

EIR

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LaRouche campaign battles for Voting Rights Act
Saving the nation-state is child's play
Europeans fear new conflicts in Eurasia

**White House in hysteria,
as 'new economy' evaporates**



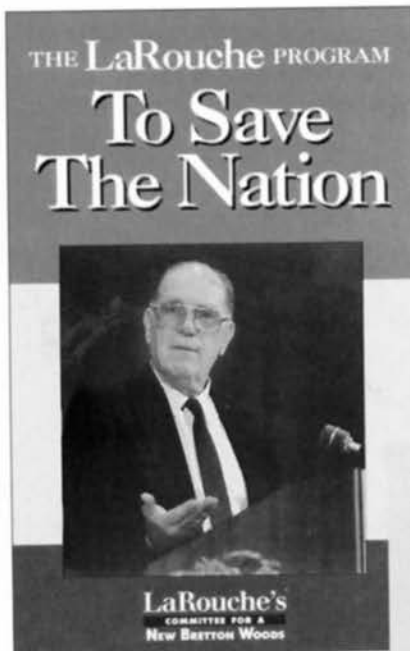
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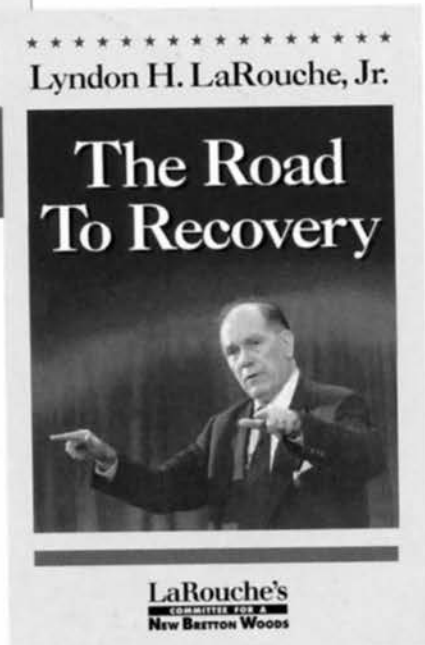
“You can fool some of the people all of the time,
and all of the people some of the time;
but you cannot fool all of the people all the time.”

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From the Associate Editor

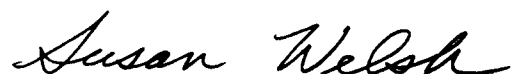
A European observer, who had watched the White House “New Economy” conference (pictured on our cover), broadcast over the BBC, remarked that the only thing lacking, was that the participants did not end with a rousing chorus of “We All Live in a Yellow Submarine!”

Our *Economics* lead article analyzes the turbulence on the financial markets, as the “New Economy” bubble begins to vaporize. Lyndon H. LaRouche, Jr. issued a statement (see p. 5), “White House Hysteria,” which warns of the consequences if the President continues to cling desperately to a sinking ship, out of fear of drowning. Citing Bill Clinton’s psychological vulnerability, LaRouche concludes: “We must hope that the President breaks free of those shackles, and that soon. Otherwise, the worst near-term results are the only likely ones.”

As dangerous as the onrushing financial crisis is, the President of the United States *does* have the power to do what is necessary to prevent catastrophe. As LaRouche has specified, the President must convene a conference of key nations, just as Franklin D. Roosevelt did in 1944, to inaugurate a New Bretton Woods financial and monetary system—out of the control of the British-steered financier oligarchy, and oriented toward the development of the physical economy of all the world’s nations.

If the President does this, based on an international community of principle, and respect for the sovereignty of the world’s nation-states, then he will certainly meet enthusiastic international support. In our *Feature*, Dennis Small elaborates what is required for the sovereignty of a nation, and how the oligarchy’s drive toward “globalization” is undermining the very basis for national—and human—existence.

See *National* for some highly interesting developments with respect to LaRouche’s fight against the Dixiecrats in the Democratic National Committee, those who have now received the imprimatur of the U.S. Supreme Court for their effort to rip up the 1965 Voting Rights Act. Their actions have prompted some prominent and courageous African-American Democratic Party leaders to speak out against the “exclusionary” tactics of the DNC. The battle to “unfix” the fixed Presidential election, is certainly on.



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Mr. Preate, Attorney General of Pennsylvania during 1989-95, and District Attorney of Lackawanna County during 1978-89, was an advocate of the death penalty who is now calling for a moratorium on its use.

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Corrections: In "The Face of 'Peace' in Colombia," on page 29 of our April 7 issue, the figure in the bottom left photo being embraced by FARC chieftain Manuel "Sureshot" Marulanda is incorrectly identified as Peace Commissioner Victor Ricardo. In fact, the person is prominent Conservative business leader Hernán Echavarría Olazaga. Victor Ricardo is standing to Echavarría Olazaga's left.

In "Behind AOL's Kimsey's Embrace of FARC Narco-Terrorists" in our April 7 issue, Kimsey's personal portfolio should have read \$150 million, not billion.

Economics



The White House Conference on the New Economy. Left to right: Robert F. Chase, president of the National Education Association; Mirai Chatterjee, secretary of the Self-Employed Women's Association of India; William H. Gates, chairman of Microsoft Corp.; President Bill Clinton; James D. Wolfensohn, president of the World Bank.

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White House fails LaRouche's 'Economics I.Q. Test'

by Marcia Merry Baker

One year ago April, Democratic Party Presidential pre-candidate Lyndon LaRouche issued what he called his "Economics I.Q. Test," to confront people to think through, whether they worship the almighty market bubble, or instead recognize the reality that people and the entire economy are suffering while the policies favoring financial speculation prevail. Pass the test and take action accordingly; or, flunk and wail.

It appears that the White House, which sponsored a "New Economy" forum on April 5, is still failing that test.

LaRouche said a year ago, "If anyone tells you that a rising Dow Jones stock market index proves that the U.S. economy is growing, your reply ought to be: 'Oh, you mean that the cancer is growing. Tell me, Doctor: How is the patient doing?'"

We reprint LaRouche's sanity test (see box), and produce nine reference charts (pages 8-10) on the feverish state of the U.S. stock markets, as background material to put such episodes as the record one-day market gyrations on April 4 into perspective. During the hours of that trading day, the Dow Jones (so-called) Industrial Average plunged at one point by 700 points. The Nasdaq composite index fell 13% in two hours. The e-stocks of the "New Economy" led the collapse, but all stocks veered south. As of 1:21 p.m., the U.S. stock market had lost an estimated \$1.9 trillion in paper values. Across the Atlantic, five hours ahead, panic hit the European "New Economy" markets. In Germany, the "New Market" dropped by 7%, while a new Internet index of the Paris CAC dropped by a full 18%.

Then, amid the worst of the mid-day free-fall in New York, a sky-hook came down out of the blue, to lift up stocks, in the form of sudden, conspicuous big-bloc buying of stock

index futures by Merrill Lynch, Goldman Sachs, and other big brokerage houses. The Federal Reserve reportedly injected some \$10 billion on behalf of the Bank of Japan, in a nominal dollar-support operation. The word was, all this had the backing and coordination of the "Plunge Protection Team"—the popular name for the Presidential Working Group on Financial Markets.

In only two hours and 39 minutes, the market rebounded by \$1 trillion, closing the day at only a \$900 billion loss (a measure based on the Wilshire index, of all American-based companies with publicly traded stocks). "Divine intervention" is what bubble critic columnist John Crudele called it in his column, "How Stocks Turned Back from the Abyss," in the April 5 *New York Post*.

Losses don't 'average out'

Thusly, the April 4 stock market plunges were reversed, and at close of trading, the indices were down by much less. However, when it comes to losses, things don't just "average out." The big-hat stock jockeys were not the only ones unhorsed. Millions of little-guy stock market players, e-stock entrepreneurs, and others were hit. More than 46% of all U.S. households are now in the stock markets. Margin-calls smacked many now buying stocks on loan; thousands were wiped out. The secondary effects are zinging through many parts of the system.

In Northern Virginia, and the Greater Washington, D.C. area generally, for example, now the country's biggest concentration of e-tech companies, shares of 45 mostly Internet and telecommunications firms lost more than 10% of their value on April 4. Over the previous three-week slide in tech

stocks, some “dot-coms” are down 50% in value. This region, the East Coast version of Silicon Valley, is now known as Silly.com Valley, for its outlook heretofore of financial invincibility.

Beyond the details of April 4, the point is that such an episode is not a one-time-only affair. By the time of the printing of this issue of *EIR*, the April 4 record day, may be superseded. “I expect a crash in installments,” said Roland Leuschel, former member of the Board of Directors of Banque Bruxelles Lambert, in an April 6 interview with the German daily *Die Welt*. This veteran critic of the U.S. financial bubble-.com is typical of the widespread European criticism of, and also fear of, the United States, because of the prevalence of *denial* among Americans about what is happening.

Hysterical denial

Even more noteworthy about April 4, was what followed it on April 5, at the “New Economy” forum at the White House. At this occasion, albeit planned months earlier, the Very Important Persons in e-business, finance, education, and so on, up to and including the President, hysterically denied that there is any trouble with either the U.S. economy or the financial system. Nary a mention was made about the stock market losses and tumult the day before, nor about the dramatic fact that, all the while the “New Economy” and Internet-related tech stock boom has gone on (until the day before), Americans have come to depend on foreign-produced *physical* goods for their very existence, as each month’s record trade deficit shows.

The ‘Economics I.Q. Test’

The following statements by Lyndon LaRouche are excerpted from EIR’s April 28, 1999 Feature.

If anyone tells you that a rising Dow-Jones stock-market index proves that the U.S. economy is growing, your reply ought to be: “Oh, you mean that the cancer is growing. Tell me, Doctor: How is the patient doing?”

Given the present circumstances of the people of most of today’s world, that is not a cruel thing to say. It is something which any intelligent and honest person would consider it necessary to say under the rapidly worsening real-economic conditions in the U.S.A. today. As a report included in this *EIR Feature* summarizes the fact:

During the coming six months, more U.S. citizens, especially the poor and the elderly, will die of the worsening economic sicknesses caused by current Federal Reserve Board Chairman Alan Greenspan and related *Wall Street Journal* policies, than of illnesses such as heart disease and cancer. Indeed, many of the preventable deaths from heart disease and cancer are the result of those financial and related budgetary policies.

That is simply an actuarial fact; it is not the kind of deliberately misleading index which so many foolish Americans quote so triumphantly from the large-circulation mass-media. The present trends in U.S.A. general welfare policies, especially those of Wall Street’s carpet-bagging HMO and related pilfering of health-care stan-

dards, are notable in this connection. No decent person would argue, that the present U.S. economy, which successfully increases the sickness and death rates of its people, especially among its elderly and poor, is a healthy economy.

The best way to understand what is happening to the stock markets, and to the personal financial accounts of many among you, right now, is to compare the present trends in financial markets since Spring 1997 with the rise in prices, measured in Reichsmarks, during the first eight months of 1923—up to the time of Hitler’s “beer-hall *Putsch*” which launched Adolf Hitler’s growing influence in Germany’s politics. Look at the way the personal financial savings of the German “middle class” were wiped out by the Weimar hyperinflation of 1923, and the way in which Federal Reserve Chairman Alan Greenspan’s even more lunatic hyperinflationary bubble is now threatening to wipe out much or all of what you presently believe are your personal assets.

Ask yourself: Even after the world’s experience with the results of that 1923 Weimar hyperinflation, why are so many politically influential and other Americans victims of the widespread superstition, that the health of an economy can be measured in prices of stocks and bonds? Why do most adult Americans today become suddenly either stupid or even plunge into episodes of wild-eyed babbling, when the subject turns to economics and economic policy? There are many contributing factors behind such behavior.

In this *Feature*, we shall consider a few typical factors, and then turn our attention to today’s principal subject: How does a sane citizen determine whether an economy is actually growing, or not? Why is my standard for measuring economic health, my so-called “Triple Curve” [see this issue, p. 15], the only effective yardstick for measuring how well, or how badly Wall Street is performing today?

Federal Reserve Chairman Alan Greenspan praised the “remarkable expansion” in the U.S. economy. Abby Joseph Cohen, from Goldman Sachs Investment Strategies division, said, “Our nation is blessed,” and “our economy is blessed” by the new economy. (Only one week earlier, Cohen, the guru of the “ever-rising” markets myth, was credited with causing a big drop in the stock market on March 28, when she announced before trading opened, that she was reducing the stocks percentage in her “model portfolio” from 70% down to 65%.) But on April 5, all sang the theme of the glory days for info-tech and dot-coms, including Microsoft chairman Bill Gates, Treasury Secretary Lawrence Summers, and many others. Summers put in a special plug for Al Gore, praising his concern for good management of “what the Vice President likes to call this information technology supply shop.”

President Clinton personally moderated the New Economy confab, and repeatedly expressed concern, not for any shakiness of the dot-com boom, but only for that fact that so little “economic parity” exists for the have-nots to benefit from the “New Economy.” He spoke of ways to close the “digital divide.”

Commenting on April 5, on the spectacle of hysterical denial at the White House, Lyndon LaRouche said, “In any crisis expressing the collapse of a long and deeply held delusion, there are always people in the relatively highest positions, who will cling desperately to a sinking ship, out of their fear of drowning. Such is the only fair characterization of the White House’s reaction to the Tuesday market panic, both yesterday afternoon, and, again, today.

“Imagine a contemporary President Herbert Hoover promising lots of pot in every chicken! That is a perfectly fair characterization of the White House posturing over the supposed wonders of what is now obviously the doomed relics of the so-called ‘New Economy.’ ”

LaRouche pointed out that among the leading considerations behind the flight-forward reactions of the White House to the financial market developments of the first week in April, is that “these developments doom Gore’s prospects, prospects on which the White House has credulously come to depend psychologically; secondly, there is indeed a longer-term softness toward the New Age ideology in those White House and related circles, which translates into a potentially fatal softness toward Gore.”

As an antidote to insanity, wishfulness, desperation, and anything else involved in blind faith in the “New Economy,” *EIR*, on April 3 in Berlin, held a seminar to release its new German-language Special Report on “The Myth of the Information Society.” In preparation for release in English, this report dissects the trendy ideology, that the world economy is being transformed into a “globalized information economy”—and that this “New Economy” is just wonderful for everyone willing to go along. (Details on the Berlin seminar and the report are on p. 10.)

International Commentaries

Wake up! ‘New Economy’ is hitting the skids

“Does the New Economy Have New Rules of the Game?”
Neue Zürcher Zeitung, Switzerland, April 1-2:

The paper warns of a crash along the lines of October 1987. Since the surge in the prices of “telecommunications, media, and technology,” or “TMT,” stocks at the end of 1998, “TMT stocks account now for 39% of all global stock market capitalization; in the same month a year ago it was 25% . . . The reason for the speculative bubble is above all the excess liquidity in the market and a changed, risk-taking stockholding public.”

Compare the lead-in to the crash of October 1987 to the present situation:

- The U.S. Federal Reserve raises interest rates to cool the economy down. In 1987, leveraged buy-out (LBO) stocks continued to rise; in 2000, Internet stocks continue to rise.
- Stocks are bought on credit. In 1987, via companies; in 2000, via private day-traders and buyers.
- Company profits are irrelevant to stock price. In 1987, the new metric was the private market value; in 2000, it is the ratio of a stock price to gross revenue.
- Interest rates play no role in the stock market. In 1987, strong profits from LBOs compensated for higher interest rates; in 2000, the cost of the “New Economy” is independent of interest rates.
- Risk diversification into bonds does not pay. In 1987, there was a phenomenal stock rise driven by LBOs; in 2000, a phenomenal rise in Internet stocks.
- A new form of stock trading is supposed to protect the shareholder from losses. In 1987, derivatives or “portfolio insurance” were widely used; in 2000, day trading on the Internet.

The paper continues: “The signs of overvalued stocks are clearly visible. The peak of the Internet stock price rise displays definite signs which in the past always signalled a coming stock crash. If we consider all these factors, then the warning light must be on ‘red,’ especially as it is not possible to say when euphoria suddenly will shift into a sharp crash.”

“Eurobond Market” column, *Neue Zürcher Zeitung, Switzerland, April 3:*

According to Stephen Roach of Morgan Stanley Witter, “the medicine prescribed for the crises in Asia and Russia—namely, massive increase of liquidity in the G-7 countries—will now create the basis for the next crisis, which will manifest itself in . . . a shake-up of the financial markets.” Roach

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SCARY! Markets go on a wild ride
PAGES 4, 5 & BUSINESS

A Wild Ride on Wall Street

Net Changes
 Online trade between businesses promises to change the entire economy.
WIRED ECONOMY, Page G1

By LANTHE JEANNE DUGAN
 Washington Post Staff Writer

NEW YORK, April 4—Frank Lai woke up praying that his nest of Nasdaq stocks would be stable enough today that he could rip himself away from the computer at his Las Vegas home and get back to his job, running four Mrs. million dollar portfolio melted off 20 percent of the value it had when the week began.

The market recovered in the afternoon, but around lunchtime, many investors such as Lai lived the nightmare they had been fearing for weeks, as the Nasdaq and Dow Jones industrial average slumped in an apparent free fall,

Markets' wildest ride
 Special report on Wall Street's most tumultuous day
 Complete market analysis, 1,4.5B
 Expert advice: What you should do now
 Gloom at dot-coms

NASDAQ RECOVERS AFTER A FREE FALL IN A WARY MARKET
DOW ALSO TAKES WILD RIDE
 Analysts See 13.6% Plunge as Sign of Investor Concerns on Technology Stocks

The Washington Times
 WASHINGTON.COM WEDNESDAY, APRIL 5, 2000 25 cents

MARKETS' WILD RIDE
 Dow Jones Industrial Average and Nasdaq Composite Index ride a roller coaster as the Dow swings 700 points and the Nasdaq 614 points.

Nasdaq, Dow out of control
 Huge swings end with sighs of relief as losses minimized

By Patricia Hill
 Washington Times Staff Writer

The Nasdaq Composite Index rebounded from a 10 percent drop to close up 614 points by 4:30 p.m. and the Dow Jones Industrial Average recovered from a 700-point drop to close up 100 points by the end of the day. The Nasdaq wrapped a record new century's index.

The market's downward trend on the Dow, which started the day with a 700-point drop, was to some extent a relief, as investors had feared a 100-point drop in the Dow would have been a disaster. The Dow's recovery was a sign of investor relief, as the market's volatility had been a major concern.

The higher story by the hand that performed the best in the market was the Dow Jones Industrial Average, which closed up 100 points. The Dow's recovery was a sign of investor relief, as the market's volatility had been a major concern.

THE WALL STREET JOURNAL
MONEY & INVESTING
 Stocks Fall Off a Cliff—and Climb Back

Monday's close: 4223.68
 Close: 4148.89
 Dow Jones industrial average

U.S. newspapers finally join the chorus of those who admit that maybe—just maybe!—there might be something wrong with the “booming” economy.

expressed doubts about the “new economy,” whose alleged productivity increases, if examined closely, turn out to be mostly reductions of expenses which “in the long run lead to an undermining of enterprises and entire economies, and because of that, cannot be continued on a lasting basis.”

Wilhelm Hänel, former chief economist at the Kreditanstalt für Wiederaufbau (Bank for Reconstruction), writing in the weekly Junge Freiheit, Germany, March 17:

“We need a re-regulation on international financial markets.” Under “globalization,” certain kinds of business activities “ought to be prohibited, such as buying stocks on credit,” and also “hostile takeovers,” he said, adding, “Every single mega-merger is a relapse into the Stone Age.” In the 1940s, economist Josef Schumpeter had already emphasized, that, contrary to what Karl Marx wrote, the real road to socialism leads through a process of monopolization. And this is taking place right now: “The economy is merging itself into socialism.” Mergers are taking place in spite of the well-established fact, that most of them end in failure.

In the case of the planned merger of Deutsche Bank and Dresdner Bank (which has since collapsed), Hänel said, it will hit the small customers hard, as well as the traditional clients from Germany’s crucial medium-sized industry, the *Mittelstand*. The two merging banks are actually transforming

themselves into investment funds. “Thereby, their risk exposure and also their vulnerability to a worldwide stock market crash is vastly increasing.”

Editorial, “Wake Up!” Bildzeitung, Germany, April 1:

“Even the new economy has to respect the laws of this world.” The editorial accompanied a front-page article on the wild gyrations on the markets, portraying the trading on March 31 as moving between cold sweat and greed. “There will be more such bloodbaths.”

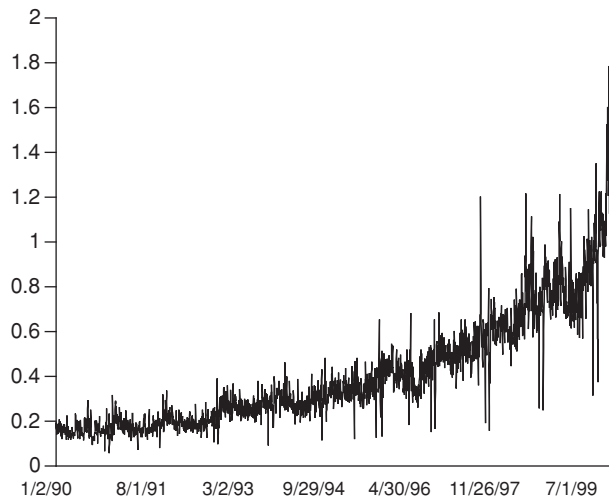
Evening Standard, Great Britain, March 31:

The “entire dotcom bubble that has been minting Silicon Valley millionaires at a rate of more than 60 a day, is dangerously close to bursting. According to American experts, Internet tycoons who are fretting about the strain of having it all, had better cancel their Sudden Wealth Syndrome counselling and start worrying about where their next paycheck will come from. “After five years of speculative growth, the Internet boom that promised to revolutionize the world economy, seems to be stalling. Share prices of dotcoms are plummeting, investors—who a matter of months ago threw money at start-up ideas—are thin on the ground, and the first batch of one-time Internet millionaires is facing failure the traditional way—bankruptcy.”

