is sorely ignorant of what that republican institution represents historically, and politically, particularly in the United States. This queen of republics was the product of the best of republican thinkers internationally, who came to these shores to create a nation that would help to free all mankind from the scourge of oligarchism which will, if not eradicated, destroy humanity. We must restore that sense of identity in this period of crisis, and take crisis measures, in concert with international allies, in the immediate period ahead. To do that will require the guidance of those who understand foreign policy as John Quincy Adams and Henry Carey did, and more — specifically, Lyndon LaRouche.

Documentation

From Henry Carey’s ‘Harmony of Interest’

... Two systems are before the world; the one looks to increasing the proportion of persons and of capital engaged

in trade and transportation, and therefore to diminishing the proportion engaged in producing commodities with which to trade, with *necessarily* diminished return to the labour of all; while the other looks to increasing the proportion engaged in the work of production, and diminishing that engaged in trade and transportation, with increased return to all, giving to the labourer good wages, and to the owner of capital good profits. One looks to increasing the quantity of raw materials to be exported, and diminishing the inducements to the import of men, thus impoverishing both farmer and planter by throwing on them the burden of freight; while the other looks to increasing the import of men, and diminishing the export of raw materials, thereby enriching both planter and farmer by relieving them from the payment of freight. One looks to give the *products* of millions of acres of land and of the labour of millions of men for the *service* of hundreds of thousands of distant men; the other to bringing the distant men to consume on the land the products of the land, exchanging day's labour for day's labour. One looks to compelling the farmers and planters of the Union to continue their contributions for the support of the fleets and the armies, the paupers, the nobles, and the sovereigns of Europe; the other to enabling ourselves to apply the same means to the moral and intellectual improvement of the sovereigns of America. One looks to the continuation of the *bastard* freedom of trade which denies the principle of protection, yet doles it out as revenue duties; the other to extending the area of *legitimate* free trade by the establishment of perfect protection, followed by the annexation of individuals and communities, and ultimately by the abolition of custom-houses. One looks to exporting men to occupy desert tracts, the sovereignty of which is obtained by aid of diplomacy or war; importing men by millions for their occupation. One looks to the *centralization* of wealth and power in a great commercial city that shall rival the great cities of modern times, which have been and are being supported by aid of contributions which have exhausted every nation subjected to them; the other to *concentration*, by aid of which a market shall be made upon the land for the products of the land, and the farmer and planter be enriched. One looks to increasing the necessity for commerce; the other to increasing the power to maintain it. One looks to underworking the Hindoo, and sinking the rest of the world to his level; the other to raising the standard of man throughout the world to our level. One looks to pauperism, ignorance, depopulation, and barbarism; the other to increasing wealth, comfort, intelligence, combination of action, and civilization. One looks toward universal war; the other toward universal peace. One is the English system; the other we may be proud to call the American system, for it is the only one ever devised the tendency of which was that of *elevating* while *equalizing* the condition of man throughout the world.

Such is the true *mission* of the people of these United States. To them has been granted a privilege never before granted to man, that of the exercise of the right of perfect

self-government; but, as rights and duties are inseparable, with the grant of the former came the obligation to perform the latter. Happily their performance is pleasant and profitable, and involves no sacrifice. To raise the value of labour throughout the world, we need only to raise the value of our own. To raise the value of land throughout the world, it is needed only that we adopt measures that shall raise the value of our own. To diffuse intelligence and to promote the cause of morality throughout the world, we are required only to pursue the course that shall diffuse education throughout our own land, and shall enable every man more readily to acquire property, and with it respect for the rights of property. To improve the political condition of man throughout the world, it is needed that we ourselves should remain at peace, avoid taxation for the maintenance of fleets and armies, and become rich and prosperous. To raise the condition of woman throughout the world, it is required of us only that we pursue that course that enables men to remain at home and marry, that they may surround themselves with happy children and grandchildren. To substitute true Christianity for the detestable system known as the Malthusian, it is needed that we prove to the world that it is population that makes the food come from the rich soils, and that food tends to increase more rapidly than population, thus vindicating the policy of God to man. Doing these things, the addition to our population by immigration will speedily rise to millions, and with each and every year the desire for that perfect freedom of trade which results from incorporation within the Union, will be seen to spread and to increase in its intensity, leading gradually to the establishment of an empire the most extensive and magnificent the world has yet seen, based upon principles of maintaining peace itself, and strong enough to insist upon the maintenance of peace by others, yet carried on without the aid of fleets, or armies, or taxes, the sales of public lands alone sufficing to pay the expenses of government.