U.S. speculation fever going off the charts

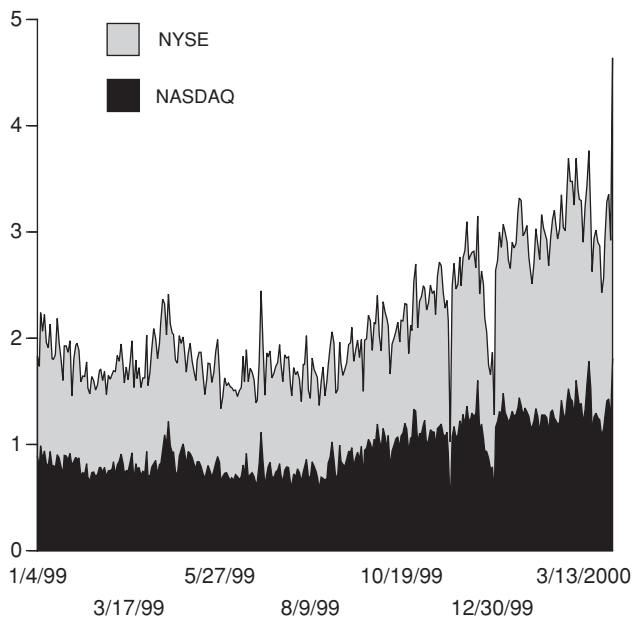
Nine graphs are provided here for reference on U.S. stock speculation mania. **Figure 1** shows the rise in volume of daily stock trades over the last 15 months. The number of Nasdaq shares traded daily are even higher than trading volume on the New York Stock Exchange (**Figure 2**). **Figures 3 and 4** show the soaring Dow Jones “Industrial” Average for 30 stocks, and the Nasdaq composite index. Their highest peaks are noted, and the widening daily swings are evident. **Figures 5 and 6** show this in more detail for the Dow Jones index. Figure 5 gives, since Oct. 30, 1996, the points-per-day change, as of closing. The increased volatility is clear, even though the intra-daily swings are often greater still—as on April 4, with a record 700-point swing, which is *off the chart*—before settling down at closing. Figure 6 shows that a 2% daily change in the Dow became common in recent months. **Figures 7, 8, and 9** show the similar trends in other stock composite indices.

FIGURE 2
Stock trading volume, New York Stock Exchange, Jan. 2, 1990-April 4, 2000
 (Shares traded daily, billions)



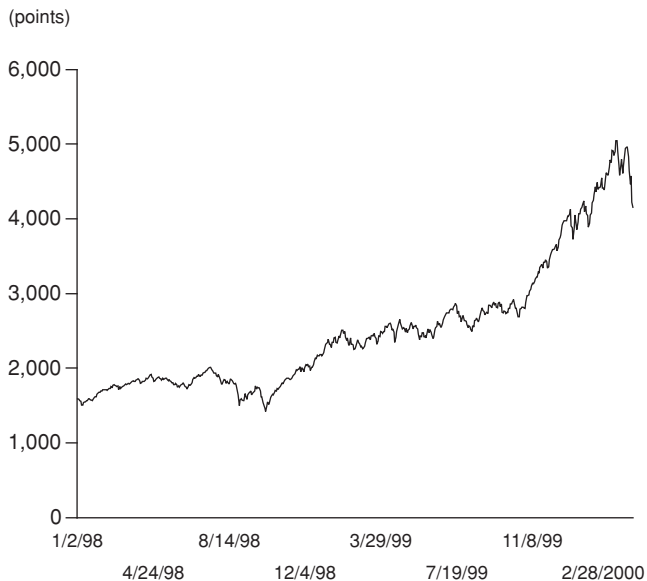
Source: NYSE.

FIGURE 1
Stock trading volume, New York Stock Exchange and Nasdaq, Jan. 4, 1999-April 4, 2000
 (Shares traded daily, billions)



Sources: NYSE, Nasdaq.

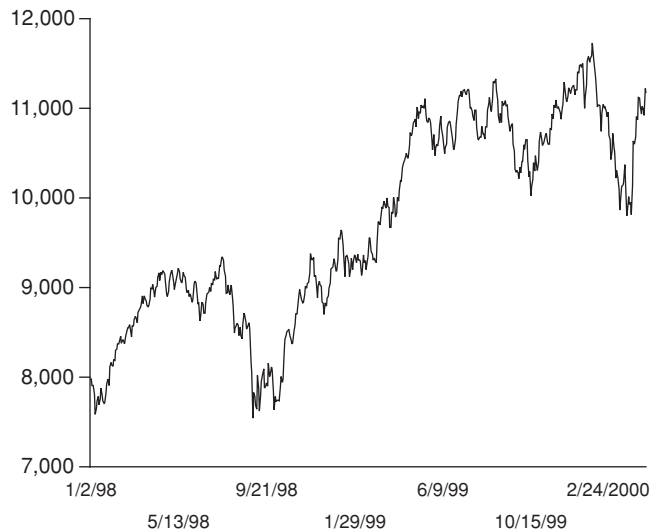
FIGURE 3
Nasdaq Composite Index, Jan. 2, 1998-April 4, 2000
 (points)



Source: Nasdaq.

FIGURE 4
Dow Jones 'Industrial' Average, Jan. 2, 1998-April 4, 2000

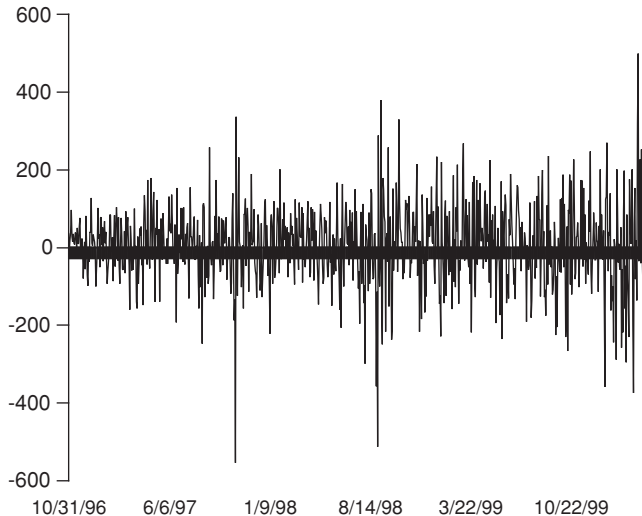
(points)



Source: Dow Jones.

FIGURE 5
Dow Jones 'Industrial' Average fluctuations, Oct. 30, 1996-April 4, 2000

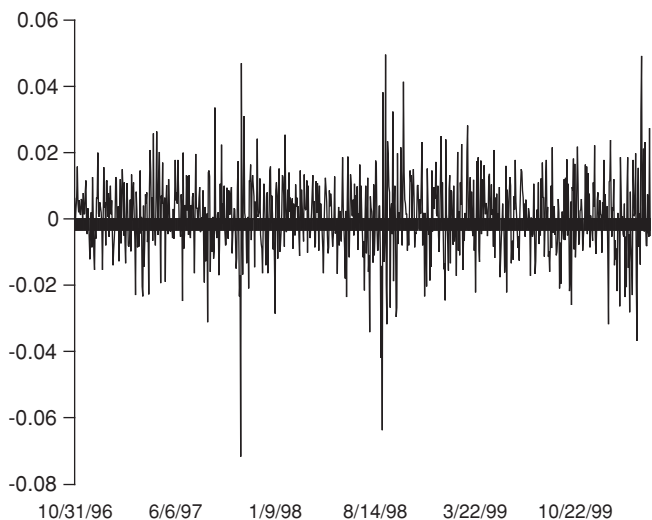
(points per day)



Source: Dow Jones.

FIGURE 6
Dow Jones 'Industrial' Average fluctuations, Oct. 30, 1996-April 4, 2000

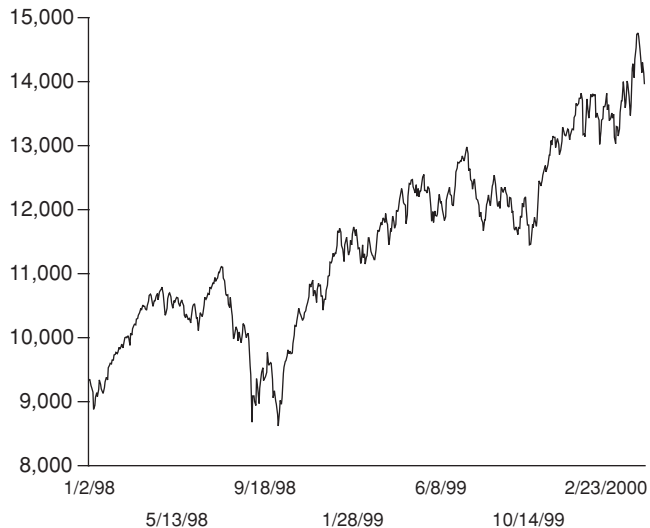
(% change)



Source: Dow Jones.

FIGURE 7
Wilshire 5000 index, Jan. 2, 1998-April 4, 2000

(points)

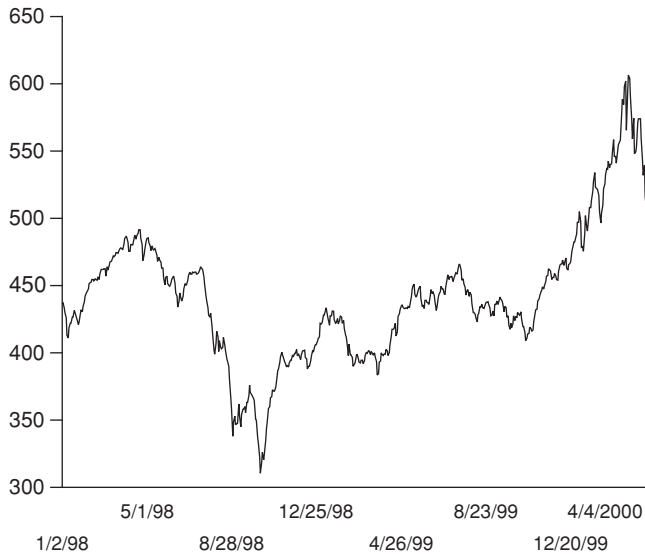


Source: Wilshire Associates.

FIGURE 8

Russell 2000 index, Jan. 2, 1998-April 4, 2000

(points)

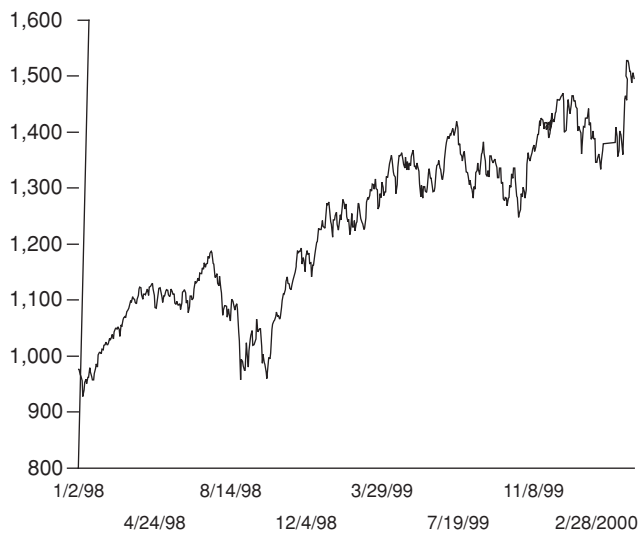


Source: *Wall Street Journal*.

FIGURE 9

Standard & Poor's 500 index, Jan. 2, 1998-April 4, 2000

(points)



Source: *Wall Street Journal*.

EIR study debunks 'New Economy' myth

by Elisabeth Hellenbroich

Just at the point when European governments, in hysterical denial of the inevitable financial crash now under way, are betting on the success of the much-touted American model of the "New Economy," the German EIR Nachrichtenagentur (EIRNA) presented a new study thoroughly debunking the entire "Myth of the Information Society."

Speaking in Berlin on April 3 before an audience of press, embassies, assistants of several parliamentarians, representatives of the German Chamber of Industry and Trade, economic associations, universities, and research institutions, EIRNA's Lothar Komp demonstrated how groundless the so-called U.S. economic boom and the euphoria over the Internet market really is. The supposed upward growth of the totally overvalued Internet market will soon turn out to be a nose-dive, he said. Moreover, according to the prognoses of leading economic experts and the American financial journal *Baron's*, most of the Internet firms will be bankrupt by the end of the year.

Komp showed that the so-called "New Economy" boom in the United States, is based on a gigantic pyramid of debt, a trade deficit which is growing ever larger, and a speculative stock market bubble which has made some into millionaires in recent years, while the real incomes of most people in the United States have drastically contracted between 1977 and 1999.

A 'false spring'

"The Rise and Fall of the Post-Industrial Society" was the topic of a presentation by Dr. Jonathan Tennenbaum at the same event. Tennenbaum demonstrated that the model of the post-industrial society—repackaged more recently as the "information society" and the "new economy"—is a "false spring." The characteristic of this deception, is the plundering of the real physical economy, a predatory practice which aims at short-term profit at the expense of long-term investments in the maintenance and expansion of the physical economy.

If one follows the basic assumption of the information society, Tennenbaum asserted, then only 5% of society would be employed in the productive sector, given the supposedly growing productivity of the information sector, as it is called, while the rest would be employed in the services sector. That assumption, however, is absurd: "A post-industrial society which destroys its own physical foundation by cannibalizing

its own base, is incapable of securing the material needs of the population, even the 20% of the workforce productively employed (at the beginning of the 1960s, the ratio was still 50%).”

The progressive rationalization of production, and the decimation of the highly skilled workforce in high-technology areas such as the aircraft makers Boeing and McDonnell Douglas, has led to an accumulation of accidents and disasters in recent years. “Experienced engineers have been supplanted by a generation of software specialists who are incapable of solving the creative problems that arise only with the aid of the relevant practical experiments. The only alternative to the post-industrial information society,” Tennenbaum said, “is the development of an industrial society which is based on the search for truth as the motor of the economy.”

A productively growing industrial economy has to function the way the United States did, in approximation, at the beginning of the 1960s during the Apollo Project to land men on the Moon. Each invested dollar at that time yielded more than \$10 of profit for the American economy, in the form of increases in productivity and improved education. “The task again today, is to overcome the limits of knowledge in the areas of aerospace and technology with new, creative ideas,” Tennenbaum said. That, in turn, is only possible if there is a vast increase in new technological development.

An important driver for the development of the world economy, is the urgent task of assuring adequate infrastructure for 6 billion people over the next 30-40 years. The full construction of the Eurasian Land-Bridge as proposed by Lyndon LaRouche and others, is the essential component of that effort, along with the general development of all of Eurasia and a focus on high-technology areas such as the settlement and establishment of science cities on the planet Mars.

Zepp-LaRouche: America has gone mad

Helga Zepp-LaRouche, chairman of Germany’s Civil Rights Movement-Solidarity party, spoke at the conclusion of the seminar. Mrs. LaRouche compared the situation in the United States with the cultural matrix of the collapsing Roman Empire, where an increasingly banalized population was entertained with bread and circuses, and the *vox populi* (literally: “the voice of the predators”) was elevated to become the standard of social behavior. In the United States today, she said, this can be readily seen in the brutal television programming and video games, which are used for “virtual training” that turns children into killers—as the massacres at Littleton and elsewhere have shown in a shocking way. The virtual reality of video games has led to an alarming increase of violence among youth, while abuse of the inalienable rights of all people, guaranteed by the U.S. Constitution, is on the rise. The U.S. courts are likewise following along with this trend, with the American system of law being systematically gutted. Mrs.



Helga Zepp-LaRouche addressed a conference in Berlin, releasing an EIR special report on “The Myth of the Information Society.”

LaRouche cited the example of California, where minors are tried and sentenced as adults, and pointed out that California has just approved the expenditure of \$1 billion for the construction of new prisons.

Commenting on the political situation in the United States, Mrs. LaRouche stated bluntly that the country is indeed in the process of becoming transformed into a fascist state. She cited the current Presidential campaign as an example: While on the Republican side, George W. Bush is betting that the inevitable crash on Wall Street will mean the end of the Al Gore Democratic campaign, thereby crowning Bush as the new Herbert Hoover, large portions of the U.S. electorate do not participate in the election at all, chiefly because the leadership of the Democratic Party has set everything into motion to drive voters away, blatantly violating even their own “democratic” rules, and using fascist methods to sabotage the election campaign of the Franklin Roosevelt tradition within the party led by Lyndon LaRouche—the only Presidential candidate who has been warning about the crash, and who has been putting forward his alternative proposal for a New Bretton Woods system.

The Democratic Party leadership, she reported, can also now hide behind the latest unconstitutional decision by the U.S. Supreme Court to annul the 1965 Voting Rights Act.

Business Briefs

Agriculture

China faces 'imminent challenge' from WTO

China's entry into the World Trade Organization is posing an "imminent challenge" to Chinese agriculture, National People's Congress Deputy Yao Hui of Tieling, northeast China, stated on March 15. Yao Hui warned that measures to counter the effects of WTO entry on China's traditional agriculture, are "the most important of the important tasks" in rural areas today.

Yao Hui, from a region which is the granary of China, said that China's agriculture is still at its traditional level, and in most rural areas, people still "depend on Mother Nature for food." The lack of mechanization is the cause of high production costs and high prices, as well as the poor quality of harvests. China's staples, such as corn, wheat, and paddy rice, are not competitive in the international market.

Agriculture must be restructured, Yao Hui stated. In addition, it is essential to educate farmers, so that they will be able to improve agricultural production. This work must be undertaken "with a sense of urgency and crisis," he said.

Crop mixtures must be restructured, to produce more cash crops and diversify production, including by expanding animal husbandry. Such methods have raised farmers' incomes to 2,700 yuan (about \$340) a year in Tieling. Water conservancy projects are also essential, he said.

West Africa

Plans for economic integration mapped out

The heads of state of West African nations met in the Nigerian capital in late March and mapped out plans for economic integration, the Nigerian daily *Guardian* reported. Most important was that there was a consensus to improve infrastructure ties, which are being promoted most strongly by Nigeria and Ghana, with the French-speaking states of Togo and Benin strongly lining up with their

larger neighbors.

A feasibility study, which should be completed within six months, was agreed on by the seven countries of the Economic Community of West African States (ECOWAS) for two regional rail links. One is to run from Lagos, through Cotonou and Lomé, to Accra; the other, from Lagos through Niamey to Ouagadougou. On energy, the summit adopted an accelerated approach toward implementation of a 330 kilovolt interconnection among Ghana, Togo, Benin, and Nigeria; tying in all other member countries will also receive priority attention. Also discussed, and being spearheaded by Nigeria and Ghana, is a plan for a West African shipping line, a regional airline, and cooperation in telecommunications.

Put into immediate effect, according to the final communiqué, were: "All checkpoints on international highways within [ECOWAS] are to be dismantled henceforth. The mandatory residency permits are also to be abolished." There will be joint border patrols by neighboring states Niger, Nigeria, Benin, Togo, Ghana, Burkina Faso, and Mali, to monitor and police national borders, in addition to closer collaboration between the police and internal security agencies. Prior to the meeting, Nigeria took the lead by removing all such checkpoints and embarking on measures to curb corrupt practices by customs and security officials on highways, according to statements by President Olusegun Obasanjo.

Technology

Indian satellite to assist education

On March 21, a European Ariane 5 rocket placed India's Insat 3-B satellite into orbit, which will be exclusively dedicated to providing communications for mobile services in urban and rural areas, including for education and health care.

Insat 3-B, India's tenth telecommunications satellite and the sixth it has built domestically, is the first in a new series of third-generation telecommunications satellites. The multi-purpose Insats have been used for television broadcasting, meteorological ob-

servations, and communications.

The Indian government has been able to beam instructional television programs to remote areas, but now, with the Insat 3-B, interaction between students in remote areas and teachers will be possible, and rural schools will be able to download texts and lessons. Until now, the only two-way communication between teacher and students has been by telephone.

Insat 3-B will also inaugurate telemedicine capabilities in India, where more than 70% of the nation's 450,000 doctors work in cities. "Transponders [on the satellite] will be reserved to set up voice, video, and data links between top city hospitals and health-care clinics in remote villages," stated Dr. Ramamurthy Ramani, deputy director of satellite communications for the Indian Space Research Organization, in Bangalore. Health-care providers in rural and isolated areas will have access to the specialists in the top Indian hospitals.

Medicine

Nigerian doctor given patent for AIDS vaccine

The Nigerian Ministry of Commerce has granted patent rights to Dr. Jeremiah Abalaka, a Nigerian surgeon who claims to have developed both preventive and curative vaccines for the AIDS virus, the Nigerian newspaper *Vanguard* reported on March 3, 24, and 27. *EIR* is further investigating this development.

Dr. Abalaka is quoted that the patent right now allows him to mass-produce and market the vaccine in Nigeria, but not in other African countries. The human immunodeficiency virus, which causes AIDS, has infected about 2.6 million Nigerians. It is noted that "many Nigerians are trooping to his Medicrest Specialist Hospital, in Gwagwalada, in search of the vaccine."

According to Dr. Abalaka, at least 16 of over 500 patients currently taking the treatment have had their sero-positive status reverted to sero-negative, while others have had their viral load reduced almost to non-detectable levels.

Nigeria's National Institute for Pharma-

A MEKONG RIVER pact to facilitate trade and travel was signed by Thailand, Myanmar, Laos, and China, after four years of negotiations, the Thai daily *The Nation* reported on March 8. Along the upper Mekong, from the Simao area in southern China to Luang Prabang in Laos, 14 new ports will be opened.

THAILAND'S heavy industries, designed to serve the domestic market, are being restructured for export. The petrochemical industry, nurtured to serve domestic demand that was projected to grow exponentially, now needs to export about 50% of its output. Steel is in a similar situation. Thus, the collapse of domestic demand, not cheap labor, is the source of "steel dumping" in the United States.

XEROX announced on March 31 that it will lay off 5,200 employees worldwide, including about 10% of its U.S.-based middle- and upper-level management, and shut down several manufacturing plants in the United States.

GERMANY said on March 28 it will authorize 4 million deutsche marks (about \$2.5 million) to rebuild the bridge over the Danube River at Novi Sad, Yugoslavia, which was destroyed by NATO. The move is seen as a gesture toward the Serbian opposition, which has criticized the West for not repairing damage from the war, using the excuse that Slobodan Milosevic is still in power.

PRIVATIZATION of water resources worldwide was pushed at the United Nations Second International Forum on Water, which met in Holland in March to discuss a proposed "Hague Declaration on Water Security in the 21st Century."

FAMINE threatens 12 million people in the Horn of Africa, including in Ethiopia, Somalia, Sudan, Eritrea, Djibouti, Kenya, and Uganda, according to the UN. These are nations where British-instigated wars have been raging, and the situation has been made worse by drought.

ceutical Research and Development is quoted saying that the vaccine had reduced significantly the viral load in two patients with HIV being monitored by the institute. It not only investigated the physician's claims, but also brought in the "Atlanta-based Center for Disease Control in order to give Dr. Abalaka's work the needed international recognition," according to the newspaper. "We note that Dr. Abalaka had written many embassies explaining his work but has been generally ignored. Their reaction is understandable; what good can come out of Africa?" the newspaper commented ironically.