To establish such an empire—to prove that among the people of the world, whether agriculturists, manufacturers, or merchants, there is perfect harmony of interests, and that the happiness of individuals, as well as the grandeur of nations, is to be promoted by perfect obedience to that greatest of all commands, “Do unto others as ye would that others should do unto you,”—is the object and will be the result of that mission. Whether that result shall be speedily attained, or whether it shall be postponed to a distant period, will depend greatly upon the men who are charged with the performance of the duties of government. If their movements be governed by that enlightened self-interest which induces man to seek his happiness in the promotion of that of his fellow-man, it will come soon. If, on the contrary, they be governed by that ignorant selfishness which leads to the belief that individuals, party, or national interests are to be promoted by measures tending to the deterioration of the condition of others, it will be late.

Clinton sidesteps DOE reorganization

On Oct. 5, President Clinton ordered Secretary of Energy Bill Richardson to assume the duties of the Undersecretary for Nuclear Security, a position created by the fiscal 2000 Defense Authorization bill, which he signed into law that same day. In a statement, Clinton said that the Energy Department reorganization mandated by the bill, rather than strengthening national security, weakens it, by removing the Secretary of Energy from direct responsibility for nuclear weapons programs and establishing dual support functions, including a separate office of counterintelligence, thereby creating redundant lines of authority. Clinton specified that his order will remain in effect until legislative changes are passed by Congress.

Congressional Republicans vented their frustration during a hearing of the Senate Armed Services Committee on the Comprehensive Test Ban Treaty on Oct. 7, where Richardson was a witness. Committee chairman John Warner (R-Va.) said that he had "rarely been stunned by an event" in all his years in the Senate as he had with this situation, and said that Clinton's action "was a great personal disappointment to me."

Richardson explained that the reason for Clinton's order was concern about "some lack of clarity and some constitutional problems" with the language in the bill which need to be corrected. "Had we proceeded with a confusing interpretation of the law that came out" of the conference committee, he said, "we do believe there would have been some very, very confusing lines of authority; there would have been some lack of oversight in some key areas, such as counterintelligence, intelligence."

Sen. Pete Domenici (R-N.M.), who played a key role in crafting the reorganization, was not mollified.

"It's an absolute frontal attack to say, 'No matter what Congress said, we're not going to do it,'" Domenici said. "I don't want any comments from you. I'm telling you, we've been at it too long and I'm fed up."

Foreign aid bill headed for veto

The conference report on the Foreign Operations Appropriations bill was narrowly passed by both the House and the Senate on Oct. 5 and Oct. 6, by votes of 214-211 and 51-49, respectively, but it faces a veto threat from President Clinton.

The Democrats' main objections to the bill related almost entirely to funding levels. The bill as a whole is \$2 billion below President Clinton's request, and it contains no funding for the Wye River Middle East peace agreement, forged last October under the personal supervision of the President. Republicans say that the \$1.2 billion for the Wye River agreement will be provided in separate legislation, a pledge considered dubious by Democrats. Democrats also warned, in the words of Rep. Nita Lowey (D-N.Y.), that the Mideast "conflict and problems that could be avoided with a modest allocation today, can turn into expensive crises down the road."

Republicans have continually explained away the low funding levels in the bill in the context of their budget orthodoxy. Sonny Callahan (R-Ala.), chairman of the House Foreign Operations Appropriations subcommittee, told the House that "we do not have any more money. We are not going to raise taxes; we are not going to take it out of national defense," other parts of the budget, or Social Security.

Such GOP reasoning was rejected by Pat Leahy (D-Vt.), who told the Senate that the bill "is part of a grand strategy to force the President to either

accept a large cut in funding for foreign policy or veto the bill and then be blamed for cutting Social Security to pay for foreign policy."