Petroleum

India-Nigeria oil deal means broader partnership

India and Nigeria have signed a major oil deal which could cement a strategic energy partnership. At the conclusion of the two-day meeting of the Indo-Nigerian Joint Commission, Indian External Affairs Minister Jaswant Singh pointed out that Nigeria, according to the deal, would eventually supply oil to India at the rate of 120,000 barrels a day. "The importance of the agreement lies in obtaining the backing of the Nigerian government for assured oil supplies to India," Jaswant Singh said.

Pointing to the urgency which Nigeria attaches to the implementation of the economic agreements, Nigerian President Olu-segun Obasanjo, who was the special guest at India's Republic Day celebrations on Jan. 26, said that "the need of the moment is action."

The deal is seen by Indian analysts as an important "building block" in New Delhi's quest to achieve energy security. India has indicated that in the short run, Nigeria, the Persian Gulf, and Southeast Asia, especially Indonesia, are expected to be India's major energy suppliers. But Bangladesh, Qatar, and Turkmenistan are also likely to emerge as India's partners for its energy supplies, especially natural gas.

India and Nigeria will also cooperate in power generation. India's Bharat Heavy Electricals Ltd. has submitted a proposal for the construction of a 370 megawatt power plant, in addition to a 110 MW captive ther-

mal power unit for a Nigerian steel mill. Nigeria has also requested that India overhaul the Soviet-equipped Ajaokuta steel mill. A decision is expected within the next two months.

Banking

German mega-mergers fuel rich-poor divide

Germany is being divided into the "A people" and the "B people," where 20% are making money and 80% are becoming obsolete, the daily *Bildzeitung* reported in stories on March 23 and 24 on the effects of mega-mergers in the banking sector. Although the merger of Deutsche Bank and Dresdner Bank may fall through, the policy is increasingly dominant among banking institutions.

The paper reported on the intention of Dresdner Bank to split its customers into two categories. The first category, those customers with at least 200,000 deutschemarks (about \$125,000), were to continue banking with the new entity resulting from the merger of Deutsche Bank and Dresdner Bank. The remaining customers were to be shifted to Bank 24, where the small customers of Deutsche Bank are already being sent. This meant that 11 million customers would have to do their banking at the 1,700 tiny offices of Bank 24, so that Deutsche Bank and Dresdner Bank could concentrate on the asset management of their wealthy customers.

On March 24, under the headline "Up-roar by the Enraged B People," the daily published statements by several ordinary people who are angry about the Dresdner Bank and Deutsche Bank plans. Futurologist Horst W. Opaschowski is quoted, saying that the move toward a "two-class system" under "turbo capitalism" will become the most important issue of the 21st century in Germany. An example, he said, is that the large private banks are only interested in doing business with the wealthiest 20% of the people.

However, says *Bildzeitung*, the 80% will know how to fight back, "this the fat banks can be assured of. . . . The gentlemen in pin-striped suits are underestimating the rage of the affected people."

Saving the nation-state is child's play

by Dennis Small

The following is a slightly edited transcription of the speech delivered by the author at the Feb. 19-20, 2000 Presidents' Day conference of the Schiller Institute and the International Caucus of Labor Committees, in Reston, Virginia. The concluding section on Plato's Theaitetos dialogue has been augmented by the author.

The title, "Saving the Nation-State Is Child's Play," is not meant to indicate that I think the task is going to be easy.

As of a few years ago, there were approximately 188 nations in the world. Today, 15 of those countries are gone. Of those 15, about 10 are in Africa. In addition to those 15 nations which are gone, there are another 25 or so which are on the chopping block.

What is going on here is *not* a case of 15 individual countries that have been individually obliterated. This is not a case of 25 additional countries that are on the chopping block, each of which, for their own individual reasons, may be about to disappear. Rather, we are witnessing the results of an overall policy directed by financial interests centered in London, with branches in New York's Wall Street, and many capitals of the world, a policy whose intent, whose purpose, is to erase the nation-state as the institution guiding the political destiny of peoples, and to replace it with a structure of globalization, of a single, global, world government in the hands of this financial oligarchy. Their purpose is to create a situation where, as the crash hits, and financial disintegration spreads throughout the globe, that oligarchy will face no resistance whatsoever from the institution of the nation-state, and what it has represented for humanity over the course of recent centuries. They intend, in short, to *control* the ongoing disintegration.

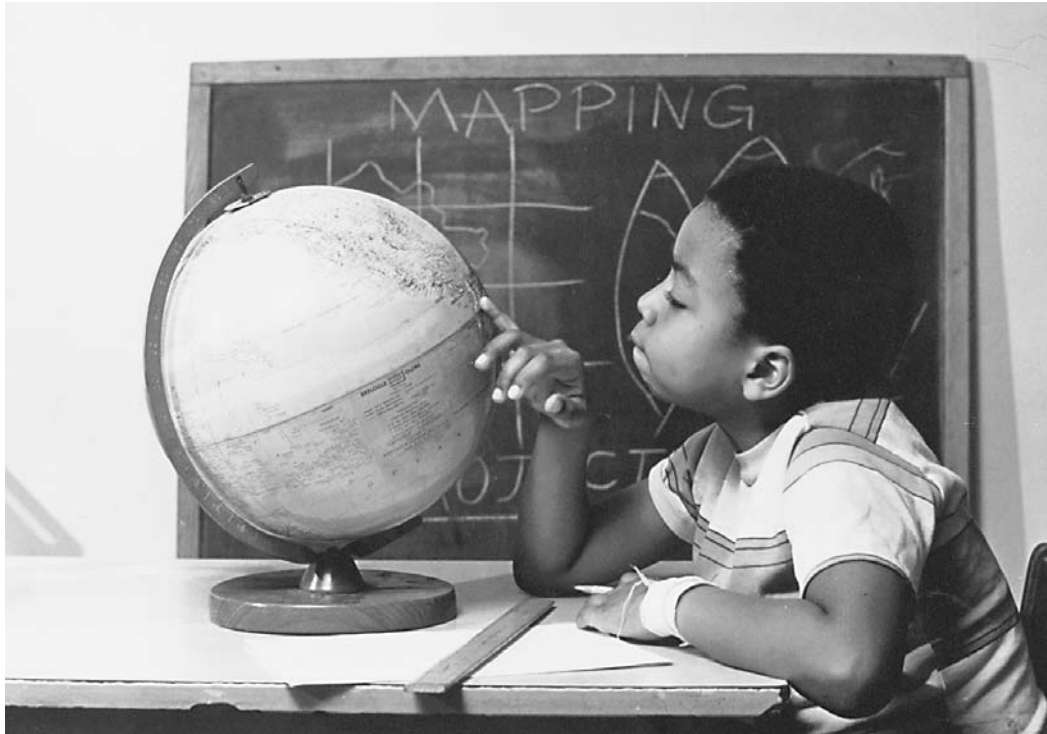
Now, there is a response to this assault, as you might expect, in different parts of the world. There are people who

are quite aware of the fact that the nation-state is going, and in some cases, is gone. For example, take the eloquent words of a group of 15 prominent Indonesians, who wrote a joint statement in July 1998, as their country was in the process of being obliterated by the forces of the International Monetary Fund (IMF) and the United Nations. In this statement, they said simply: "Class conflict could happen, where people with no rice beat up others. . . . *We are dying*. Do you understand?"

There are some people around the world who indeed do understand. And I don't think it will be a surprise to those of you here today that many of them, the leaders of political groups and in some cases the leaders of entire nations, are turning to the LaRouche Presidential campaign, to the international LaRouche movement—they are turning to *you* as part of the LaRouche movement—to make sure that these policies are stopped. The eyes of the world are on Lyndon LaRouche, and they are on you; and the hopes of the world are with LaRouche, and they are with you, with all of us here today.

This responsibility that is resting on our shoulders was very well presented by the former Speaker of the Parliament of Georgia, Yakhtang Gogvadze, who on Oct. 14, 1999 wrote an open letter to the U.S. Ambassador to Georgia, saying:

"I am worried about the tragic, almost catastrophic fate of my people. . . . Today, Georgia is in hell. . . . I ask you, Mr. Ambassador, to reconsider the U.S. doctrine of foreign relations, and to raise a question at the Department of State, about the danger of a boomerang effect resulting from the present ideology. . . . America's current policy is unsuitable for the U.S.A. itself. If you desire that people like me should love America, then believe Mr. Lyndon LaRouche. Whether he will become President or not, I do not know. But I know one thing: no future President will be able to ignore his concepts."



There is more to a nation-state than a currency, a military, and territorial integrity. The key to the development of any society, as Plato proved, is whether or not it fosters a joyous process of cognition in its children.

So we have a world aflame, and a world looking to LaRouche, and looking to you, to change this situation.

The three pillars of the nation-state

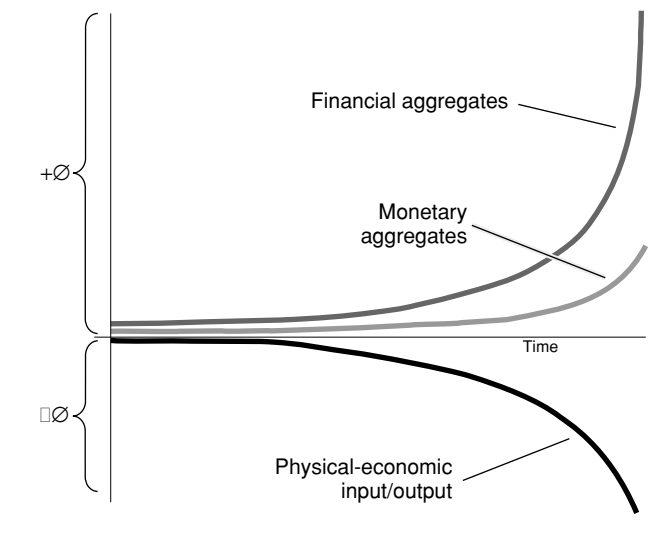
The way I would like to review this situation of the disintegration of the nation-state, is to look at it in terms of the effects produced by the 1997-99 wave of financial crises — you know, the last wave of crises that were so “successfully resolved,” or so we are told. There was the 1997 Asia crisis, very successfully resolved, they say. It’s out of the way, never to return. Then there was the 1998 Russian and eastern European crisis: also completely settled. And finally, there was the 1999 crisis in Brazil and the rest of South America: It, too, was settled and solved—or so we are told.

Now, the point is very simple. The way these crises were “solved” involved a twofold process. Think of LaRouche’s Triple Curve function (**Figure 1**), including the two upper financial curves: the monetary aggregates curve, and the financial aggregates curve above that, rising hyperbolically. The way these crises were “solved” was by further stoking the fires of that speculative financial bubble in each of those situations. The second side of the “solution” has to do with the third, lower curve, reflecting the physical economic parameters, which is the one that has been dropping. The solution which the financial oligarchy put into place involved making sure that this third curve dropped so drastically, that nation after nation around the world is being wiped off the face of the Earth. That is their “final solution.”

The world we see today is strewn with the corpses of

once-proud nations. And this is the result of the “successful” resolution of the 1997-99 crises. I ask you: What is going to happen as the next, worse wave of financial crises hits, whether that be tomorrow, a month, or two months from now? Keep that question in mind, as we review what has happened to date, as a result of the oligarchy’s implemented “solutions”

FIGURE 1
A typical collapse function





Australian troops patrol the streets of Dili, East Timor, Sept. 26, 1999. Behind all the propaganda about UN protection of “democracy,” the real issue is a resource grab on the part of the global commodity cartels.

to this crisis.

The gameplan of the oligarchy is to destroy the nation-state by ripping out that which is the soul of the body politic—that is the way you have to think about this. Furthermore, the results are not an error, a mistake, or a foolish blunder: They are absolutely intentional. What is happening is being done deliberately, and the effects are the intended ones.

The way the oligarchy have approached this, is they have targetted, for starters, what we can refer to as three functions, or pillars, of the nation-state. These are aspects of the functioning of the nation-state, without which it cannot exist.

First, there is the sovereign right of a nation to issue currency, that is, to have its own currency, its own credit system, its own money. A country without a currency is not sovereign, it cannot be a true nation-state. Just look at Panama. Panama is a destroyed country, it hardly exists. Have you seen the currency of Panama? It is called the “balboa.” I’ll show you one [holding up a U.S. dollar bill]: that is the balboa, and it is what circulates in Panama. It’s a dollar bill: They call it a balboa, but it’s a dollar bill. So, Panama doesn’t have its own currency. And you can’t have a nation-state without a currency.

The second function, or pillar, of a nation-state: It must have a viable military, an armed forces to perform functions such as defending the existence of that nation-state, for the purpose of fostering the sovereign development of its economy and its population, in a concert of nations. And this second pillar, a sovereign military, is very much targetted for destruction by London’s oligarchy in this period.

The third function, or pillar, of the nation-state system is

that of territorial integrity as such: that is, the existence of a territory which is that of the nation, which is protected, and within the borders of which that economy and that population flourishes and develops. Today, the very idea of national territorial integrity is under assault. Look at Kosovo and the Balkans, where nations are being chopped into pieces. Then you have East Timor: East Timor was stolen from Indonesia. It was very simple: They just stole it. They invaded Indonesia with troops from Australia, from the British Commonwealth, and split off East Timor.

The oligarchy also use indigenism, environmentalism, and all of the other new “isms” that have been concocted to promote the idea that national territorial integrity should no longer exist. On this basis, they are proceeding to chop countries into salami, and then govern them from the top, through their global institutions. This is of course very convenient for them, because they can then proceed with resource grabs, to seize the oil, the mineral wealth, and other resources that were previously under national sovereign control.

The way this strategy operates, is that the globalized financial oligarchy picks a target country, and then assaults it through their hedge funds. They deploy George Soros, the world’s leading proponent of legalized drugs, to obliterate the country’s currency, to reduce it to rubble. Then, after they annihilate it, they come in and say: “Gee, fellows, you don’t seem to have a viable currency. Would you like to borrow ours? We’ll lend you the dollar. You can dollarize! No problem.”

The same thing happens with the national military. First, the oligarchy annihilate the military through budget cutbacks,

through international human rights campaigns, through non-governmental organizations. This way, they make the nation incapable of defending itself. For example, take the case of Colombia. As Gen. Harold Bedoya (ret.) has shown, the Colombian military, properly supported, is perfectly capable of putting an end to the FARC and the ELN narco-terrorist assault. But not if you demoralize, downsize, and destroy the military. The really cynical thing is that, after they have done this, the oligarchy's spokesmen come along and say, "Gee, guys, you don't seem to be able to handle this with your own military. Would you like to borrow ours, or some UN Blue Helmet troops to help out? No problem."

And this is the way the game works. I'm always reminded of a little lesson I learned as I was growing up in Mexico, about how these kinds of operations work. Often when you would park your car on the street in Mexico, you would come back from visiting a store or whatever, only to discover that your hubcaps were gone. Your four hubcaps are gone: they're stolen. So, you would glumly get in your car and drive off; and at the first corner, there's a guy standing, offering you four hubcaps . . . which just happen to fit your tires perfectly. And with a big smile on his face, he would say: "Señor, I have four hubcaps for you, half-price!" *You* know what's happening, *he* knows what's happening, but you don't have a choice but to play along.

This is the same kind of game that the oligarchy is playing with nations on the question of the military, the currency, and so on. Only here, obviously, with far more serious consequences.

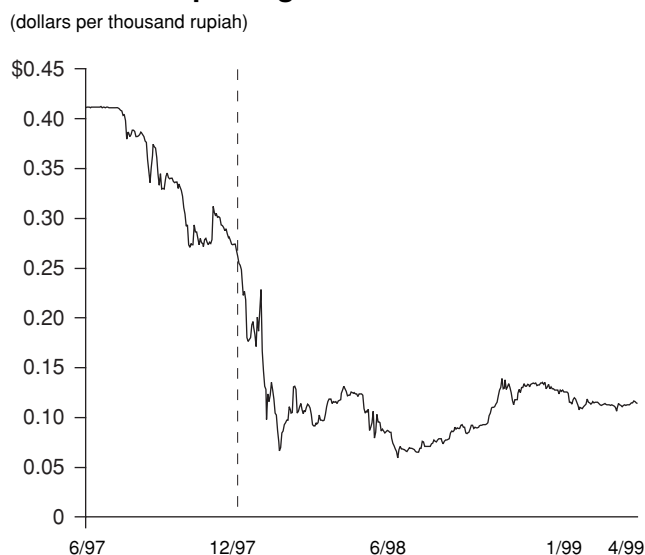
1997: the Asia crisis

I now want to review three cases, and I ask you to keep in mind these three functions of the nation-state: the currency, the military, and territorial integrity.

First, let's look at the Asia crisis of 1997. Beginning in the middle of that year, Thailand, South Korea, Japan, and Indonesia were all assaulted with financial warfare. The "solution" to each of these crises involved IMF packages adding up to hundreds of billions of dollars, and bone-crushing austerity policies demanded by the IMF, which reduced most of these countries to economic junkheaps. In the case of South Korea and Japan, the crisis dealt a deadly blow to the machine-tool capabilities of those countries, in particular, which is of vital importance globally.

In the case of Indonesia, which is a nation that is today disintegrating, a systematic assault on its currency, the rupiah, was carried out. In **Figure 2** you can see what happened, in terms of the devaluation of that currency under this assault. In December 1997, the rupiah was worth about 30¢ per thousand rupiahs. In other words, with 30 U.S. cents you could buy a thousand rupiahs. Then, with the financial assault on the country, in just a few months it dropped down to the level of about 10¢ per thousand rupiahs. This is a two-thirds drop in the value of the currency; it was completely wiped out.

FIGURE 2
Indonesia: rupiah against the dollar



Source: *Wall Street Journal*.

The curious thing that happened immediately after the rupiah crash—after they'd stolen their hubcaps—the financial oligarchy turned up right around the corner, so to speak, and said: "Hey, we'll offer you another currency! We've got a great currency for you. Why don't you link the rupiah to the dollar, and set up a currency board?"—which is just one step shy of full dollarization. And they attempted to impose a currency board on Indonesia in this way.

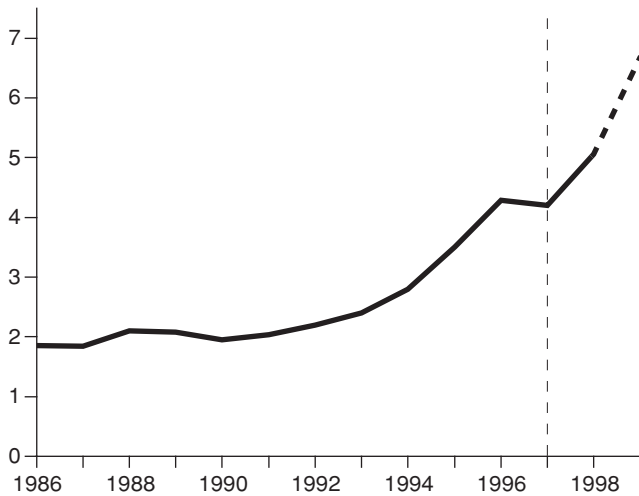
They failed in that situation. Suharto said no. Johns Hopkins Prof. Steven Hanke travelled there and tried to sell it to them. But at that time, both the IMF's Managing Director, Michel Camdessus, and then-U.S. Treasury Secretary Robert Rubin, did not go along with the idea of the currency board. So they tried in the case of Indonesia, but they didn't succeed with the currency board. What they did manage to do, however, as you can see in **Figure 3**, is that as a result of this financial assault, unemployment in Indonesia soared during the period from 1997 to 1999: It doubled, from approximately 4 million to 8 million unemployed in that two-year period. And in **Figure 4** you can see what has happened with poverty in Indonesia, which had actually been reduced from 1987 to 1992 to 1997, when it was down to 11% of the total population: about 22 million poor people. And then, in a period of 18 months, the number of impoverished people increased more than fourfold, to 96 million.

While the economy was being obliterated in this fashion, the military institution of Indonesia, which was historically essential to its existence as a nation-state—with all of its wars, all of its problems, all of its mistakes, but it was a

FIGURE 3

Indonesia: official unemployment

(millions)

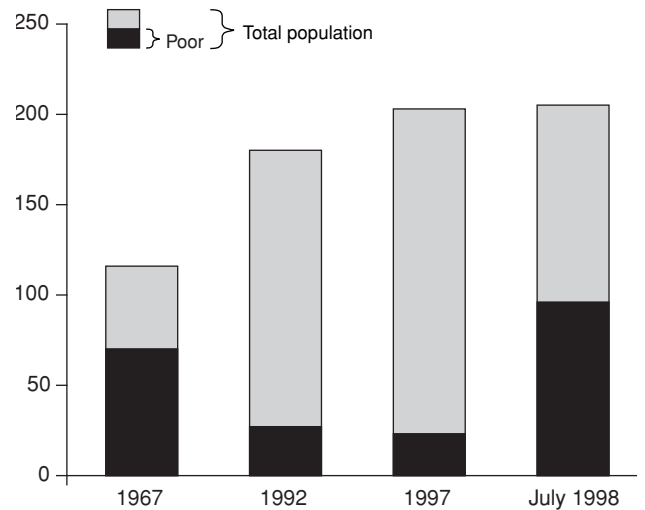


Sources: United Nations *Statistical Yearbook, 1995*; employment statistics, Badan Pusat Statistik (Statistics Indonesia), Republic of Indonesia; International Labor Organization

FIGURE 4

Indonesia: population below the poverty line

(millions)



Sources: Republic of Indonesia, National Development Information Office; International Labor Organization.

national institution which helped, and still helps, hold the country together—the military was placed under assault. Suharto was toppled in May 1998, and then a systematic campaign against the military was begun. Accusations of human rights violations, charges of thousands being massacred, and so on and so forth, proceeded.

General Wiranto, the head of the Armed Forces, was particularly targeted. He was pushed, he was cajoled, and he was then induced, foolishly, to head up the so-called “reform process” of the Indonesian military. And he made the decision, the same mistake I’ve seen made time and time again in countries in Ibero-America, of thinking that he could better deal with the problem from the inside, by being involved in the process. He decided that it would be better to “go along, to get along.” And he played right into the trap, because the strategy of the demilitarizers, the people who want to wipe out this institution, is exactly that: to get rid of the people who are *opposed* to them, and then use the reformers who helped to make the change, and obliterate them as well. And that’s what is now happening to Wiranto.

If he had bothered to read *EIR*, or if he had bothered to read *EIR*’s book, *The Plot to Annihilate the Armed Forces and the Nations of Ibero-America* (Washington, D.C.: EIR News Service, 1994), General Wiranto would have known what people like Samuel Huntington, a leading member of the Trilateral Commission, had to say on the subject. In a book entitled *The Third Wave*, written in 1992, which is a manual for demilitarization, Huntington’s recommendation

is the following: “Promptly purge or retire all potentially disloyal officers, including both leading supporters of the authoritarian regime *and* military reformers who may have helped you to bring about the democratic regime.”

These are exactly the instructions for what has now just happened to the cashiered General Wiranto, and has also happened in country after country.

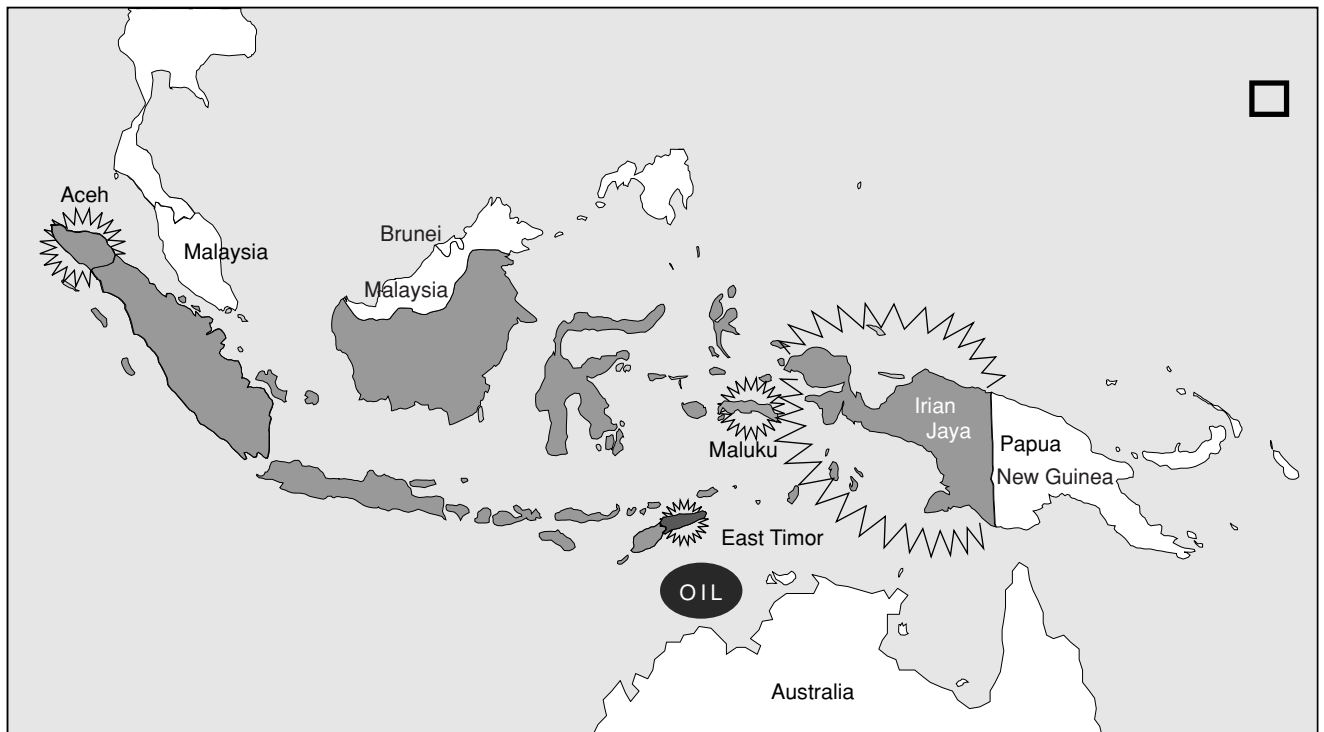
This reminds me of the story of how to cook a frog. You do *not* set the water to boil and then try to throw the frog in, because the frog will jump right out of boiling water. If you want to cook a frog, you put it in cool water . . . and then you raise the temperature gradually. And at every point, the foolish frog will say, “Hmmm, it’s getting a little warmer here, but I don’t think I’m ready to fight quite yet.” And he keeps saying that until he’s incapable of doing anything anymore, and he’s a cooked frog.

That is exactly the means by which institution after institution in countries around the Third World have been torn apart, because they have not understood that what was going on, was that the oligarchy was trying to “cook” them. They figured something else was happening, and that therefore they would stay involved in the process, swim around in the pot, and see what evolved.

The upshot in the case of Indonesia, as you can see in **Figure 5**, was a plain old resource grab, and fragmentation of the country. Various parts of the country—such as Irian Jaya, Aceh, and Maluku—are targeted, and ethnic and other problems are being fomented. In the case of East Timor, separat-

FIGURE 5

Indonesia is disintegrating



ism has already occurred. Indonesia has lost East Timor, they've lost part of their country. And it just so happens that there's a huge amount of oil sitting in the East Timor Sea, right between Australia and East Timor. And, of course, it's principally Australian troops that the UN sent to East Timor to "protect democracy." What a coincidence.

1998: the Russia crisis

Our second case study is Russia. As you can see in **Figure 6**, 1990-97, as a result of the Bush-Thatcher policies, Russia was chopped into pieces, its economy was wrecked—completely and deliberately destroyed. (The statistics for this and the next few graphs were taken from *Genocide*, a book by Sergei Glazyev, the well-known Russian economist, which *EIR* has just translated into English.) Look at consumer goods production in a couple of key areas: meat was down 31%; milk, down 38% over the seven-year period; wages were down 52%; and overall agricultural production was down 41%.

Industry suffered even worse (**Figure 7**). In the case of overall industrial output, it was down 51% in the same seven-year period. But still worse is that, in the most critical areas within the industrial sector—machinery production and investment in capital-goods-producing areas, output has

dropped even more than the average. In the case of machinery, it fell 61%; investment in these areas dropped 71%. Over this period that these real physical economic parameters were in decline—agriculture by 41%, industry by 51%—the debt was rising by 225%. This process is your typical collapse function, the Triple Curve function that LaRouche has talked about repeatedly (see **Figure 8**).

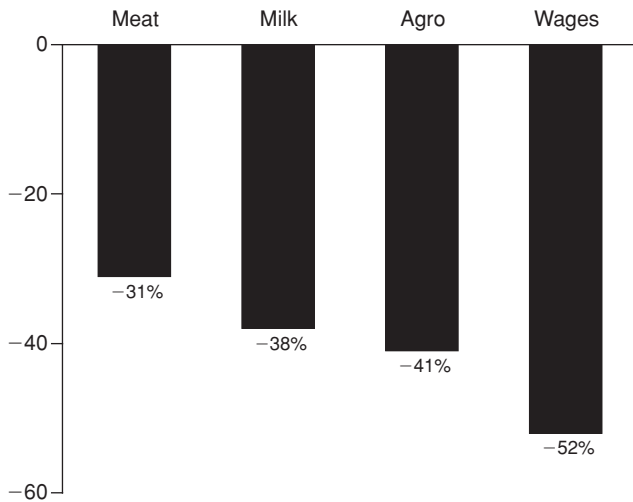
But that is just the beginning of the Russia story. In **Figure 9** you can see what happened when the Russian currency was assaulted in 1998, much as the Indonesian rupiah had been attacked before it. In August 1998, before the "crash," the ruble was valued at approximately 16¢ per ruble, or per thousand rubles (at first it was thousand rubles; then they knocked off three zeroes). Within weeks, it dropped down to about 4 or 5¢ per ruble. This is a three-quarters reduction, or destruction, of the value of the national currency of Russia. It was two-thirds in the case of Indonesia, three-quarters in the case of Russia.

Lo and behold, after they obliterated the Russian currency, the hubcap thieves showed up in Russia and said: "Gee, you don't seem to have a stable currency. We'll offer you a currency. Why don't you set up a currency board, and link your currency to the dollar? That will bring stability." And they sent over Domingo Cavallo, who had set up a currency

FIGURE 6

Russia: consumer goods, 1990-97

(% change)

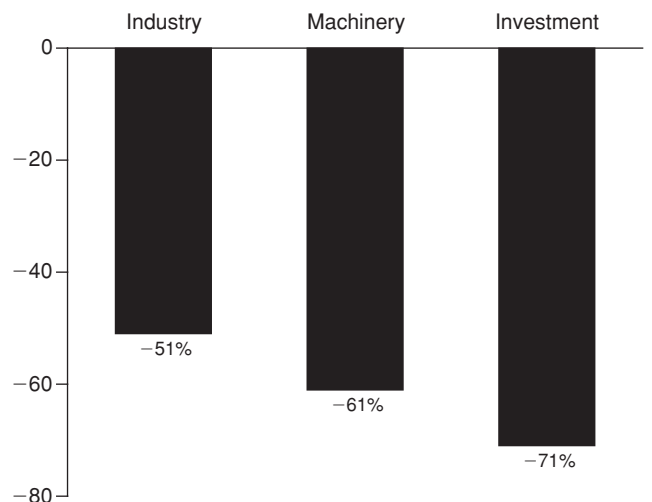


Source: Sergei Glazyev, *Genocide: Russia and the New World Order*.

FIGURE 7

Russia: producer goods, 1990-97

(% change)

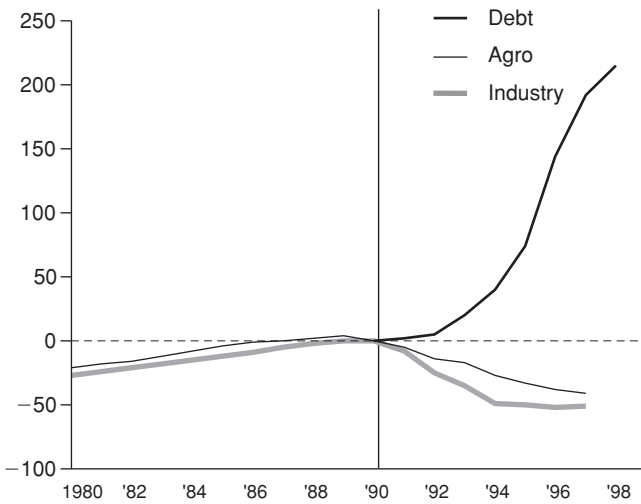


Source: Sergei Glazyev, *Genocide: Russia and the New World Order*.

FIGURE 8

Russia: typical collapse function

(index: 1990 = 0)

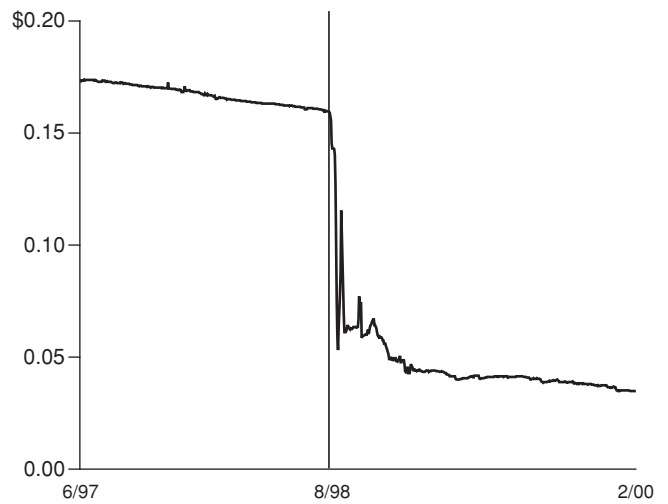


Source: Sergei Glazyev, *Genocide: Russia and the New World Order*; World Bank.

FIGURE 9

Russia: the ruble crash

(\$ per ruble)



Source: *Wall Street Journal*.

board in Argentina, and the whole Gore crowd was deployed, including then-Prime Minister Viktor Chernomyrdin, to push for a currency board for Russia — which is a form of dollarization. Fortunately, in Russia, as in Indonesia, it did not work.

It should be mentioned that, at this point, there was a political and economic interlude of great significance: the

Primakov government, which was in office from September 1998 to May 1999. This was a total change in the general directionality of the Typical Collapse Function which we saw, because, on the one hand, the physical economic parameters began to rise, and on the other hand, the debt was actually reduced. The Primakov government was eventually knocked

out by, among others, Vice President Al Gore.

In Russia, the issue of the territorial integrity of the country is also at stake. The Chechnya revolt, and the whole manipulation of this crisis by the British, is meant to sink Russia into a losing scenario: a lose-lose scenario. The Russians are having pieces of their national territory chopped off right in front of their eyes. And this, of course, has created a fast-track to generalized war, among other things.

It should come as no great surprise, then, that under these circumstances, you have patriots of Russia also turning to LaRouche and his Presidential campaign as the only answer to this situation. Allow me to quote from a recent statement issued by a group of some 15 top scientists and intellectuals in Russia, including such people as Ruslan Khasbulatov, the former chairman of the Supreme Soviet and a very famous physicist; Nina Gromyko, the Editor in Chief of the *Russian Analytical Review* and a doctor of philosophical sciences; Leonid Shelepin, Chief Scientist of the Institute of Physics; and others. What do these people have to say about LaRouche in light of what is happening to their country? Put yourself in their shoes, and in their minds. Look at the world through their eyes. What do they see when they look at the United States and at the LaRouche campaign? They say:

“With great interest and agitation, we are following the Presidential campaign in the United States and your own participation in it. . . . Through personal contacts and acquaintances with your scientific writings and political speeches, we have gotten to know your profound erudition, the precision of your analysis, your sharp mind, your intolerance of phoniness, your high level of scientific honesty, and your ability to put forward original ideas and find constructive, sometimes unexpected, solutions and recommendations. Like no one before, you have succeeded in uncovering the harmony and interaction of rigorous science and Classical art forms, as well as uniting the methods of scientific discovery and the education of youth. . . . We think that you, Mr. LaRouche, are the one capable of directing your country onto the path of progress and prosperity for the American people, and for the sake of all the people of our planet. We hope that American voters will make the right choice, by voting for you as the future President of the United States.”

1999: the South America crisis

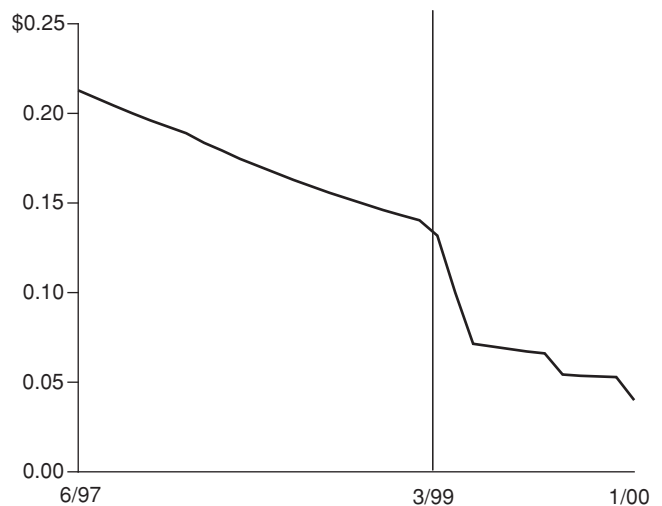
Now let's turn to our third case study, that of South America, and in particular, the situation of Ecuador. This is the 1999 financial crisis which, like those of 1997 and 1998, were “resolved” so successfully by the oligarchy.

As **Figure 10** shows, the Ecuadorean currency, the sucre, was hit, just as happened to Indonesia and to Russia. In March 1999 the sucre was assaulted by international speculators. The authorities let it float, and its value dropped quickly from about 7,000 to the dollar, to 18,000 to the dollar. A few months later, in September, Ecuador defaulted on its foreign debt obligations: It simply could not pay. That is to say, it went *bankrupt*. And by the beginning of this year, in December and

FIGURE 10

Ecuador: the sucre crash

(\$ per thousand sucres)



then in early January 2000, the value of the sucre dropped to 25,000 to the dollar. Stated in inverse terms, 14 U.S. cents back in March 1999 would buy you 1,000 sucres. By early 2000, it took only 4¢ to buy 1,000 sucres, a two-thirds drop in the value of the currency.

Remember what happened in Indonesia and then in Russia: The big press was put on to establish a currency board, to go with the dollar. “Have we got some hubcaps to sell you,” they were told. It didn’t work in Indonesia, and it didn’t work in Russia. But it worked in Ecuador. And it’s extremely significant that it worked in Ecuador, not because of Ecuador in itself, but because of what this means for the financial policy direction of the globe. The government of Ecuador, on Jan. 9, 2000, decided to dollarize, they chose to accept the dollar as their currency.

Now, that sounds great. What’s wrong with having dollars? Everyone wants to have dollars, right? Motherhood, apple pie, dollars—what could be better? But what does it really mean, to dollarize?

Over the course of the assault on the sucre in 1999, the Ecuadorean economy collapsed: productive capacity dropped 40%; imports fell 50%, because their currency wasn’t worth anything anymore, and they couldn’t import anything, including food, medicine, and pharmaceuticals; and the minimum wage in the country dropped 67% in one year (see **Figure 11**). What will the year 2000 bring Ecuador? What is happening as a result of inflation and the dollarization process, as you can see in **Figure 12**, is that, in January alone, the cost of basic medicines and medical supplies rose 40%. The cost of rice, a staple food item, rose 43%—in one month! And the cost of cooking oil in the highlands regions, where

FIGURE 11
Ecuador: economic collapse, 1999

(% change)

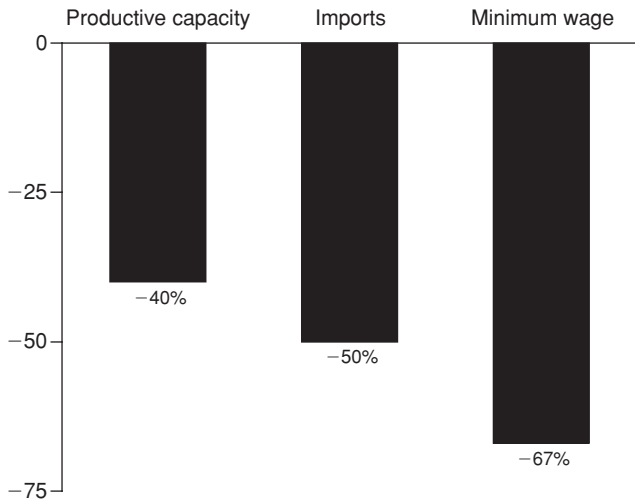


FIGURE 12
Ecuador: inflation, January 2000

(% change)

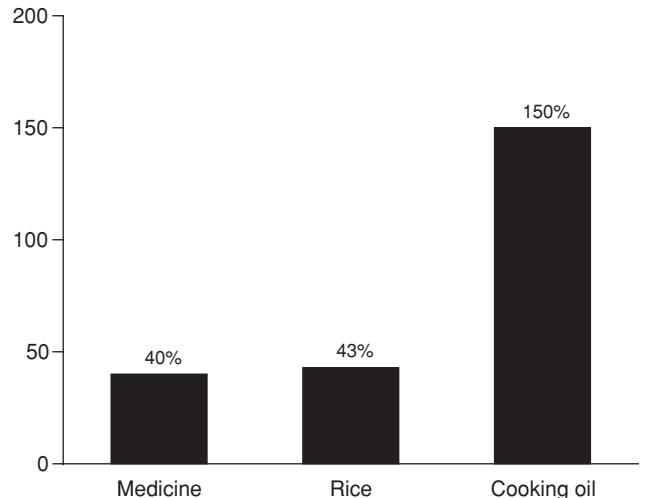


FIGURE 13
Ecuador: consumer market basket

(% total population)

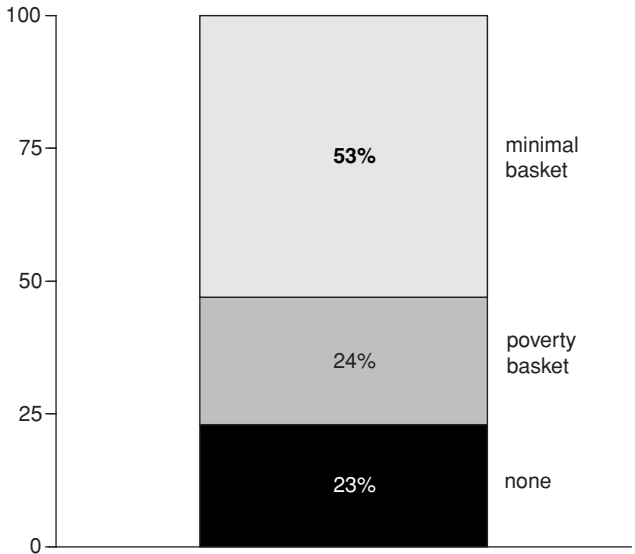
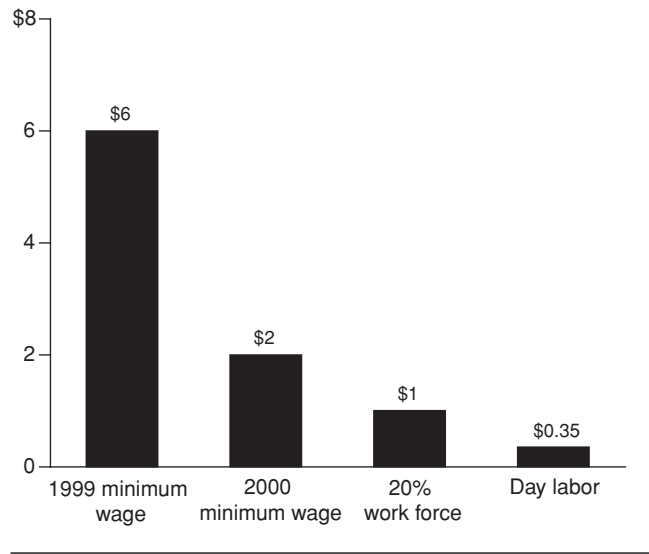


FIGURE 14
Ecuador: slave labor

(\$ per day)



most of the Indians live, rose 150% in one month.