Senate rejects nuclear test ban treaty

On Oct. 13, the Senate rejected the Comprehensive Test Ban Treaty, on a vote of 51-48, nineteen short of the 67 required for ratification. The vote followed three days of debate and more than a week of maneuvering to postpone the vote. Majority Leader Trent Lott (R-Miss.) surprised the White House and Senate Democrats by bringing the treaty to the floor after two years of inaction.

Once the process was in motion, Lott showed no interest in interrupting it, despite letters from President Clinton and from Senate Armed Services Committee Chairman John Warner (R-Va.), signed by 59 other Senators, asking him to do so. White House spokesman Joe Lockhart told reporters on Oct. 12, "It's not in our national security interest to go forward in this situation with a process that has not allowed for a full debate and examination of the issue."

On Oct. 5, Lott had offered to pull the treaty if Clinton would promise, in writing, not to ask the Senate to bring the treaty up again while he remains in office. "I think it is unwise," he told reporters, "for the administration to have pushed for this treaty as they have, when the timing is not right and where it's very dangerous for the future of our children and our grandchildren." Lott contended that the treaty is "dangerous" because it threatens the ability to maintain the U.S. nuclear stockpile. He also said that it is too difficult to ensure that other countries, particularly North Korea, Iran, Iraq, China, Russia, India, and Pakistan, "will live by such an arrangement."

National News

Brzezinski calls for expansion of NATO

Zbigniew Brzezinski, the geopolitical lunatic and former Carter administration National Security Adviser, attacked the Clinton administration for softness on Russia during the Balkans war, and called for accelerating the expansion of NATO, in testimony before the Senate Foreign Relations Committee on Oct. 6.

Brzezinski claimed that "cooperation with Russia is desirable," but then declared that "the Kosovo experience shows that the current Russian government is not trustworthy."

He denounced what he called "Russian-Serbian collusion," including Russia's denunciations of NATO and the West, Russian envoy Viktor Chernomyrdin's negotiations with Serbia's Slobodan Milosevic, and the surprise Russian occupation of the Pristina airport.

"I would hope that . . . NATO will continue to expand," he said, "because there's no doubt in my mind that expansion of NATO enlarges the zone of stability and peace and security in Europe. It eliminates areas of ambiguity. So the continued and credible expansion of NATO I think is very important. . . ."

"We should not be mechanically bound to the year 2002 as the date for the next steps in enlargement," as was said at the NATO summit in April. "I think we should be flexible regarding that date, and move on further expansion sooner if it is objectively feasible, and if some countries qualify sooner. And in my judgment, two or three might, specifically, be Slovenia, Lithuania, and maybe Slovakia."

Talbott to Europe: Boost defense spending

Deputy Secretary of State Strobe Talbott, speaking at the Royal Institute of International Affairs (Chatham House) on Oct. 7, called on European nations to increase their defense spending, according to the *Washington Times* on Oct. 8. Noting that U.S. per-

capita defense spending is almost twice the European rate, except for Greece and Turkey (while Germany has just announced a decrease), Talbott told the gathering for the 50th anniversary of NATO:

"Many Americans are saying: Never again should the United States have to fly the lion's share of the risky missions in a NATO operation and foot the bill, by far the biggest bill. . . ."

"Many in my country, notably members of Congress, are concerned that in some future European crisis, a similar predominance of American manpower, firepower, equipment, and resources will neither be politically or militarily sustainable given the competing commitments that our nation has in the Gulf, on the Korean Peninsula, and elsewhere around the world."

Talbott reportedly went on to say that he backs the idea of a European Defense Initiative, but only one that is subordinate to NATO.

Speaking after Talbott, NATO Secretary-General George Robertson said that the European Union should set a goal of being able to deploy quickly a corps-sized force of exclusively European forces to deal with a threat to the continent's security. "We are nowhere near that yet," Robertson noted.

More Americans lack health insurance

Forty-four million Americans have no health insurance, and the numbers are rising, according to an annual report by the U.S. Census Bureau. As of the end of 1998, more than 44.3 million Americans—one in six—were without any form of health insurance. That is a rise of 1 million over the 1997 figures. Furthermore, there were 1 million fewer Americans on Medicaid than a year earlier. Among the most hard-hit segments of the population: 11 million children have no form of health care coverage, and one out of every three Hispanic Americans have no insurance.