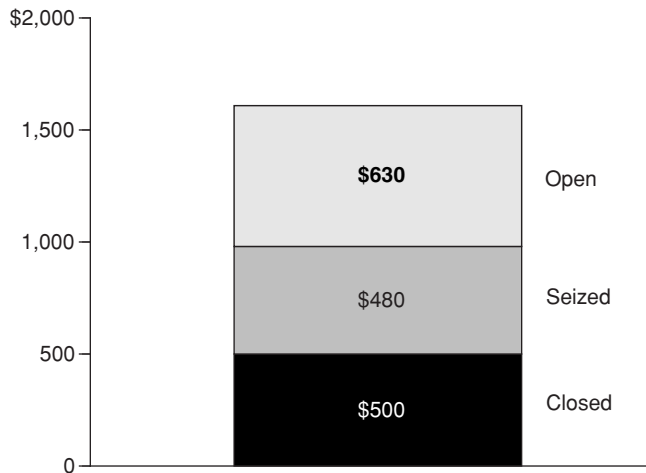
What is this doing to the standard of living of the population? **Figure 13** shows what has happened to the ability of the population to purchase a minimal market basket of consumption goods. According to official statistics, which means that

the reality is undoubtedly far worse, 53% of the population is able to purchase a minimal market-basket of consumer items. Twenty-four percent of the population are only able to afford what is called a "poverty basket." They are the poor: The only thing they can buy is a poverty basket. And 23% can't even afford that: They are in extreme poverty, or worse.

FIGURE 15

Ecuador: banking system deposits

(millions \$)



You may have heard Lyndon LaRouche say that dollarization means slavery. Well, take a look at slave labor in dollarized Ecuador (**Figure 14**). In 1999, the minimum wage for a day's labor—this is a *day*, not per hour—was \$6. Now, in dollar equivalent, in the year 2000, as a result of the policy of dollarization, the minimum daily wage is \$2. Worse, 20% of the workforce in Ecuador earns *one* dollar or less per day. And day laborers, especially in the countryside, earn an average of 35¢ a day. That is slavery.

Ecuador's banking system is also gone, obliterated. Approximately two-thirds of the banks have already gone bankrupt (**Figure 15**). Some have been closed outright; others have been seized by the government, which is trying to keep them afloat, but they are going to go under also. Only the top third, more or less, are still open and functioning at this point.

To make matters worse, the IMF has come in with its typical, insistent demands: end all subsidies on prices; raise utility rates, oil prices, and the price of basic consumption items up to so-called "international levels"—which means they zoom up to the sky. Wage levels should be reduced, says the IMF, and everything in the country should be privatized.

Ecuador: dollarization means slavery and drugs

What is dollarization, really? Dollarization, for a country like Ecuador, or Russia, or Indonesia, is a form of *bankruptcy reorganization* of the country. The country is bankrupt; their currency doesn't work anymore, since it has been obliterated; and the idea is to reorganize the economy by dollarizing it. What is the content of the bankruptcy reorganization? In the case of Ecuador, they have approximately \$800 million in

liquid foreign reserves, which barely covers the current money supply in sucres. In other words, to take the sucres out of circulation and put in the dollars, you use up these reserves. But what about the entire banking system, the deposits base? What about the domestic credit structure? What about lending to business? What about lending to consumers? It all gets completely wiped out, under dollarization. And instead what gets maintained is the foreign debt structure, possibly with the help of an IMF loan, and the absolute minimal level of money supply.

In other words, dollarization is a kind of bankruptcy reorganization, except in this case you salvage the parasite, the cancer, and annihilate the productive economy. If you read the financial press on Ecuador, they say: "Well, it's really too bad. It looks like the domestic credit system is going to have to take the hit, to keep the foreign debt side of the bubble afloat."

So what you have with dollarization, is the exact 180-degree opposite of what LaRouche has insisted must be done by way of bankruptcy reorganization. LaRouche's plan is to take the 90% or more of the financial instruments that reflect nothing but cancer, and wipe them off the books. And you defend the remaining 10% of actual banking structure which works productively, which is for use in communities, businesses, neighborhoods, and so on. So, dollarization is the exact opposite of the LaRouche proposal. And it is slavery.

But it is one thing else, as well.

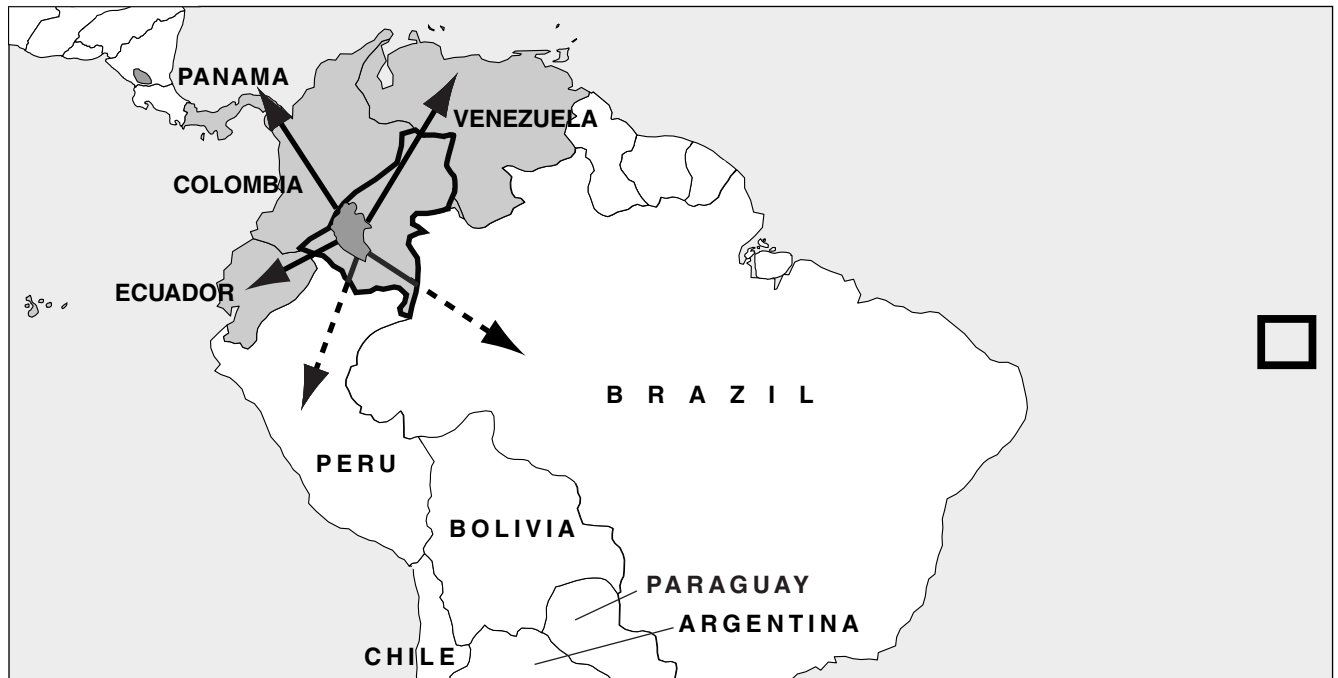
Where is Ecuador going to get its dollars from? A gift from Federal Reserve Board Chairman Alan Greenspan? Have you stopped to think about that? Countries get dollars by attracting foreign speculative capital, or from their exports. Ecuador exports oil: that accounts for 30% of their exports. Right now, the price of oil is strong; but two years ago, they wouldn't have made a penny from that, and two weeks from now, it may plunge again. Their second export is bananas, at 26%; and shrimp, which is another 16%. So, 72% of Ecuador's foreign exchange earnings comes from only three export products.

In Ecuador today, government officials are discussing how to maintain the flow of dollars into the country—which, after all, is now their only money supply—in an unstable and unpredictable world environment. One option under consideration is to take the few dollars that they have, and place them in the derivatives market. It's true: They are talking about speculating with the little foreign reserves that they have, as the basis of their national money supply.

But there is something else that is going to happen. This dollarization is going to *legalize the drug trade* in Ecuador. They're going to get *drug* dollars. Take a look at **Figure 16**. Where is Ecuador located, after all? The exploding part of the map is the FARC-controlled area of Colombia. Colombia is being taken over by this process. In Venezuela, it is also spreading: President Hugo Chávez is completely allied with the FARC drug cartel in Colombia. This has effectively moved in and taken over Panama, where George Bush dis-

FIGURE 16

The FARC ‘narco-nation’ expands



mantled their military after the 1989 invasion. And in Ecuador, there is a tremendous influence of the FARC, and of people in the military and elsewhere who are trying to ally with Chávez.

In this situation, with almost no dollars in hand, with no capability of maintaining their economy, where do you think the dollars for Ecuador are going to come from? From shrimp fishing? Forget it! This is going to force the de facto legalization of the drug trade: That’s where they are going to get their dollars from. So, dollarization doesn’t mean only slavery; it also means drugs, which is a different form of slavery.

To get an idea of how far the drug scourge has already spread in the region, look at the famous photo of the “Grasso Abrazo,” the Grasso embrace. Here you see him, Richard Grasso, the president of the New York Stock Exchange, in a jungle embrace with Comandante Raúl Reyes, the chief of finances of the FARC, who is carrying the instruments of his trade. The Pastrana government in Colombia, purportedly to facilitate “peace negotiations,” has decided to not only hand over one area of the country to the FARC, as a kind of demilitarized zone (DMZ); they are now handing over a second area to the ELN narco-terrorists (see **Figure 17**). The ELN is the other drug cartel. Colombian General Bedoya calls them the “Fourth Cartel,” the FARC being the “Third Cartel.”

Again, put yourself in the shoes of the patriots of these assaulted countries, as we did a moment ago for Russia, or

for Georgia. How do such people view the United States? Consider the case of the former Presidential candidate of Brazil, Dr. Enéas Carneiro. He endorsed LaRouche in the following terms.

“Mr. LaRouche is unrelenting in his fight for the welfare of all people, and I believe that through this year’s Presidential elections in the United States, only he can make possible and worthwhile the productive work that will defeat speculation. We shall see wisdom and organization directed against ignorance and the chaos. It will be the light against the darkness.”

Or recall the statement issued by the former President of Mexico, José López Portillo, who is one of the leading patriots of the last 20 or 30 years in Mexico. In addition to meeting with Helga Zepp LaRouche and giving a joint public presentation with her in December 1999, López Portillo issued a ringing endorsement of LaRouche:

“In the battle for such a [new world] order, I would like to recognize the tireless and generous efforts carried out by Lyndon H. LaRouche, for whom I hope for the best as a pre-candidate for the Presidency of the United States of America. I wish that his voice be listened to, and followed by those in the world who have the grave responsibility of stopping this situation from continuing on its calamitous course. And I hope that his fellow U.S. citizens, who will elect their President in the coming elections, will give him their timely recognition and support.”



New York Stock Exchange President Richard Grasso (left) with FARC negotiator Raúl Reyes.

FIGURE 17

Colombia's two narco-DMZs



Cognition: the soul of the body politic

What we have reviewed here so far, as the three pillars, or functions of the nation-state, in one sense are really not the core of the matter. The currency, the military, territorial integrity—these are the attributes of the body politic. They are *necessary* conditions for a nation-state, because without them no nation can be sovereign. But they are not *sufficient*: There is more to a nation-state than currency, military, and territorial integrity. After all, the British Empire or Commonwealth has a currency, it has a military, it has territorial integrity.

So, there is something more, something that is actually the soul of the nation-state. It is that intangible idea which is the actual life force of this institution which we call the nation-state. Look at this from the standpoint which Nicolaus of Cusa, for example, discusses regarding the role that the soul plays, and what the soul actually is, or the mind, which in Cusa are often interchangeable concepts. In his dialogue, *The Layman: About Mind*, of 1450, Cusa says: “Mind is a living substance. . . . Its function in this body is to give it life, and because of this, it is called soul. Mind is a substantial form of power.”

What, then, is that concept, that intangible soul, which makes the nation-state a true, living nation-state? This is the crux of the matter. The nation-state is the only institution, the only form of organization of society, which is perfectly attuned to that which is distinctly human about the human being, which is his cognitive capability to make breakthroughs in discovery, which also uniquely proves the existence of the human soul. The nation-state is the vehicle, the *only* vehicle, through which the General Welfare of society can be achieved. It is a way of bringing about the Common Good. It is the way in which a society organizes itself politically to achieve these goals.

And it is the form of organization of society, the *only* one—and in this sense it represents a crucial discovery—which fosters the existence of the kind of individual which can make this process actually work: an individual who finds joy in cognition, and whose identity lies in that process of discovery. This is a process and outlook which we see most clearly, in fact, in children. *In children*. You know, people talk a lot about *imago viva Dei*, that man is made in the living image of God. But, sometimes you have to wonder. You look around at your fellow man, and you say: “Well, I don’t know; I *suppose* it’s true that man is in the image of God. But a lot of the evidence seems to point in the opposite direction.”

But then, look at children. In children we see most clearly expressed exactly that which *is* in the image of God. Think of translating that Latin phrase as “*children* made in the living image of God.”

People often say that you know a society by how it treats its old people, or how it treats its prisoners. That is true enough. But I think that it’s equally true that you know a society by how it treats its children, and what it does to them.

So, let us delve further into this issue of the soul of the nation-state, by looking at the question of this joyous creative process in children. We will do this by referring to two dialogues of Plato's, and in particular to the *Meno*, because, to my knowledge, this is the only dialogue of Plato's where a child appears, and actually participates in the dialogue in a major way. That child is the famous slave boy in the *Meno* dialogue.

Plato's 'Meno': child's play

Allow me to refresh your memory about the *Meno*. There are a couple of participants in this dialogue, in addition to Socrates. First, you have Meno himself. Plato sets the stage for what is going to happen later with Meno's slave boy, with the child, by first showing the discussion between Socrates and Meno. Meno is a young fellow, a nobleman: He is sort of your typical blocked person whom most political organizers, like those at this conference, are all too familiar with. Then there is the child. And the dialogue closes with an exchange between Socrates and Anytos. Now, Anytos is very interesting. He turns out to be one of the three accusers of Socrates at his trial, various dialogues down the line. So keep that in mind.

So, the dialogue is your classical organizing situation, with three personality types that you have to deal with. Political organizers today run across them, just as Socrates did.

Socrates begins the discussion with Meno, the nobleman, by saying: Very well, let's discuss what virtue is, and whether or not it can be taught. Meno says, fine, I'll tell you what virtue is, and then he describes the different kinds of virtue that exist in the world. There is virtue in men, and virtue in women, and virtue in children, and so forth. Socrates finally interrupts Meno and says: No, no, no. Don't give me a "swarm" of different definitions. I don't want a swarm; I don't want a multitude. I want to know what the common element of all of them is. What is virtue *itself*, not all of its different expressions?

Meno responds that he now understands what Socrates wants. In that case, he offers, I would say that virtue is "to desire handsome things and to have the power to achieve them." Socrates says, let's explore that a little bit. If you are saying that virtue is desiring handsome things, do you really think that some people desire *bad* things? Why would anyone intentionally desire something bad? Isn't it rather the case that some people do not know the nature of what they are desiring, and that leads them to desire something bad, for lack of knowledge?

So Socrates proves to Meno that virtue couldn't possibly be anything of the sort, and that he was effectively laying out a circular argument, by simply saying that "virtue" is a whole series of different acts, each performed with a certain amount of virtue. And if you tell me that virtue is acts performed with virtue, you have told me nothing whatsoever.

At this point, something very interesting happens. Meno says to Socrates, I don't know what you've done, but I'm

numb. My mind has stopped working. I can't speak. I don't know what's going on. To quote Meno directly:

And now you seem to me to be a regular wizard. You dose me with drugs and bewitch me with charms and spells, and drown me in puzzlement. I'll tell you just what you're like, if you will forgive a little jest: your looks and the rest of you are exactly like a flatfish, and you sting like this stingray. Only go near and touch one of those fish, and you go numb. And that is the sort of thing you seem to have done to me. Really and truly, my soul is numb and my mouth is numb. And what to answer you, I do not know.

And then he issues a prophetic little warning to Socrates:

I must say, you are wise not to sail away or travel abroad; for if you did this as a foreigner in a foreign city, you would probably be run in for a wizard.

Socrates tells Meno that there is no reason to be numb about this exercise. I myself don't know the answer to this, he notes. It is something we don't have the answer to, so let's go about finding the answer. Meno is thoroughly upset at this idea. What do you mean? How can we find the answer and look for something, if we don't know what we're looking for in advance? But if we know what we're looking for, why should we look for it? Meno says:

And how will you try to find out something, Socrates, when you have no notion at all what it is? Will you lay out before us a thing you don't know, and then try to find it? Or, if at best you meet it by chance, how will you know this is that which you did not know?

Socrates responds pointedly:

I understand what you wish to say, Meno. You look on this as a piece of chop-logic, don't you see, as if a man cannot try to find either what he knows or what he does not know.

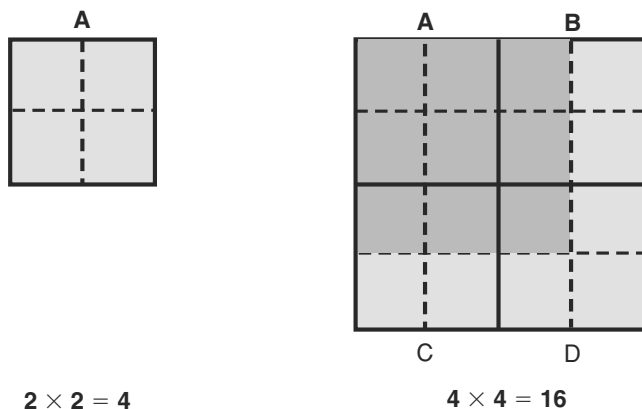
And Meno asks, somewhat sheepishly: "Then, you don't think that this is a good argument, Socrates?" And Socrates replies: "Not I."

So that is the way Socrates deals with Meno, which is important to lay the stage for what comes next. I'm sure you recognize this type of discussion, from your own experience in political organizing.

Socrates then has his famous discussion with the slave boy. He tells Meno, bring your slave boy here, and I'm going to show you something about how knowledge is achieved. It is not simply repeating by rote, but it derives from what Socrates calls "remembrance": people "remember" things that they know. They create knowledge for themselves, and thereby

FIGURE 18

Plato's 'Meno' – I



remember it. This is Plato's famous doctrine of "remembrance," which should *not* be thought of as the idea of rote memorization of past information. That is not the idea at all.

I refer you, on this issue, to LaRouche's documents on the subject of memory in "Motivic Thorough-Composition," which deals with the role of memory in music, in particular. [See LaRouche's *EIR* special features: "The Substance of Morality," June 26, 1998; and "The Case of Classical Motivic Thorough-Composition," Sept. 4, 1998.] What LaRouche presents there is the same concept that Plato is getting at here. As Plato explains to Meno, his slave boy "will know, having got the knowledge out of himself. To get knowledge out of yourself is to remember." Knowledge, therefore, is not transference of information. We will discover what it is by observing the case of this young child.

I will proceed through this next argument fairly quickly, because I don't want to focus on the specific predicates of the geometry involved, but rather to look at the *thought process* of the child. Keep in mind what we are trying to get at here: the issue of the soul of the nation-state, what it is that gives it life and holds it together. There is a three-step process of discovery that occurs in the *Meno* dialogue. Again, the important question here is to look at *how* the child is thinking. Don't look at the specific thoughts; look at how he is thinking about the problem.

In the first step (Figure 18), the slave boy is at the level of simple knowledge. Socrates draws the first square on the left, and counts out two units in one direction and two units in the other. He then asks him what the area of the whole square, "A," is. The slave boy counts it out: one, two, three, four, and concludes that the area is four.

Socrates then asks him how he would produce an area twice the size of the first square, "A"—a simple enough question.

The young child at first believes that he knows exactly

what the solution is, and so he says very quickly: Well, it's obvious. You draw a square which has a side which is twice as long as the first square. This is an obvious answer, which he considers clearly true on the surface of it: You just double the length of each side.

In the process of discussing his answer with Socrates, at this level of simple knowledge, the slave boy comes to see his own error, after having jumped in feet first. To quote the dialogue:

Socrates: Well, could there be another such space, twice as big, but of the same shape, with all the lines equal like this one?

Boy: Yes.

Socrates: How many feet will there be in that, then?

Boy: Eight.

Socrates: Very well. Now try to tell me how long will be each line of that one. The line of this one is two feet. How long would the line of the double one be?

Boy [completely self-assured]: The line would be double, Socrates, that is clear.

Socrates then proceeds to show the boy his own error.

Socrates: Then if we put four like this, you say we shall get the eight-foot space.

Boy [still quite confident]: Yes.

Socrates: Then let us draw these four equal lines. Is that the space which you say will be eight feet?

Boy [triumphant]: Of course.

Socrates: Well, how big is the new one? Is it not *four* times the old one?

Boy: Surely it is!

Socrates: Is four times the old one, double?

Boy [shaken]: Why, no, upon my word!

Socrates: How big, then?

Boy [surprised]: Four times as big!

Socrates: Then, my boy, from a double line we get a space four times as big, not double.

Boy [thoroughly puzzled]: That's true.

Forgive my editorial comments along the way, but notice the stark difference in attitude of the slave boy, and his master Meno, when faced with new knowledge. The boy is puzzled, but very curious. He wants to know how to proceed. So Socrates leads him on to the next step, proposing that he come up with a new idea of what the answer might be. The attitude of the boy at this second stage is very cautious, on the one hand (because he knows that he made a mistake by jumping in feet first), but he is also daring. He is cautious, knowing that he made a mistake, but he is also willing to be daring, in the sense that he's willing to try out new ideas.

And the second time around he again comes up with something that is flat-out wrong. Socrates argues that to get an area twice that of the original square, it is clearly more than the

two-by-two square, which was the first square, because that produced an area of four. But if we go to four by four, that produces an area of sixteen. So it's somewhere between a side of two, and a side of four. What do you think it is? Socrates asks the child. It is probably three, then, he answers.

Socrates: Try to tell me, then, how long you say it must be.

Boy: Three feet.

Socrates: Then if the space is three feet this way, and three feet that way, the whole space will be three times three feet?

Boy [beginning to suspect where this is heading]: It looks like it.

Socrates: How much is three times three feet?

Boy: Nine.

Socrates: How many feet was the double to be?

Boy: Eight!

Socrates: So we have not got the eight-foot space from the three-foot line, after all.

Boy [really perplexed]: No, we haven't.

Socrates: Then how long ought the line to be? Try to tell us exactly, or if you don't want to give it in numbers, show it if you can.

Boy: Indeed, Socrates, on my word, I don't know.