Looking at an example from one state, from 1997 to 1998, the number of Marylanders without health insurance increased by 160,000, to 837,000, the *Baltimore Sun* reported on Oct. 5. This is an increase of 13-16%. One-sixth of the Maryland population

as of last year is uninsured, with more than half of them holding jobs, and one-fourth of them being children. Maryland had the third-fastest growth rate of uninsured people, behind Wisconsin and Nevada. The reason given by analysts for this dramatic increase was "double-digit cost increases for health insurance premiums, welfare reform, and more part-time workers."

Clinton may offer to share ABM technology

The *Drudge Report*, an Internet media clearinghouse, wrote on Oct. 7 that "President Clinton will offer to share new missile defense technology with other nations, if such a system can be created," according to government sources.

Neither the White House nor the National Security Council would confirm or deny the story.

The *Report* writes that "Clinton's intentions will not be formally announced until next summer, after a Pentagon review of the system's feasibility, but the President told senior advisers this week that he likes the idea of sharing the technology in an effort to prevent a new global arms race. The offer could only be made in general terms, since the outcome of the research is far from clear.

"Clinton expressed a willingness to share the new missile defense system specifically with Russia, China, and Israel. The move is bound to cause complete controversy, but a White House policy of sharing a missile defense with other superpowers would not be new. During the last years of the Cold War, President Ronald Reagan offered to give the Soviet Union a missile defense system, if and when deployed. 'We will share the defensive system with you,' President Reagan promised the Soviets. . . . Reagan defended his decision during a debate with Walter Mondale in '84: 'Now, some people have said, ah, that would make a war imminent because they would think that we could launch a first strike because we could defend against the enemy. But why not do what I have offered to do and asked the Soviet Union to do? Say look, here's what we can do, we'll even give it to you, now will you sit down with us and once and

for all get rid—all of us—of these nuclear weapons and free mankind from that threat. I think that would be the greatest use of a defensive weapon.’”

Lyndon LaRouche, in speeches and articles during 1982 and 1983, prior to Reagan’s March 23, 1983 announcement of the Strategic Defense Initiative, urged a policy of sharing ABM technologies based on “new physical principles” with the Soviet Union, in order to replace the Kissingerian doctrine of Mutually Assured Destruction (MAD) with one of Mutually Assured Survival.

Bradley offers plan for farm payments

Speaking in Iowa on Oct. 8, Democratic Presidential pre-candidate Bill Bradley proposed that the Federal government provide payments to farmers raising grains and livestock, when they are receiving prices below their cost of production. He proposed a calculation based on a three-year average. The proposal is described as a \$5.5 billion package, and payments would be denied to corporate farms.

This proposal, and others such as a “floor price” for farm milk, fall short of the parity concept which Lyndon LaRouche and *EIR* advocate, though they go in that direction. A true parity price also takes into account the requirements of capital investment required for technological development. (For an elaboration of this concept, see Marcia Merry Baker, “National Economic Security Depends on Farm Parity,” *EIR*, March 8, 1996.)

British companies finance U.S. elections

The U.S. subsidiaries of leading British companies are major contributors to U.S. political campaigns, according to the *Times* of London on Oct. 11.

For example, Brown and Williamson, the U.S. subsidiary of the British American Tobacco Company, has given more than \$500,000 directly to political candidates, including \$5,000—the highest legal amount—to George W. Bush, as well as

other political causes. They have also given another \$680,000 of “soft money donations.”

Other big spenders are Glaxco Wellcome, the pharmaceutical company, which gave over \$1.1 million in soft money and direct contributions to political candidates. BP Amoco gave over \$300,000. Earlier this year, they financed a discussion meeting between President Clinton and Prime Minister Tony Blair.

Other top receivers of money include the Committee for the Preservation of Capitalism and the Freedom Project, both Republican-oriented organizations.

LaRouche statements in Spanish on website

The Presidential campaign of Lyndon H. LaRouche, Jr. announced on Oct. 4 that major press statements, policy papers, and background material associated with the campaign are now available in Spanish via the candidate’s website (www.larouchecampan.org).

LaRouche’s national spokeswoman, Debra Hanania-Freeman, said in a press statement: “A significant portion of the people who inhabit the Americas are Spanish-speaking, and so, it is our commitment to make a broad spectrum of what we produce available in Spanish, not to pre-select statements that address what are perceived as ‘hot button’ issues tailored to appeal to Hispanic voters.

“LaRouche’s continuing and unique role in crafting a new more just international financial order to replace the current bankrupt IMF system, and his unswerving insistence that that new system must be based on the principle of respect for the sovereignty of all nations, has made his candidacy a key concern and point of hope for many nations, especially in the so-called developing sector. He and his wife, Helga, have travelled extensively in Ibero-America, meeting with government, military, and religious leaders. So, the launch of the Spanish language version of his campaign website is of importance not only to Spanish-speaking people inside U.S. borders, but internationally as well.”

STATE DEPARTMENT spokesman Jamie Rubin on Oct. 4 condemned the assassination attempt against Ukrainian Presidential candidate Natalia Vitrenko. “Open, peaceful, and fair Presidential elections in Ukraine are essential to the future of this important American partner,” he said. “We urge the Ukrainian authorities to conduct a swift and impartial investigation into the attack.”

DEFENSE SECRETARY William Cohen announced the creation of a new military task force to manage nuclear, chemical, or biological weapons incidents on U.S. territory, according to a “senior Defense official” quoted by wire services. He added that the “disaster-response capability” was being established as a result of President Clinton’s May 1998 order to agencies to improve their ability to handle incidents involving weapons of mass destruction.

DR. WILLIAM WARFIELD, the world-renowned operatic baritone, endorsed Lyndon LaRouche for President on Sept. 20. Warfield is past president of the National Association of Negro Musicians (1985-90). “I heartily endorse Lyndon LaRouche,” he said, “and urge you, fellow artists, to use your individual talents to the maximum, to bring this worthy gentleman to the White House as the next President of the United States.”

THE CATO INSTITUTE, a neo-conservative think-tank in Washington, D.C., held an all-day conference promoting drug legalization on Oct. 5. The keynote speaker was Gov. Gary Johnson (R) of New Mexico, who got a standing ovation for his ridicule of the “war on drugs” as a waste of \$50 billion, and his statement that he is “proud” to say that he didn’t “experiment” with drugs—“No! I used marijuana. I smoked marijuana. . . . We enjoyed what we did!”

OVERHEARD at a literature distribution site by members of the LaRouche movement: “The British have deployed the greatest Weapon of Mass Destruction—your TV set.”

The Comprehensive Test Ban Treaty

The Senate's rejection of the Comprehensive Test Ban Treaty (CTBT) on Oct. 13, was not a catastrophe because it was a reversal of so-called nuclear nonproliferation. Nuclear nonproliferation is a hypocritical hoax. Nor was it a catastrophe because it hurt the credibility of U.S. foreign policy. Rather, the catastrophe is in the very idea of the treaty itself. That idea could only be accepted among infantile "New Age" Baby-Boomers, who have lost the intellectual and moral fitness to survive. And, the Republican argument against the treaty is almost as looney as the proposals of the treaty's proponents. As Lyndon LaRouche said on Oct. 14, "This must be said and reported with emphasis, and widely, inside and outside the U.S.A. Banning testing of any universal physical principal is a form of lunacy in the same general niche as 'benchmarking.' It may be considered 'Smart,' but it is probably not safe for the passengers lured into riding in it." (This refers to Daimler-Chrysler's computer-benchmarked "Smart Car," which human consumers are properly refusing to buy.)

Banning of testing, in favor of computer simulation, as the CTBT does, is a fallacy in which only a computer nerd could believe. It assumes that we have final knowledge of all physical principles: a nonsensical idea. It assumes, secondly, that all universal physical principles are so absurdly simple, that they can be simulated by a digital computer. Anyone who believes this, effectively believes at the same time, that he himself does not exist. Why? Because, if he does exist, he exists only as a product of a physical process which could never be simulated by a digital computer. That process is the repeated revolutionization of human existence over millions of years, through the human mind's discovery of new physical and other principles—something which no digital computer can ever do.

For cognate reasons, a new physical principle can only be verified through live testing, but never through computer simulation. Only a military commander who is a supremely self-confident knucklehead—suffering delusions of omnipotence because of such fool's triumphs as the success of NATO "smart bombs" in destroying bridges, railroads, and other large, stationary,

civilian targets during 78 days of bombing of Serbia—only such a commander, would perhaps deny his own forces the advantages to be gained through discovery, verification, and use of new physical principles. No "underdog" would ever do so. Nor any other rational person.