This is an interesting conundrum. The first time around, the boy was sure he knew — except he was wrong. Now, he doesn't know, but he's highly inquisitive. He wants to try to figure out how to think this through. The next, third step in the dialogue is, of course, the interesting one, where Socrates prompts the child to come up with an idea of how to actually solve the problem. At first, the child doesn't see it, he doesn't recognize it. And then, when he actually sees the solution, we witness a transformation in his mind, and he becomes confident in a new way.

Socrates proposes, let's draw a line, which is a diagonal across the first square A, and another across B, and another across C, and another across D (see **Figure 19**). This gives us a line running from corner to corner, cutting each of these original squares in two parts. Socrates asks if these four diagonal lines are not equal, and don't they contain a new space within them? The boy agrees that is the case. And Socrates asks him how big the space is. And the boy says: I don't understand.

So Socrates comes back at the problem afresh:

Socrates: Does not each of these lines cut each of the spaces, four spaces, in half? Is that right?

Boy: Yes.

Socrates: How many spaces as big as that are in this middle space?

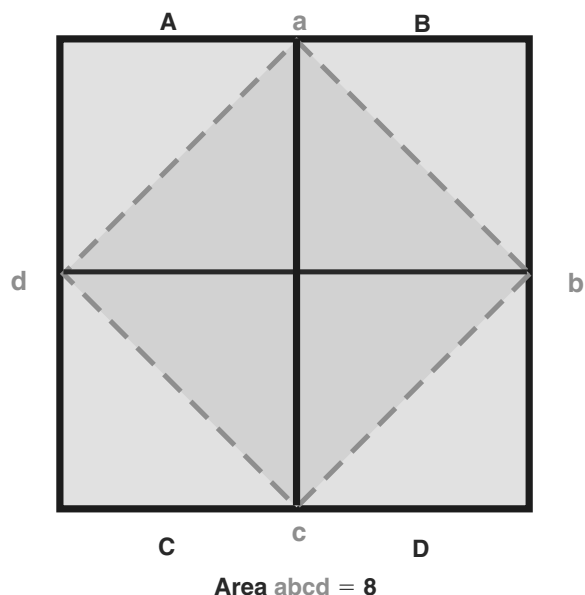
Boy: Four.

Socrates: How many in this one?

Boy: Two.

Socrates: How many times two is four?

FIGURE 19
Plato's 'Meno' – II



Boy: Twice.

Socrates: Then how many square feet big is this middle space?

Boy: Eight square feet. . . .

Socrates: The professors call this a diameter, or diagonal: So if this is a diagonal, the double space would be made from the diagonal, as you say, Meno's boy!

Boy: Certainly, Socrates.

This time, the slave boy is confident of the idea, because he has developed it himself. And you see a process of change in the way he has approached the problem, which is completely different from what we saw before with his master, Meno, who was dealing with this in terms of "chop-logic."

It is also very different from what happens next in the dialogue, which is really quite significant. While all of this is happening, in walks Anytos. And Socrates, of course, tries to pull him into the middle of the discussion. He tells him what they have discussed, and that they have discovered that: "The truth is, my dear friend Anytos, I fear virtue cannot be taught."

The first words out of Anytos's mouth, in response, are:

My dear Socrates, you seem to speak ill of men easily. I would advise you to be careful, if you will listen to me. Perhaps it is easier to do people harm than good in other cities, but it is very easy in this. I think that you yourself knew that perfectly well.

And he stomps off. Socrates replies:

Meno, I'm afraid that Anytos is angry, and I don't wonder, for he thinks firstly, that I am defaming these men, and secondly, he believes he is one of them himself.

Recall that Anytos turns out to be one of Socrates's accusers in one of the later dialogues.

I am sure that you have run across people like this, in your political organizing. The second you throw an idea out to them, they get angry, they stomp off, they threaten you: "You Pinko Platonist! You sissy Socratic! Why don't you go back to Greece where you came from?" Or something like that.

This is the kind of reaction that we often have to deal with, when we are trying to bring out in people that quality which is otherwise found in the slave boy, in this mere child.

Plato's 'Theaitetos': What is knowledge?

Although the *Meno* is unique in its portrayal of a child in active discovery, one can find a similar display of childlike enthusiasm about new knowledge by the adolescent Theaitetos, in Plato's dialogue of that same name. Here you will see even more explicit commentary from Socrates on the state of mind required to attain new knowledge.

The principal characters of the *Theaitetos* are Socrates, Theodoros, and a young man, perhaps an adolescent, whom Theodoros the astronomer introduces to Socrates, whose name is Theaitetos. Many people who read this dialogue complain that Plato just criticizes other thinkers' theories of knowledge, but that he never states his own theory. Curiously, in the dialogue itself Plato criticizes such an approach explicitly, and preemptively: Asking for a recipe means you don't understand my method at all, he says. Rather, our attention should be drawn to three distinct discoveries which Theaitetos makes.

From the outset, Plato informs us that Theaitetos is very much like Socrates. If you read Plato's dialogues, you will notice that there are very few characters whom Socrates praises, and who are not complete, raving fools. But Theaitetos is different, because, like Meno's slave boy, he displays a certain child-like excitement, a joy of discovery. Theodoros tells Socrates that Theaitetos is just like him:

I have met a fine young Athenian, and it will pay you to listen while I describe him. . . . Actually, so far from being handsome, forgive my saying so, he is rather like you, what with his snub nose and protruding eyes, though these features are less noticeable in him. So, I can speak without fear. I assure you that among all the young men whom I have met—and I have come across a great many—I have never found one with such extraordinary promise.

Theodoros is of course teasing Socrates, by referring to

his snub nose and protruding eyes, but what he's really saying is that Theaitetos *thinks* like you, he has a bright mind. So Socrates responds: "Okay, I've heard that before. Let's see." And what Socrates then does is walk Theaitetos through three specific discoveries. I'll focus on those moments in the dialogue, in order to look at the *way* the youth responds, *how* his mind is working—because this is the essence of the issue, and nothing else.

Socrates begins by proposing to explore the issue of what is knowledge. Theaitetos replies that there is knowledge of this, and knowledge of that, you can know this, you can know that. Socrates stops him and says, no, no, Theaitetos, that's not what I'm talking about. I don't want to know the objects of knowledge. I'm asking what knowledge itself is, beyond the specific things that you may know.

At that point, Theaitetos responds with interest: Oh, now I know what you mean! So he has just said something wrong, perhaps foolish, and Socrates prods him. And Theaitetos says: Oh, I get it. I know what you're talking about. And he goes on to tell Socrates that he was talking about with a friend of his, trying to figure out how to describe those numbers which, when squared, are incommensurable with the hypotenuse connecting the vertices of the square. For example, numbers like the square root of three, or the square root of five, and so on. These are incommensurable with integers (one, two, three, four, etc.). We realized that there was an infinite number of such numbers, but we were trying to figure out a single idea which encapsulated them all. What is their common element? How do you explain the totality? So, what you are asking me, Socrates, is for one name which covers the totality of the objects of knowledge. Here is now Theaitetos says it:

Theaitetos: Now it occurred to us, since these square roots were apparently infinite in number, to look for a single collective term by which we should be able to designate all of them.

Socrates: And did you find one?

Theaitetos: I believe we did. . . .

Socrates [encouraging the discovery]: Follow the road then that you have just mapped out so well. Take as a model your answer about the roots. Just as you included the whole lot of them within a single character, so now try to designate the several kinds of knowledge by a single formula.

Theaitetos [uncertain]: But I assure you Socrates, I have often set myself to study that problem when I heard reports of the questions you ask. But I cannot convince myself that I have reached a solution, or that I have ever heard anyone else put forward the kind of answer you require. On the other hand, *I cannot get the subject from my mind.*

Socrates: My dear Theaitetos, that is because your mind is not a vacuum.

This is the first episode where you see Theaitetos in thought: First he says something fairly foolish; then Socrates

prods him, urging him to think of it in a different way; then Theaitetos makes a breakthrough and says, oh, I know what you mean, and comes up with a new idea; and Socrates then pushes him to carry the idea further. At that point, the youth is caught in a quandary: He doesn't know how to handle the question (yet), but *he cannot stop thinking about it*.

Now, I ask you: What sort of person says that? I can't figure this out, but I can't stop thinking about it. Socrates is of course thrilled. This is not your typical jerk. Here we have a young man who thinks, whose mind is not a vacuum.

So that is Theaitetos's first discovery. Socrates proceeds: Okay, Theaitetos, so what *is* knowledge? Let me hear your theory. The first thing Theaitetos comes up with is that knowledge is perception: What you know is what you perceive through your eyes, your other senses, and so on. Basically, he argues that things are as they appear. Socrates disagrees, and he knocks down the argument by going through a series of examples showing that any perception you may have at a given moment, changes the very next moment, and is a different perception. So, if knowledge is perception, all that you have is constant change, perennial change.

This section recalls Heraclitus's famous example of how you cannot step into the same river twice. Because if the river is defined as your perception of it, then if you step into the river once, and then step into it again a moment later, it can't be the same river, because all your perceptions will have changed. So, if knowledge is perception, everything is completely different from everything else, and there is no such thing as knowledge and truth.

There cannot even be such simple things as objects. because defining an object is already a unity, and you cannot explain how the mind forms unities, if the only thing you allow in your system is perception.

Socrates develops the paradox further, and this part really hits home. If you can't say that you step in the same river twice, how can you define knowledge of an existent "I," or self? Presumably, when you say "I," you have some idea of yourself as a person. Although changing over time, there is a certain continuity, there is something there, there's a sense of identity, there's something which is "I." However, if all you are, are your perceptions of yourself, every single one of those perceptions will have begun to change from the moment that you begin to pronounce that one-syllable word, "I," to when you finish uttering it. So, nothing in perception gives us the right to say that there is knowledge of something as elementary as the "I."

Knowledge, Socrates concludes, is not perception. Profane people believe that the invisible is not real, but we disagree. And he has the following exchange with the young Theaitetos at this point:

Socrates: You doubtless follow me, Theaitetos; at all events I do not imagine that such puzzles are outside your experience.

Theaitetos: On the contrary, Socrates, it is extraordinary how they get me wondering whatever they can mean. Sometimes the very contemplation of them makes me feel quite dizzy.

Socrates: I see. Theodoros did not estimate your nature so badly after all. This sense of wonder is characteristic of a philosopher. Wonder, in fact, is the very source of speculation.

Socrates is clearly very happy with the fact that Theaitetos is made dizzy, because the ground he was standing on, which he thought was so firm—with all its hard objects, facts, perceptions, and appearances—is moving under him. And Theaitetos has had the honesty to say, I don't know what ground I'm standing on now, and I feel dizzy. Socrates says, good; now we're getting somewhere.

At this point in the dialogue something very interesting occurs. Theodoros, the astronomer, who had introduced Theaitetos to Socrates, cannot control himself any longer, and he blurts out to Socrates: "Hurry up and tell us if the conclusion is wrong." Socrates replies sharply:

Socrates: A fine thing, to treat me like a kind of sack full of arguments. . . . You do not understand my method: the arguments never come from me, but always from the person with whom I am talking. . . . So now, I shall put forward no explanation of my own, but try to extract it from our friend here.

Theodoros [chastised]: That is the better way, Socrates; go ahead.

So Socrates proceeds with the next round of inquiry with Theaitetos. He notes that they have discovered, and agreed, that perception is not knowledge. We don't yet know what it *is*, but we sure know what it is *not*. It is *not* perception. So let me ask you a further question, Socrates says, with regard to our senses—sight, hearing, etc. Does man perceive *with* his senses, or *through* his senses? In other words, is it the sensory perceptive apparatus which gives you information or knowledge of what is going on, or is there something else which is coordinating all the information, and that you are using your senses and only perceiving *through* them?

At that point, Theaitetos has a second flash of insight:

Theaitetos: You want me to tell you through what bodily organs our mind perceives these. Am I right?

Socrates: You follow me exactly, Theaitetos; that is just what I am asking.

Theaitetos: Really, Socrates, I haven't an idea, except that there is no special organ for apprehending these things, as there is for apprehending color, sound, etc. I am quite sure that the mind in itself is its own organ for viewing what is common to all things.

Socrates: Why Theaitetos, you are handsome after all, not

ugly as Theodoros described you. For in debate, “handsome is that handsome speaks.” That is a charming discovery!

Recall Theaitetos’s first discovery, where he was looking for that which is common to all objects of knowledge, a single concept which summarizes all the specific bits of information. And here, with his second breakthrough, he has discovered that mind itself is its own agency for viewing that which is common to all things. Also note the interplay between Socrates and Theaitetos, when Theaitetos is really thinking. Socrates doesn’t really care about the specific idea or proposal Theaitetos comes up with. Every one may turn out to be mistaken. But the *way* his mind is working is what Socrates is most concerned with. And he refers back to the original teasing about how Theaitetos is supposedly ugly, just like Socrates, and he says: no, you are really very handsome, “for in debate, handsome is as handsome speaks. That is a charming discovery.”

(Parenthetically, to go from the sublime to the ridiculous for a moment, compare this insight to the idiotic, degrading, disgusting movie “Forrest Gump,” this glorification of stupidity as the supposed essence of the American identity, with its witless refrain: “stupid is as stupid does.”)

So that is Theaitetos’s second discovery: that mind is the only organ in the body capable of true unity. Socrates then insists that Theaitetos provide a new definition of knowledge, since it is not perception. Theaitetos triumphantly proclaims: Clearly, knowledge is “true judgment,” in other words, that there is a mental process of *judgment* involved in forming a concept out of mere perceptions.

Socrates then proceeds to pick this definition apart, as well. What if you happen on a truthful statement by pure coincidence? Is that really knowledge, or just a lucky guess? Theaitetos, getting the hang of things, quickly concedes: Okay, Socrates, I admit that “true judgment” is not a sufficient definition of knowledge. And so he takes another stab at it: knowledge is “true judgment with an account,” or explanation.

Again Socrates elaborates the paradoxes. If you simply make up a list of true judgments, each with its own explanation, can this be called knowledge? Even an exhaustive, or infinite, such list of specific truths fails the test of true knowledge. It is like the difference between a collection of notes or sounds, and actual music, Socrates suggests.

Socrates then offers Theaitetos the following concluding insight, which is Plato’s actual theory of knowledge, as nothing other than the mental activity of continuing self-correction and discovery:

Socrates: I wonder whether your description of the thought-process agrees with mine?

Theaitetos: How do you describe it?

Socrates: As a discourse that the mind carries on with itself about any subject it has under consideration. . . . I have

an idea that when the mind is thinking, it is simply conversing with itself, asking and answering questions, and affirming or denying. . . . I therefore describe thinking as discourse, and judgment as a statement expressed, not aloud to someone else, but in silence to oneself. What do you say?

Theaitetos: I agree. . . .

Socrates: Therefore, Theaitetos, neither perception nor true belief, nor an account coupled with true belief can be knowledge. . . . [You must have] the good sense not to imagine you know what you don’t know. That much and no more my art can accomplish.

We have reviewed the issue of cognition, in children in particular, from the Classical period of Greece, because I believe that this is at the very heart of what is required to truly defend the nation-state from its ongoing disintegration. And it is what the oligarchy is really out to destroy. Sure, they have to get rid of its attributes: national currencies, the military, territorial integrity. But what they are really trying to destroy is this quality of thinking like children, of excitement at new discoveries, and of not being attached to any particular old beliefs. This is what they are trying to kill.

And I believe that we have to take the Menos of this world, the chop-logic blockheads, and turn them, in effect, into slave-boys making new discovers. In that sense, I am confident that saving the nation-state is, in fact, child’s play.

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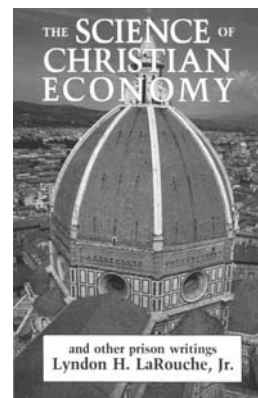
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Europeans fear new matrix of conflicts in Eurasia

by Mark Burdman

The evaluation of leading European strategists is that Europe, or more broadly Eurasia, stands on the brink of a significant new period of military-political conflicts, perhaps worse than what we have witnessed in Yugoslavia-Kosovo and Chechnya since spring-summer 1999. Special concern is focussed on the Balkans, the Caucasus-Transcaucasus region, and the Baltics, as likely points of strategic confrontation, in the months ahead.

EIR's assessment of the view of European strategic analysts, emerges from attendance at two high-level policy seminars, near the cities of Vienna, Austria and Hanover, Germany, since mid-March, as well as from discussions with well-placed sources in London, Moscow, Paris, and Rome.

In the minds of the majority of the relevant think-tankers, military planners, and political advisers in Europe, two considerations repeatedly emerge as uppermost, forming the context for their view of the potential conflict matrix in Eurasia.

First, is the general acknowledgment, expressed in one way or another, that Lyndon LaRouche has been essentially correct, in his diagnosis of the plagues confronting the world financial system. There is little doubt, in the relevant circles, that we are in a period of significant, and ever worsening financial and market turbulence, and that this will have an increasing effect in worsening the overall strategic climate, making the likelihood of conflicts all the greater.

This is not to say, it should be stressed, that these European figures, and the institutions they represent, have come up with workable solutions to the financial collapse, or are supporters of the "New Bretton Woods" perspective elaborated by LaRouche. It is also the case, as evidenced at the policy seminars near Vienna and Hanover, that informed individuals are

much more willing, and even eager, to discuss the financial situation in private. A too-public discussion of this matter, it is obviously felt, would overturn the "normal" way in which strategic matters are discussed, and would require an overturning of the parameters of strategic discourse.

A second crucial issue, is that most informed Europeans are extremely nervous, and often angry about the United States. For the most part, these are not supporters or co-thinkers of LaRouche, and they don't comprehend the full extent of the police-state brutality being used by elements in the American political establishment, even if many Europeans will willingly agree—in private—that the current "Bush vs. Gore electoral process" is a "fix," with "big money" and brutal methods being used to exclude alternative candidates. Additionally, the relevant Europeans do perceive a number of troubling signs, both within the United States, and in respect to U.S. foreign policy and attitudes toward Europe.

There is great unease about the widespread use of the death penalty in the United States, and about the growing patterns of youth violence. The latter reality was brought home to Germans in early March, when three American youths were apprehended in the city of Darmstadt, after they had killed two people, and wounded several others, by throwing rocks from a highway overpass onto cars underneath.

In respect to foreign policy, there is alarm about the arrogant belief that the United States can do whatever it wants in the world, expressed by many American officials; about U.S. intentions to build a National Missile Defense program, and the apparent willingness, thereby, to worsen already fragile relations with Russia and China; and about the pattern of "Anglo-American unilateralism," overturning previous

United Nations Security Council and other international arrangements, as evidenced in the continuing bombings of Iraq and in the NATO war against Yugoslavia.

However, what emerges clearly from our discussions, is that the Europeans have absolutely not developed a *coherent strategic alternative and effective independent military or strategic policy*. Hence, the general line one hears repeatedly, is that, "In the end, we have no choice but to cooperate with the United States," or, "In times of crisis, we have to depend on the United States for help."

As one Paris-based influential who had just spent several days in discussions with leading policymakers in Brussels, said during a private discussion on April 5: "We all know that the Kosovo war was imposed on Europe by the Americans. Be that as it may, no one in Europe can conceive of ending collaboration with the Americans. There is a deep unhappiness about this situation, but frankly, we don't know what else to do. I sense a total impotence in Europe, to act independently, to change the course of events."

Unless this attitude changes, or until there is a change in the United States in the direction that LaRouche has been insisting on, the danger of war in Eurasia remains paramount.

Explosive revelations about the Kosovo war

Perhaps the most explosive tinderbox, European experts assert, is the Balkans, more than one year after NATO began bombing Serbia. As one northern European expert told *EIR* on April 1, "It's now a war of nerves, of everybody against everybody else, and all that is needed is one or more provocations, and things can blow up."

The greatest fear is of a new eruption centered on Montenegro, one of the two components, with Serbia, of rump Yugoslavia; a Paris-based Balkans expert is convinced that Montenegro will blow up "within three months." There are also concerns about a blow-up involving Albania and Macedonia, or perhaps an explosion in southern Serbia. We refrain here from going into all the details of how each of these potential conflicts can be set going, only to stress, that there is a common denominator in all of them: a witches' brew of obvious pressures from the NATO side, combined with intrigues and provocations by the Kosovo Liberation Army (KLA), and the danger that Serbian President Slobodan Milosevic finds it necessary to engineer a new crisis to maintain his hold on power (see *EIR*, April 1).

Another factor feeding into the war dynamic, is that the entire region is suffering from economic collapse, especially after the devastation caused by the March-June 1999 NATO war in Kosovo. In Montenegro, for example, with a population of 640,000, there is 80% unemployment.

The Europeans have failed to put forward a comprehensive reconstruction plan for the Balkans. The March 29-30 Stability Pact meeting in Brussels, nominally called to work out economic aid for the Balkans, was little more than a joke.

Under such conditions, certain Europeans have taken the

initiative to expose crucial features of how the 1999 NATO war in Kosovo was set up, seeing this as a crucial "flank" that might brake the momentum toward new conflicts.

At a March 31-April 2 policy gathering near Hanover, a northern European expert on the Balkans detailed how the global hysteria about an alleged massacre in the Kosovo village of Racak, in January 1999, was used, by U.S. Secretary of State Madeleine Albright and her Anglo-American friends, to set the war into motion.

This individual, while agreeing with other speakers that there were crimes committed by Milosevic prior to 1999, said that, nonetheless, the circumstances leading up to the March 1999 launching of the war were very suspicious. Key in this, was the January 1999 incident in the village of Racak, when 44 bodies were found slaughtered, and American, British, German, and other officials started waving the bloody shirt about a "Serbian massacre of innocent Albanians."

According to this individual, the "massacre," as it was reported around the world, never occurred. There were, indeed, 44 Albanians killed, including innocent women and children, but there were also KLA combatants among the dead, a fact kept hidden from the public. Furthermore, there were also Serbian fighters killed. As he stressed, the deaths resulted from a *KLA-Serbian clash*, but this fact was kept hidden as well.

Soon after the January incident, he noted, the head of the Organization for Security and Cooperation in Europe (OSCE) mission in Kosovo, the American William Walker, made solemn pronouncements about a "massacre," before any investigation was carried out as to what had happened. Walker's contention was publicized around the world, together with pictures of the bodies. An OSCE report was subsequently put together on the Racak events, but that report *has never been made public*, and the authors of it have never been identified. As one of Europe's journalist experts on the Balkans pointed out, German Foreign Minister Joschka Fischer, who received a copy of the OSCE report (because Germany was then occupying the presidency of the European Union), has refused, to the present day, to release the report. The journalist demanded to know why. No one in attendance could provide an answer.

The northern European think-tanker insists that Walker's behavior was almost certainly an indication of an effort by Albright and friends to create the preconditions for the NATO war that was launched soon thereafter. This hypothesis was bolstered by a later investigation by a team of Finnish doctors, which disputed Walker's view. As the think-tanker noted, the "Racak massacre" hysteria was soon followed by Albright's so-called diplomacy in Rambouillet, France, an event which was obviously used to make a war in Kosovo inevitable. This strategist told the conference, that what especially worries him, is a growing tendency toward "gunboat diplomacy" by the Anglo-Americans, noting that prior to the Kosovo war, there was the second war against Iraq in the Gulf.

‘Operation Horseshoe’

At the conference near Hanover, speakers called attention to a new book by German Brig. Gen. Heinz Loquai (ret.), which contains startling allegations against two Kosovo war “hawks” in Germany, Defense Minister Rudolf Scharping and Foreign Minister Fischer. Loquai, who now works for the OSCE, charges that both men essentially invented a supposed Serbian “ethnic cleansing” grand design called “Operation Horseshoe.” Their claims against Serbia were based on a vague Bulgarian secret service report, and then involved obvious fraudulent manipulations of its content. But based on this essentially ridiculous concoction, Fischer went public with alarming revelations about “Operation Horseshoe” on April 6, 1999, in an effort to swing over German public sentiment, which was then wavering, respecting German Luftwaffe air force participation in the NATO war.

Loquai’s book is published by Nomos Publishers, which is German government-owned, which means that certain individuals in the government have rushed to print something which can badly damage Fischer and Scharping.

Similarly alarming allegations were made in an interview with the early-April edition of the weekly *Deutsche Allgemeine Sonntagsblatt*, a publication linked to the German Protestant (Evangelical) Church, by former Assistant Defense Minister Willy Wimmer, now vice president of the OSCE parliamentary assembly. While not holding back from criticizing Milosevic, Wimmer alleged that “the German government, particularly [Chancellor] Gerhard Schröder, Joschka Fischer, and Rudolf Scharping have done a lot of dubious things, to drum up support for this war.”

Wimmer asked: “Why has the German government taken part in such things as the talks of Rambouillet, where all diplomatic rules were pushed aside? To this date, the exact circumstances of the massacre at Racak are not known. . . . Keeping in mind the influence Racak had on the start of the war, I can only say: The fact that we still do not have a final report on Racak, puts blame on the then-president of the European Union Council and current German Foreign Minister Fischer. But Racak pulled us into the war. Then, Mr. Scharping talked about a *Serbian concentration camp* in the Pristina stadium. There is no evidence of that. All of that must urgently be looked into, and a fact-oriented investigation has not taken place.” He also blasted Scharping’s propaganda manipulations around the phony “Operation Horseshoe.”

Wimmer charged that “such a scope of weird arguments as during the Kosovo War, the parliamentary democracy in Germany has seen never before. The German Bundestag [parliament] now must get answers.” He insisted that the previous government of Chancellor Helmut Kohl never would have allowed Germany to get sucked into such a military intervention.

Wimmer warned: “A year after this war, we are probably heading for an armed conflict, again. . . . The likelihood of NATO getting drawn into a new war, cannot be denied. This

one, however, would be a ground war.” He said that this danger, made it all the more urgent, that the truth be discovered, of how last year’s war was initiated.

Caucasus: general war in the region?

Another area of deep concern to the European strategic analysts, is the Caucasus. Here, the issues go far beyond the vastly publicized matter of “Russian human rights violations in Chechnya.” What worries informed Europeans, is that the conflict now focussed on Chechnya, could quickly spread to Georgia, and maybe Azerbaijan and other countries as well.

In the Caucasus, there is a witches’ brew of factors that could rapidly blow things up. On one side, worried Europeans point to a strategy, by Anglo-Americans typified by former U.S. National Security Adviser Zbigniew Brzezinski and elements in the British policy structure linked to Prime Minister Tony Blair, to use conflicts in the Caucasus to destabilize Russia. An element of this, is to “secure” the region for the flow of oil, circumventing routes that include Russia. One European, on April 5, denounced “those in the U.S. and part of the West, who are insisting on building pipelines that would go around Russia. This can be a *casus belli* for the Russians, at any moment.”

The Russians are also unhappy about efforts by Albright, to cultivate the effective integration into NATO structures, of the so-called “GUUAM” (Georgia, Ukraine, Uzbekistan, Azerbaijan, Moldova) group. Leaders of these five countries were hosted by Albright in Washington in April 1999, in the margins of the NATO 50th anniversary conference, as the NATO war in Kosovo was raging, and soon after NATO was formally expanded, to include Poland, Hungary, and the Czech Republic.

On the other side, there is little question that the Russians have a brutal perspective, already on display in Chechnya, with the razing to the ground of the capital Grozny, and other unconscionable acts. It must be kept in mind that, official Russian propaganda notwithstanding, the war in Chechnya is *not* going favorably for the Russians and for President Vladimir Putin, and informed experts are convinced that the Chechen rebels will mount a major “spring counteroffensive.”

On April 1, *EIR* received a sobering briefing from a senior Georgian Foreign Ministry figure. He stressed that President Eduard Shevardnadze is now playing a delicate balancing game, between Moscow and Washington-NATO. There are many inside Georgia who would like to join NATO, while Shevardnadze has mooted an application to join NATO in 2005 or so. At the same time, the British are active in Georgia, having been granted oversight of all customs duties along the country’s coast.

But the immediate threat comes from a different direction, this source stressed. While, on the one hand, Shevardnadze seems to have formed a good relationship with Russian President Putin, when the two met during the Commonwealth of

Independent States summit in late January, there are increasing threats in some of the Russia press that the Russian military will soon be actively intervening into Georgia. The argument in such articles is that, as spring begins, the snow will melt in the mountains in Chechnya, and many Chechen fighters will move across the border and establish a base of operations in Georgia, to escape Russian attacks. Under these conditions, the Georgians will either be unable or unwilling to crack down on this infiltration, and the Russians will “have no choice” but to do so. In the Georgian official’s account, the argument goes like this: “If Turkey can carry out hot pursuit against the Kurds in northern Iraq, if the United States and Britain can bomb Iraq, and if NATO can do what it did in Kosovo, why can’t Russia act inside Georgia against the Chechens?”

This is all made more complicated, he stressed, by the fact that there are *already* 9,000 Russian troops stationed inside Georgia, including in such hotly contested regions as Abkhazia. The Russians, it is feared, can play upon ethnic tensions in Abkhazia, South Ossetia, and perhaps elsewhere, to put added pressure on the Shevardnadze government.

Of course, the more pressure from the Russians, the greater the pressure from inside Georgia for the country to seek help from NATO and the West. It all becomes a vicious circle. Notably, both Brzezinski and former U.S. Secretary of State Henry Kissinger have recently been in Georgia, the Georgian official stressed.

Georgia’s vulnerability is all the greater, this official said, because of the economic situation in the country. Workers throughout the country have not been paid for six months. (He himself receives a monthly salary equivalent to \$20.) There is talk of the necessity of opening up the printing presses, to pay arrears. “This would bring about hyperinflation,” he said. Meanwhile, more and more Georgians are involved in desperate day-to-day efforts to survive. The overlap of economic collapse and ethnic tensions is bringing the country to the brink of a “big social-economic crisis,” he warned.

The Latvian flashpoint

In the Baltics as well, a crisis could erupt at any moment. There, too, there is a complex of causal factors. Albright, Brzezinski, and others are determined to bring Latvia, Lithuania, and Estonia into NATO, as soon as that can be arranged. NATO Secretary-General Lord Robertson was in Latvia during the week of April 3, much to the displeasure of Russian officials. A Rome-based strategist told *EIR* that this would be a “red line” for the Russians, and they would never allow it.

But the Russians also have their options. Some experts fear that Putin will play the “Great Russian” card to the maximum, all the more so if he feels under pressure from Chechnya, and from internal Russian economic problems. He would portray himself as “defending ethnic Russians abroad,” particularly in Latvia, where ethnic Russians are a significant percentage of the population.

The most immediate regional flashpoint is Latvia. As of this writing, it is still unclear if the Russian State Duma (lower house of parliament) will decide to impose draconian economic sanctions against Latvia (a bill for imposing sanctions has twice been approved, but under Russian law, three readings are required for it to become law, and the third reading is anticipated for the first half of April). Nominally, this would be in retaliation for the fact that the Latvian government gave approval to Latvian Waffen SS veterans to hold a demonstration in Riga on March 16. That was a provocation, but it is intentionally being blown out of proportion by certain leading Russians (in fact, the march this year was downgraded, relative to previous years). But, certain Russians in leading positions are determined to use the matter as a pretext for a “patriotic mobilization,” especially leading up to the 55th anniversary of the victory in the war in Europe on May 8, a day when there will be, for the first time in some years, a military parade in Red Square, and related manifestations.

The more the Russians pressure the Baltic states, the greater the tendency on their part to run to NATO for help, and the greater the tendency by the Brzezinski types in the West to rush them into NATO. Once again, it is a vicious circle, in a world situation that is rapidly becoming more unpredictable and dangerous.

The Way Out of The Crisis



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

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



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'Alpha' founder demands Putin become 'Pinochet'

by Rachel Douglas

The Russian banker Pyotr Aven, who named his flagship institution "Alpha" after the highest class of test-tube human clone in the drugged society of Aldous Huxley's *Brave New World*, was quoted at length in the London *Guardian* of March 31, where he demanded that President Vladimir Putin enforce radical neo-liberal economics by whatever means might be required. Aven's interview with Ian Traynor fills out the picture of the direction in which a group of the failed "young reformers" is attempting to hijack Russian economic policy, as detailed in *EIR* last week (see Jonathan Tennenbaum, "'National Liberals' Try To Kidnap Russia's Economic Policy," *EIR*, April 7, 2000).

The group is centered around Anatoli Chubais, Aven, and other friends of global speculator George Soros and the Mont Pelerin Society, and includes such fanatical Thatcherites as Yegor Gaidar's longtime sidekick, Vladimir Mau. Members of this group habitually attack Boris Berezovsky as a corrupt oligarch, by contrast with themselves, being the reformed reformers. Mau and Vitali Naishul, for the past four years, have been writing about the need for "national liberalism," or a "Pinochet" model, for Russia.

This grouping has not cemented control over what Putin and his "strong state" policy will or won't become, but Aven's interview reveals what they're after.

Traynor wrote, "Vladimir Putin should resort to totalitarian methods to push through radical economic reform and redeem his promise to make Russia great again, one of Russia's most successful bankers suggests. Pyotr Aven, president of Alpha, Russia's biggest and most successful private bank, and a key business supporter of the newly elected President, said that Mr. Putin should model his regime on that of Augusto Pinochet of Chile, combining Reaganomics with dictatorial controls. 'The only way ahead is for fast liberal reforms, building public support for that path but also using totalitarian force to achieve that. Russia has no other choice,' he said in a *Guardian* interview. 'I'm a supporter of Pinochet, not as a person but as a politician who produced results for his country. He was not corrupt. He supported his team of economists for ten years. You need strength for that. I see that parallel here.'"

According to Traynor, Aven "argued for a more radical approach" than what Putin's adviser German Gref has voiced to date, "cutting welfare and social provision to stimulate

higher economic growth." The *Guardian* went on, "Mr. Aven is convinced that Mr. Putin is the strong leader Russia needs, but is worried that his innate caution and his willingness to do deals with the communists will make him fudge and temporize. 'Nobody follows the law in this country. . . . Pinochet tried to enforce obedience to the law and sometimes that's difficult for a country. Sometimes you need to use force. The only role of the state is to use force when needed. . . . You can't always fight criminals by staying within the law. You can't always do it peacefully.'" Aven proposes that Moscow will have "to use force to suppress" regional governors.

The Alpha people

Aven was the Russian Minister of Foreign Trade in the first Gaidar government, which launched so-called shock therapy in 1992. He had studied at the International Institute for Applied Systems Analysis (IIASA), in Austria. Together with Naishul and Konstantin Kagalovsky, Aven was known as one of the "pragmatists" among the Russian reformers. Naishul, a promoter of the benefits of economic criminality for developing markets, lauded his sometime co-author Aven, as a fine economist who could be mentioned in the same breath with Mont Pelerin Society founder Friedrich von Hayek. "Soviet researcher P. Aven" and Nobel Prize-winning Heritage Foundation associate James Buchanan, gushed Naishul in a 1991 article, were pioneers in understanding economies based on institutional agreements, or "the bureaucratic market." Aven went from IIASA into business, founding the firm Alpha-Eco, and then Alpha Bank—evidently named after Huxley's privileged alpha clones. In an echo of the mind-set of Ayn Rand, who wanted her coffin draped with a dollar sign, another one of Aven's ventures was named FinPA, short for "the Finances of Pyotr Aven." Roman Bessonov's *EIR* series on "The International Republican Institute's Friends in Russia," beginning Sept. 6, 1996, profiled Aven in depth as a certain type of son of the Soviet elites, who slipped easily from a world of *nomenklatura* privileges into the ego-centric ideology of von Hayek.

Aven was one of the first people to leave the liberal reform cabinet—to go make more money. He kept a low profile, while bringing Alpha through the 1998 crisis relatively intact. In recent weeks, Aven has become very active. Besides his *Guardian* interview, he appeared on Ted Koppel's "Nightline" ABC-TV show to express his hopes for Putin to pursue his sort of policies. Vladislav Surkov and Alexander Abramov, leading figures on Putin's campaign staff, formerly worked for Aven's Alpha companies. According to an unconfirmed report, circulated on the Russian web site www.apn.ru, Alpha Group deputy chairman Oleg Sysuyev, a former deputy premier in the Russian government, has been tapped to head up a Kremlin staff group to prepare Russian relations with a George W. Bush administration.

The penetration of immorality into Russia's Putin's economic policy

by Taras Muranivsky

Yet another of the failed 1990s "reformers" in Russia, to attempt to return with a vengeance, is Andrei Illarionov. A longtime associate of Yegor Gaidar, the Russian Premier of "shock therapy" fame in 1992, Illarionov played a particularly nasty role during the Russian crisis in the summer of 1998. In tandem with speculator George Soros, who wrote along similar lines in the Financial Times of London, Illarionov was hyperactive during July 1998 in talking down the ruble and saying it was time for the Russian financial bubble to pop. No sooner did it pop, than Illarionov mobilized to import ex-Argentine Finance Minister Domingo Cavallo to Russia, to promote the speedy imposition of a currency board scheme—the surrender of Russia's sovereign control of its monetary affairs, to international financiers. The currency board gambit was beaten back, when Yevgeni Primakov was named Prime Minister in September 1998, but now, in March and April 2000, there has been a sudden spate of rumors, that Illarionov might be appointed Minister of Economics, when President Vladimir Putin unveils his own cabinet in May.

This commentary by Prof. Taras Muranovsky, president of the Schiller Institute of Science and Culture in Moscow, was prepared for publication inside Russia.

The lack of a campaign platform served Vladimir Putin well, for purposes of winning the Presidency. Leftists heard him saying that he would strengthen the Russian state for the good of the people, while the rightists were impressed by his advocacy of market reforms. Nobody had any idea, what was hidden inside the black box, or what was going to be written on the blank slate named "V.V. Putin."

The *incognito* tactic worked on the first try. Now, it would seem, the mask might be dropped, and some articulation be made about "who's who," or, more precisely, "who I am." But, nothing of the kind took place. There are promises, that everything will be made clear some time in May, after the inauguration of the new President. What nonsense! If power were being passed from President Ivanov to President Petrov, one might expect to wait until the inauguration. Here, however, we have merely the transfer of power from Putin to Putin!

Since the past decade has witnessed the destruction of the

economy, and the social and spiritual life of the nation, people hope for a halt to the policies that have disgraced Russia. Much depends upon who surrounds the President — his advisers and consultants. In that realm, we may be profoundly disappointed.

A rush to the state feeding trough

Certain names and faces slip through the veil of secrecy, draped over the preparation of programmatic economic and social documents. These are the names not only of program-writers, but of those who expect to be appointed to high government office. There is not a constructive thinker on economics among them. The authorities on "Putin's team," as it is called, are the purveyors of so-called "liberal values," who advocate the removal of the state from the economy and the sell-off of national property and wealth. One person, often mentioned as a member of Putin's entourage in the recent period, deserves special attention: A.N. Illarionov, who is said to be running for Minister of Economics.

Under Yeltsin, there were dozens of ministers and other high-ranking officials, for whom "the state" simply denoted how much could be "officially" stolen from the state for one's personal enrichment. They became millionaires or even billionaires, while their names were gradually forgotten. Now, new would-be "statesmen" of the Illarionov type, hope to be invited back to the state feeding-trough.

To understand what Illarionov represents as an economist and a politician, let us look at one of his recent articles. People say that facts are stubborn things, but it should be added, that it depends on whose hands they land in. Thieves are quite capable of bending the facts, making them serve to "prove" predetermined conclusions, which would be contradicted by the facts in their raw form. A.N. Illarionov's article, "How Russia Lost the Twentieth Century" (*Voprosy ekonomiki*, No. 1, 2000), is a blatant example of this kind of dogmatic and self-interested exploitation of seemingly accurate statistical data. A good half of the article (11 out of 22 pages) is taken up with statistical tables and mathematical graphs, which the author uses in his attempts to tell us how much he hates the U.S.S.R. and Russia, how precious imported "liberal values" are to him, and how much he

years to remove the state from any role in governing the economy or society as a whole.

Statistics are assembled in Illarionov's article, to show that the Russian economy was declining right through the 1980s. Worldwide, GDP was continuously rising, while in Russia it did nothing but fall—from 1913 until 1998—by comparison with other countries, especially the highly developed ones. Just as if we never had the high rates of industrial growth, which made it possible to defeat the industrial monster of Nazi Germany, and as if the U.S.S.R. did not resurrect its national economy after the war, or launch the first manned space flight, or advance to the forefront in many other sectors of science and the economy!

Spreading the dirt of liberal reforms, to other years

For anybody who knows the history of the U.S.S.R. and Russia, even a cursory reading of Illarionov's article will raise the question: How did this "analyst" pull off his statistical sleight-of-hand? The answer is evident: The results of the sell-off of national property during the Yeltsin years, the collapse of production, the looting of state finances, and the legitimization of mass unemployment and other social ills, were so horrific, that Illarionov and his school are able, through fairly obvious statistical tricks, to project them backwards onto earlier years, smearing the entire century with the damage done just lately. Illarionov's ideological purpose is to brainwash people, who have realized that "shock therapy" was a disaster, and are doubting other "liberal values."

In order to demonstrate the benefits of removing the state from the economy, Illarionov invented a "Scenario of Russia's Economic Development in the Twentieth Century," which is nothing but arbitrary invention and fantasy. He juggles the term "market economy" with other types of "liberal policy," invented by himself, such as "moderate," "consistent," and even "socialist." He herds the statistical data, to bolster his invented scenarios. The result is a preconceived picture, illustrating that, the more acute the liberalism and weaker the state regulation, the more rapidly GDP increases. These tables and the accompanying commentaries smack of scholasticism: The GDP indicators are not derived from the economic policy, but rather the label of "liberal economic policy," invented by the author, is stuck onto any higher growth rates that occurred. One does not need any special education in economic history, for example, to doubt the author's assertion that Iceland, the United States, and Taiwan had absolutely the same economic policy in the period 1913-1998. All of Illarionov's arguments in favor of "liberal values" are of that quality. His conclusions, as a rule, are given in the subjunctive mood: If Russia had done this, and not that, its GDP would have been incredibly high.

"Consequently," emphasizes A.N. Illarionov, "in order to achieve maximum economic growth rates, it is necessary to lower the state's fiscal burden on the economy." It emerges,

that the Russian state was insufficiently "fiscally unloaded" in the course of our privatization-as-looting. If we really look at foreign experience, however, we see that the United States (whose economy Illarionov wrongly defines as "consistently liberal") not only did not "disburden," but constantly increased its national budget. Where there is real economic growth, the state's financing of priority national programs rises and expands.

The method of spreading the terrible consequences of the liberal reforms backwards, to tarnish the whole century, was not enough for Illarionov. He augments his argument, with the technique of cover-up. An accurate analysis of a historical process should rely on indicators and facts, characterizing the positive, as well as the negative aspects of the economy's development at various stages. Illarionov, therefore, laying claim to the role of scientific analyst, should have laid bare the shortcomings, errors, and even criminal decisions in the economic policy of both the U.S.S.R. and Russia. But, an analyst does not have any right to cover up the well-known achievements of the U.S.S.R. in economics, science, technology, the social sphere, and culture, or the unprecedented, catastrophic economic destruction and upheaval of the economy during the Great Patriotic War, or the extraordinary rates of post-war recovery of the economy. Such normal scientific analysis might disrupt the pre-set logic of the "proof" of the superiority of "liberal values." It was more convenient to employ the indicator of "average GDP growth for the century."

Speaking of GDP

In the late 1980s, the Soviet economists Selyunin and Khanin published several articles, in which they argued that a rise in such value indicators as GDP, often concealed a decline of production, if the latter were measured in physical terms. The American economist and politician Lyndon LaRouche, currently running for the Presidency, devotes much attention to this problem. In his book *Physical Economy*, published in Russian not long ago, LaRouche notes that statistical practices in national income accounting fail to distinguish between physically unnecessary expansion of nominal incomes, and useful production and consumption. If prostitution and the narcotics business were legalized, for example, the official tally of U.S. GDP would increase by approximately \$500 billion, without any growth of real producer or consumer values. "Thus," writes LaRouche, "a vast, parasitical burgeoning of notional values of financial gains in various purely speculative forms is counted as national income on the same basis as production of food, clothing, education, medical care, bridges, tunnels, railways, and industrial workplaces."

Illarionov also ignores the entire system of social and cultural indicators, which were central to the state's social and economic policy in the U.S.S.R., but were tossed overboard in the course of the liberal reforms.

The economy doesn't function without a plan

Illarionov arrives, through his pseudoscientific statistical manipulations, at the conclusion that the cause of the current situation in Russia is “the system of centralized planning, which ruled the country for seven decades.” In order to appear more balanced, the author also invokes the “consistently interventionist and populist economic policy” of the past decade. But, Illarionov proposes nothing new, other than “the conduct of a consistent liberal policy under market conditions.”