As LaRouche demonstrates in the forthcoming *EIR* videotape, "Storm Over Asia," European civilization was developed in the effort to preserve mankind from generalized catastrophes, whether natural or man-made. The arguments of the proponents of the CTBT, and its Republican opponents, show that today's Baby-Boomers are so far removed from that development, that they resemble the legendary chickens, who wander out into the rain, raise their open mouths straight up into the air out of curiosity, and drown themselves in a spring shower.

As LaRouche says in the video, "We educate our children *not* to be thinkers, not to be citizens, but to be cattle, to be human cattle. 'You are going to become a cow. In this school, we will teach you how to become and think like a cow, and be happy about being like a cow. If you don't agree with us, we'll stuff you with Ritalin.' That's our educational system today. We don't teach history any more; we don't teach science any more. We teach 'information,' which is merely a confusion, a scattering of this and that."

How shameful that Americans, whose independent nationhood was organized by one of the greatest natural scientists of that period, Benjamin Franklin, should all be so ignorant of the ABCs of science, as to fall for something like the CTBT.

No one could accept such a depth of ignorance unless he believed that he lived a charmed life; that the dangers which threaten us are only virtual, not real; that it's only television.

If only it were.

In fact, we are in the turbulent boundary-layer of financial disintegration. Individual wars are spreading and multiplying toward general war. Our fellow-citizens' ignorance and stupidity will kill us, if we continue to tolerate them.

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Century Cable Ch. 3
Thursdays—4:30 p.m.
MediaOne Ch. 43
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- MID-WILSHIRE
MediaOne Ch. 43
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- MODESTO—Access Ch. 8
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Saturdays—10 p.m.
- SAN FRANCISCO—Ch. 53
2nd & 4th Tue.—5 p.m.

SANTA ANA—Ch. 53

- SANTA ANA—Ch. 53
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- SANTA CLARITA
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- TUJUNGA—Ch. 19
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- VENICE
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Century Cable Ch. 3
Thursdays—4:30 p.m.

COLORADO

- DENVER—DCTV Ch. 57
Sat.-1 p.m.; Tue.-7 p.m.

CONNECTICUT

- BRANFORD—TCl Ch. 21
Thursdays—9 p.m.
Fridays—10 a.m.
- GROTON—Comcast Ch. 23
Mondays—10 p.m.
- MIDDLETOWN
Comcast Ch. 3
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- 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—TCl Ch. 15
1st Wednesdays—8:30 p.m.
Following Sat.—3 p.m.

KANSAS

- SALINA—CATV Ch. 6*
Love, Unity, Saves

KENTUCKY

- LATONIA
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LOUISIANA

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Mon. & Fri.—12 Midnite

MARYLAND

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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
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- 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

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12 Midnight
- COLUMBIA HEIGHTS
Community TV—Ch. 15
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Tue.: between 5 pm & 1 am
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- ST. PAUL—Ch. 33
Sundays—10 p.m.
- ST. PAUL (NE burbs)*
Suburban Community Ch. 15

MISSOURI

- ST. LOUIS—TCl Ch. 22
Wed.—5 p.m.; Thu.—Noon

MONTANA

- MISSOULA—TCl 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

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Thursdays—3 p.m. (Ch. 33)

RHODE ISLAND

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Texas

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- HOUSTON—Access Houston*

UTAH

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VIRGINIA

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Media General Ch. 10
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WASHINGTON

- KING COUNTY—Ch. 29
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- SPOKANE—Cox Ch. 25
Wednesdays—6 p.m.
- TRI-CITIES—TCl Ch. 13
Mon.—12 Noon; Wed.—6 p.m.
Thursdays—8:30 p.m.
- WHATCOM COUNTY
TCl Ch. 10
Wednesdays—11 p.m.
- YAKIMA—Falcon Ch. 9
Sundays—4 p.m.

WASHINGTON

- KING COUNTY—Ch. 29
Thursdays—3 p.m.
- SPOKANE—Cox Ch. 25
Wednesdays—6 p.m.
- TRI-CITIES—TCl Ch. 13
Mon.—12 Noon; Wed.—6 p.m.
Thursdays—8:30 p.m.
- WHATCOM COUNTY
TCl Ch. 10
Wednesdays—11 p.m.
- YAKIMA—Falcon Ch. 9
Sundays—4 p.m.

WISCONSIN

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Fridays—11:00 p.m.
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Fri.—10 p.m.; Sat.—5:30 p.m.

WYOMING

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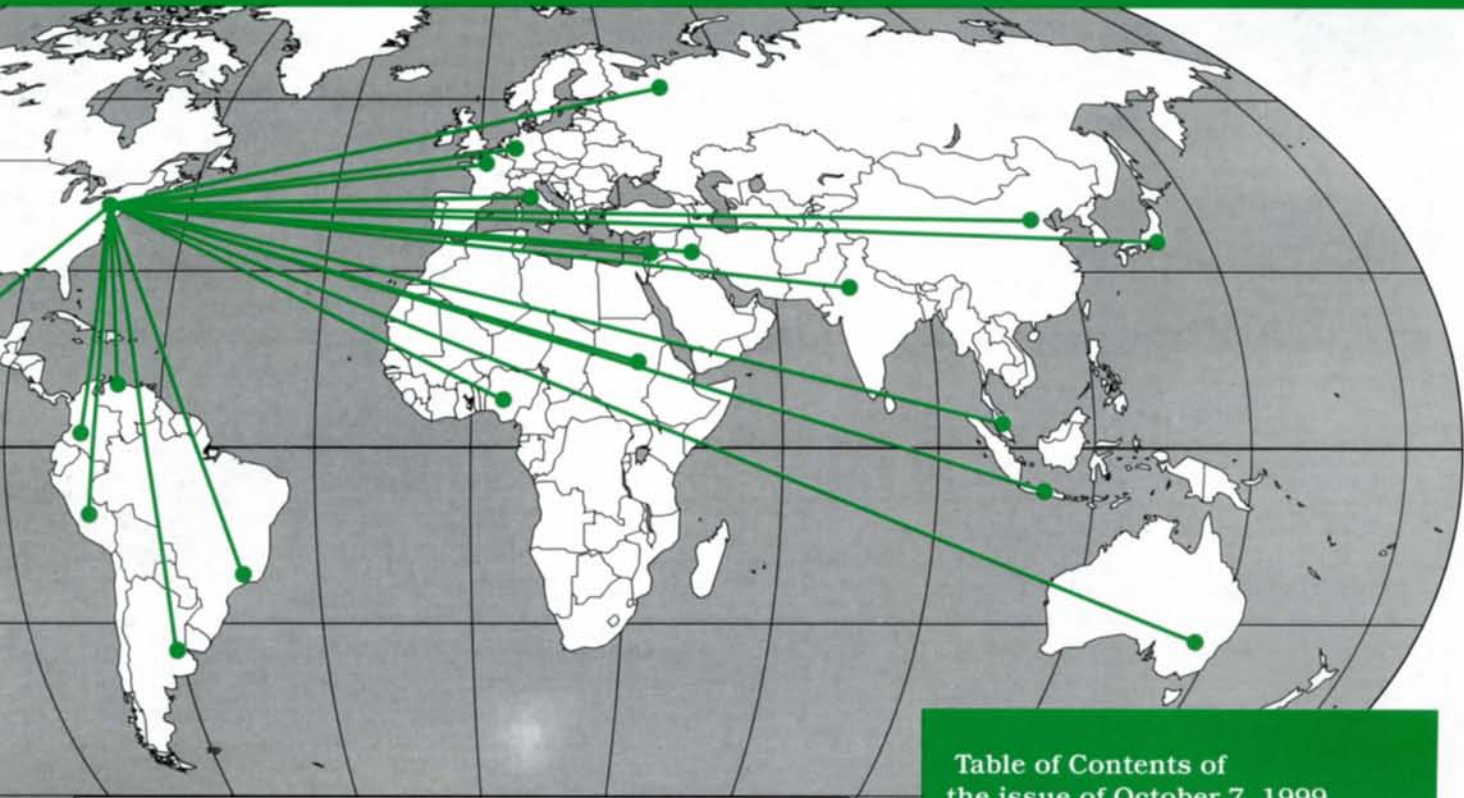
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