These conclusions testify to the author's ignorance not only of the realities of the U.S.S.R.'s economic development, but also of the world economy. Of course, there were shortcomings and excesses in the Soviet planning system. It is just as well known, however, that not a single economic structure, from the household and the firm to the state and the international community, could function without a plan. Nor does a single country in the world, have pure “free trade.” President Franklin Delano Roosevelt's New Deal policy in the United States during the 1930s, was a program to exit from the economic crisis, with organized public works for employing the unemployed, and so forth. In the Second World War, it was a planned economy, that emerged victorious. Post-war reconstruction was accomplished according to precisely planned state and international economic policies, not only in the U.S.S.R., but in France, Germany, Japan, and elsewhere. President Charles de Gaulle of France stated outright, that his economic policy was based on “dirigist planning.”

On none of these occasions, except in Russia and Eastern Europe in the early 1990s, did anybody proclaim “free trade” and other “liberal values” as a program for exiting from a crisis. Experience has shown us, that such measures would more accurately be termed a program to compound a crisis. Realizing this, several countries in Southeast Asia, taking the initiative from Premier Mahathir bin Mohamad of Malaysia, have undertaken to develop anti-liberal programs. In the first year of successful implementation of a policy of combatting currency speculators, with capital and exchange controls, Malaysia has experienced palpable economic and social results. Thus, Illarionov's conclusions rest not only on his manipulation or cover-up of statistical data about the development of the U.S.S.R. and Russia, but also on his ignorance of world experience.

One can only regret, that an “analyst” of this type would show up as an economic adviser to V.V. Putin, never mind as a candidate for high government office. Can a person who opposes state regulation of the economy, work even as a lowly clerk, in the Ministry of Economics? Yet the media, lately, are rife with rumors that A.I. Illarionov might be appointed Minister of Economics by President Putin. If he did this, the new President would have opened up new passageways for the penetration of immorality into the real economic policy which our country so badly needs.

British establishment promotes new Opium War

by Mark Burdman

The modern-day political and philosophical descendants of those British imperial families and policymakers who mobilized two Opium Wars against China in the 19th century, have now gone on the offensive, to bring about the legalization of drugs in the United Kingdom. In the most immediate sense, the target of this new offensive is the population of Britain itself, as the country threatens to be turned into a world center for narcotics-trafficking, and as domestic drug abuse threatens to reach epidemic proportions. The legalization offensive also has obvious international implications, as it opens the door to drug-legalization offensives in the United States and other countries, and undermines those regimes, such as that of Peruvian President Alberto Fujimori, who have been fighting to destroy the drug trade.

The relevant British influentials, including individuals in the royal family entourage, are reviving those methods by which the British Empire ruled during its heyday. In more modern terms of reference, these are the methods advised by British author and drug-user Aldous Huxley, in his book *Brave New World*, on how drugs should be used for social control and social engineering. At a time when a vast economic and social crisis looms just over the horizon, as the world financial system careens toward disintegration, it is hardly surprising that these establishment institutions and individuals would be pushing to legalize drugs.

The drug-legalization offensive is consistent with some of the main initiatives of British Prime Minister Tony Blair's foreign policy. For example, it was Blair, together with U.S. Secretary of State Madeleine Albright and her clique in Washington, who set up the March 1999 NATO war in Kosovo. That war has been declared a great “success” by NATO and its spin-doctors. But the fact is, Kosovo has, in the months since the war ended in June of last year, become Europe's main transshipment center for narcotics, as the March 13 *Guardian* and other British media have exposed. As *EIR* reported last week, Kosovo itself is under effective control of drug-trafficking mafias and organized-crime clans. This reality exposes Blair's supposed opposition to drug legalization as a fraud, and puts him in bed with that establishment mob now heading the legalization offensive.

Two political earthquakes

During the week of March 27, two extraordinary developments occurred in the United Kingdom, by which leading

elements of the British establishment proclaimed their intent to sabotage the war on drugs, and make drugs legal.

First, the London-based Police Foundation, whose president is the Royal Heir (or Air-Head) Prince Charles, released its long-awaited report, "Drugs and the Law." The report promotes lowering the penalties for use of cannabis, LSD, and Ecstasy. It affirms that "the eradication of drug use is not achievable, and is not therefore either a realistic or a sensible goal of public policy," and insists that a revised law should be "realistically enforceable." On cannabis, the report lies, that "by any of the main criteria of harm—mortality, morbidity, toxicity, addictiveness, and relationship with crime—it is less harmful to the individual and society than of the other major illicit drugs, or than alcohol and tobacco."

Using the formulation typical for oligarchical tyrannies throughout the ages, the report concludes that the law must be brought "into line with public opinion."

The study was headed by Viscountess Runciman of Doxford, the wife of the scion of one of Britain's more influential establishment families. She was formerly chairman of both the Advisory Council on the Misuse of Drugs and the Mental Health Act Commission. For years, she has advocated what she calls a "more realistic approach" toward dealing with drugs, which is a euphemism for supporting de facto legalization without saying so.

A couple of members of the Police Foundation inquiry team are senior police officers. One, John Hamilton, Chief Constable of Fife, was evidently brainwashed after visiting the legal "cannabis cafés" in Amsterdam, having gushed thereafter that he found a "relaxed and unthreatening atmosphere" prevailing there.

The fact that Prince Charles is the president of the Police Foundation, is coherent with the long history of royal family promotion of drugs, a fact underscored by Queen Victoria's liberal use of opiates and other mind-altering substances during the 19th century.

The second crucial development was a 180-degree turnaround in the editorial position of the leading "conservative" newspaper in Great Britain, the *Daily Telegraph*, which is owned by Canadian Privy Council member Conrad Black's Hollinger Corp. Heretofore, having always taken a position favoring a war on drugs, the *Telegraph* on March 30, in an editorial entitled "An Experiment with Cannabis," called for the British government to "draw up plans to legalize cannabis . . . both for its consumption and its supply." The paper argued: "People like substances that alter their mood, and only strict puritans believe that they should never use any of them. A cup of coffee, a glass of wine or beer, even the odd cigarette are among the legitimate pleasures of life. Are drugs fundamentally different?"

The *Telegraph's* editor, Charles Moore, is a worshipper of former Prime Minister Margaret Thatcher. While sharing her bizarre and destructive "radical free market" views, Moore had always, previously, posed as a "conservative mor-

alist." Moore's editorial usefully rips the cover off of Thatcherite policies. In fact, for years, one of the leading British advocates of drug legalization has been Lord Harris of High Cross, the outspoken "free market" ideologue who boasts that he was responsible for "creating" Thatcher, in the 1970s, during the days he headed London's Institute of Economic Affairs, the chief "free market" think-tank in Britain.

One day before the *Telegraph* editorial, the tabloid *Daily Mail*, which had also always taken a strict view against drug decriminalization/legalization, had also made an editorial about-face.

These papers now join the *Economist* magazine, which has for years advocated drug legalization. The *Economist* was founded in the 1840s, the high-point of the British Empire, in the period of the Opium Wars that flooded China with drugs.

'Legalize all of them'

That the *Telegraph* would so openly advocate legalization, is generating a sea-change, and curious realignments, in the British political atmosphere. For example, on April 4, British Labour Party parliamentarian Paul Flynn, who is on the left spectrum of the party, and who has campaigned for years to change Britain's drug laws, tabled a motion in the House of Commons, congratulating the *Telegraph* for its "intelligent progressive call to legalize cannabis for an experimental period." Flynn is soon to put forward legislation, by which cannabis would be legalized, for a four-year trial period.

Representing the more "liberal" spectrum of the establishment, the April 2 *Observer* ran a euphoric two-page feature entitled "A Taboo Goes Up in Smoke," with the kicker: "When Even the Establishment Starts Calling for Cannabis To Be Legalized, It's Time To Take Notice." The paper gushed about the *Telegraph* and *Mail* editorials. Accompanying this was an article by Toby Young, entitled "Coke, Dope, E [for Ecstasy]—Legalize All of Them." Flaunting his own frequent use of drugs, the *Observer* degenerate concluded with this astonishing contention: "The truth is, provided they're taken in moderation, cocaine and heroin are no more dangerous than cannabis and E," and that, therefore, Prince Charles's Police Foundation has not gone far enough!

A somewhat more "respectable" degenerate, neo-conservative London *Times* columnist Mary Ann Sieghart, was euphoric about the *Telegraph* and *Mail* turnabouts. In a March 31 column, she gushed that this was as monumental an event as when Thatcher, in 1988, endorsed the "global warming" line, and brought "conservatives" into alignment with environmentalists. In earlier columns, Sieghart had argued that pro-legalization politicians are the wave of the future, because the majority of active voters are Baby Boomers and "'68ers," who used drugs in their youth.

Estimates are that a good number of Blair Cabinet members have used cannabis, and perhaps harder drugs. Cabinet "Enforcer" (her official title) Mo Mowlam, former Northern



Conrad Black. The 180-degree turnaround in the editorial position of the leading "conservative" newspaper in Britain, the Daily Telegraph, owned by Canadian Privy Council member Conrad Black's Hollinger Corp., has given drug legalization a big boost.

Ireland Secretary, has publicly admitted to smoking cannabis in former years, and is known to favor a softening of drug laws.

Also, *Times* former editor Simon Jenkins has promoted decriminalization/legalization. Jenkins is a member of the Police Foundation "Drugs and the Law" task force. Previously, Jenkins had known his better moments, as an ardent opponent of the wars against Iraq and Yugoslavia.

A national drug-abuse plague

In public, Blair, Home Secretary Jack Straw, and British "drugs czar" Keith Hellawell, have maintained their opposition to drug decriminalization/legalization, probably due to pressure from the Clinton White House and from White House anti-drug coordinator Gen. Barry McCaffrey (ret.)—who, by the way, was subjected to some nasty pro-drug demonstrations when he visited Britain some months back. Straw, in particular, has been in a somewhat embarrassing position, because, some years ago, his son was arrested for possessing cannabis.

But, since the *Telegraph-Mail* offensive and the release of the Police Foundation report, Straw has modified his stance, and, in an article in the *News of the World* tabloid over the April 1-2 weekend, he welcomed a national debate on drug policy.

The way legalization is being "sold" to the British public, is with the perverse argument that, because drug usage is so

widespread in Britain, it is no longer possible to enforce the 1971 Misuse of Drugs Act. As the pro-legalization *Observer* piece cited above pointed out, since that act was passed 30 years ago, "the number of known drug addicts has risen from 3,000 to 43,000. Unofficial estimates put the latter figure at nearer 200,000, mostly youngsters. Some 2,000 people will die of drug abuse this year."

On April 4, a report authored by two University of Manchester researchers, on behalf of a leading drug research charity called DrugScope, which had received funding from the British Department of Health, was released. Entitled "Hidden Heroin Users," the report revealed that the number of teenagers using heroin and crack cocaine is increasing at an unprecedented rate, with a growing pattern of heroin use among youths as young as 15. The report warned that drug addiction is spreading rapidly in both towns and rural areas in the United Kingdom. Furthermore, an exceptionally high number of the teenage users had tried other drugs: 99% had tried cannabis; 92%, amphetamines; 83%, LSD; 81%, methadone; 75%, crack cocaine; and 55%, cocaine.

The enormous figure of cannabis use sharply contradicts the Big Lie, that "hard drug" use does not begin with "soft drug" use, or, conversely, that the latter does not lead to the former. It also shows the extent of the social-economic-cultural collapse throughout Britain, belying Blairite propaganda about a "booming economy" and national "optimism about the future."

'Practices that kill and damage'

Thankfully, there are some voices of opposition being raised to this madness. One such voice is commentator Mary Kenny, writing, ironically, in the April 3 *Sunday Telegraph*, under the title, "Stay Hard on Soft Drugs."

Kenny began: "I am always wary of any polemic that begins, 'They do these things so much better in Holland.'" She warned that the "Dutch model" on drugs, centered on effective legalization of cannabis, is a fraud, as the country has become "a crossroads in Europe for the trafficking in hard drugs." The country is a major supply route for heroin and cocaine. "The much-praised Dutch soft-drugs policy has facilitated, willy-nilly, the hard-drug barons who make Amsterdam and Rotterdam their bases," she said.

On cannabis as such, Kenny wrote that it is "at least four times more carcinogenic than tobacco, when smoked. A joint of cannabis contains a cocktail of 2,000 chemicals, which can lead to cancer of the tongue, mouth, throat, esophagus, and lungs. It can promote chromosome damage and lead to the early onset of senility by breaking down the brain's synapses. . . . At a time when there is so much emphasis on quitting smoking tobacco, it seems incongruous to endorse what may be a much more damaging substance. . . . We should draw back from signals of approval or endorsement of practices that kill and damage, most especially the young and the vulnerable."

Britain's Blair government moves toward alliance with the FARC

by Gretchen Small

The British establishment drive for drug legalization is no local affair. Witness the two most recent moves in the so-called Colombian "peace process."

On March 28, John Battle, the British Foreign and Commonwealth Office's (FCO) Minister of State with responsibility for Ibero-America, announced to the House of Commons that the Blair government has extended an invitation to Colombia's leading drug cartel and narco-terrorist force, the Revolutionary Armed Forces of Colombia (FARC), to visit London. Praising the six-nation February European tour by FARC leaders and Colombian President Andrés Pastrana's Peace Commissioner, Víctor G. Ricardo, Battle said that he had just informed Ricardo that his government hopes "that there will be more talks and joint visits. We would welcome a mission to the United Kingdom."

Ricardo is in London to coordinate policy, Battle reported. He also said that Ricardo and the FARC "are working toward a common end."

Two days later, the FARC launched a new "peace" initiative: a call for the United States to legalize drugs, as key to peace in Colombia. Despite the rhetoric against "capitalism in its imperial stage" which allegedly forces "many people of important agrarian economies to opt for coca, poppy, and marijuana crops as the only alternative for survival," the FARC statement accused the United States of "forgetting their own free-market principles," when they fight drugs. Apparently impatient with the efforts of America Online founder Jim Kimsey to secure U.S. visas for FARC leaders to visit Washington, the FARC invited U.S. Congressmen to come visit them in their southern redoubt, to discuss the needed free-market solution: drug legalization.

The Commander of the Colombian Military Forces, Gen. Fernando Tapias, denounced the FARC's proposal as "absolutely nuts. . . . It cannot be proposed that crime be legalized; this is like proposing to legalize kidnapping, or to legalize extortion. The fact that a crime is profitable does not mean that it should be legalized."

Not so, said Colombian Vice President Gustavo Bell. Asked about the FARC proposal, Bell suggested only that further work must be done on the idea first. "The world is not ready for a proposal of this magnitude, since education must

first be done," he said. Peace Commissioner Ricardo, interviewed from his home base in the capital of FARC territory, San Vicente de Caguán, did not dismiss the proposal either, Colombian daily *El Espectador* reported.

London moves in

The "peace" process is now out in the open for what it has been from the beginning: an internationally orchestrated operation to force the nation of Colombia to finally capitulate to the drug trade, and thus establish the needed precedent for making narcotics, once again, just one more international "commodity" traded in the "free market." Given the British Empire's historic domination of the global drug trade into the 1920s, when it was finally banned, over London's protests, it should come as no surprise that London has now moved to put itself at the center of global policy toward Colombia.

Not since the House of Lords sent their support "by overnight express" to the Cali Cartel's bought-and-paid-for President, Ernesto Samper Pizano, after the Clinton administration decertified the Samper government as uncooperative in the fight against drugs, has Great Britain taken such a high-profile role in using Colombia to sink any international fight against the drug trade. President Pastrana has been invited to visit London for talks with Prime Minister Tony Blair on April 13, Battle informed the House of Commons during its March 28 debate on British policy toward Colombia. He also reported that he would be meeting the next day (March 29) with Jan Egeland, the United Nations Special Representative to Colombia, who just happened to be visiting London at the same time as Ricardo. Egeland set up the first FARC-Ricardo European tour, which Battle hopes will be followed by a second trip, this one to include London. (FARC financial expert "Raúl Reyes" considered the first trip a total success, because it won the FARC "de facto recognition of belligerent status." European governments "put us on the same level as the government," he said.)

The House of Commons debate, led by Labour Member of Parliament Desmond Browne of Kilmarnock and Loudon, smacked of a staged affair, set up with the FCO to play up Ricardo's visit. Ricardo was present in the Commons for the debate, along with Colombia's Ambassador Humberto de la

Calle. The FCO posted the transcript of the debate from the Hansard official record on its website, so that its discussions would get worldwide attention.

The ostensible subject of the debate, was how Britain should use its position as a potential donor of "Plan Colombia," the Pastrana government's putative global strategy to win peace and fight drugs, to determine Colombian policy. Widely believed to have been drafted by the politicians in the U.S. State Department (the first versions which appeared in Colombia were in English), Plan Colombia contains a bit of something for everyone's agenda: peace talks, human rights, austerity economics, along with U.S. aid for Colombia's military. The United States is to put up \$1.6 billion of the costs of the plan, and the European Union, Japan, and Canada are being asked to put up another \$3.5 billion among them. Final details of that funding is to be discussed at a donors meeting in July in Madrid, which is being coordinated by the FARC's notorious UN tour guide, Egeland.

Most of the MPs participating in the debate demanded the United Kingdom intervene to change Plan Colombia from its alleged over-emphasis on "militarization" and drugs, a focus blamed on the United States, to focus on "peace" and securing international monitoring of human rights in Colombia. The Labour speakers denounced the Colombian Army as a bunch of killers, citing legalizer George Soros's Human Rights Watch and British intelligence's Amnesty International. Browne, who led the debate, sounded every bit the spokesman for the FARC and the ELN (groups which he went so far as to lie began in the 1960s as organizations of about 30-40 farmers). Dr. Jenny Tonge, MP from Richmond Park, decried how the alleged army-paramilitary ties remind her of the situation in southern Sudan. (She is preparing for her first trip to Colombia, but knows all about it, because she reads the *Guardian*.)

Battle promised the MPs that the Blair government shares their focus. "It is important that Plan Colombia is not reduced to short-term crisis management strategies. It can be transformed into a vision, as this debate has shown. It can form a positive aid and judicial reform package," he said. "We are providing small but necessary sums to improve the administration of justice, but what Colombia really needs is a nationwide, inclusive, good governance program that addresses the complex causes of violence that have been mentioned this morning. As Human Rights Watch states, with proper development and conditionality, the plan could improve human rights in Colombia, so let us back it and add value to it."

Underlying the attack on U.S. policy toward Colombia in the debate, was various MPs' support for drug legalization, cautiously worded as supporting "discussion" of "harm reduction," the legalization lobby euphemism for its program. Tonge delivered a tirade against U.S. anti-drug measures in South America, the failures of crop fumigation, etc. Drugs, she said, "is simple economics. . . . When will we admit that zero tolerance is not working in the West? I am not suggesting

solutions, but we should seriously examine all aspects of drug supply and demand, in this country and internationally. Whether we do that through a royal commission or in another way, we must make it a prime subject of concern. . . . The matter must be discussed and explored. We must find out the results. We cannot go on as we are."

Battle interrupted, to reassure her that the government is, indeed, "focussing on drug supply and demand and on getting to grips with analyzing the economics of the drug market internationally. . . . I reassure the Honorable Lady that that wider analysis of the drug trade is firmly on the agenda."

Chairá pilot project for legalization

The legalization initiative launched by the FARC on March 30 contained more than generalities. Specifically, the FARC invited U.S. Congressmen to come to their demilitarized zone, from where the FARC would take them on a tour of one of the municipalities (an area similar to, if not larger than a U.S. county) which border the demilitarized zone (DMZ), named Cartagena del Chairá, to show them the "thousands of poor peasants" forced to become coca cultivators out of economic necessity, so they would understand that neither military measures nor fumigation will work. "We reiterate our proposal to turn the cited municipality into a laboratory for the substitution of coca crops," the statement read.

The FARC's Chairá pilot project is the heart of the UN-State Department-Foreign Office legalization gambit for Colombia. Nominally, the United Nations first proposed that a coca eradication pilot project be established. In April 1999, FARC chief "Manuel Marulanda" suggested that the FARC would lend its support to such a project—provided that it took place in Cartagena del Chairá, and on the condition that the municipality be "cleared" of national military and police, as the FARC's DMZ is, and that the international agencies channel funding for "alternative crops" through the FARC. Altogether, not a bad proposition for the FARC: the DMZ expands, and they get secure lines of credit for the three to five years minimum, which Marulanda said is required to "see" if crop substitution works.

Interestingly, even then, over a year ago, Marulanda assured the Colombian government that the FARC could line up financing from the European countries for the scheme.

A few days later, Pastrana, after a six-hour private meeting with Fidel Castro in Havana, told reporters that his government was studying the possibility of extending the "demilitarized" zone, from which government forces are prohibited, to Cartagena del Chairá, exactly as the FARC had demanded.

President Clinton's anti-drug policy adviser Gen. Barry McCaffrey (ret.), however, shot down any idea that the U.S. government, at least at that time, would go along with the crude ploy. McCaffrey's lieutenant, Thomas Umberg, stated emphatically during a May 1999 visit to Bogotá, that the United States "will give no aid where there is no effective presence of control by the state."

British key in 'Echelon' controversy

A decades-long global electronic spy scandal is being put in the spotlight, both in Europe and the United States. Edward Spannaus reports.

In mid-April, the European Parliament is expected to create a special committee of inquiry into the global surveillance system operated by the United States and Great Britain which has become known as "Echelon."

The push for the investigation came after a period of weeks during which the news media in Europe, and to a lesser extent in the United States, had featured coverage of the Echelon project, which involves global signals intelligence (SIGINT) and communications intelligence (COMINT) collection by a consortium led by the United States and Britain, and which also includes Canada, Australia, and New Zealand, called "UKUSA."

Two reports commissioned by the European Parliament have warned that the Echelon system routinely intercepts all telephone, e-mail, and fax communications within Europe, and that information of value is then provided primarily to U.S. intelligence agencies.

Within the European Union (EU) and the European Parliament (EP), there is particular anger toward Britain, for its alleged "divided loyalties" and its betrayal of its European allies. EP members contend that Britain is in violation of Article 11 of the Amsterdam Treaty, which obligates member-states to "refrain from any action which is contrary to the interests of the Union."

Speaking on behalf of EU governments and the EU Council of Ministers on March 30, Portuguese Interior Minister Fernando Gomez said, "The Council cannot accept the existence of this kind of system, which does not respect the legal requirements of the member-states."

And during the debate, a French EP member declared: "We're told that the European Union is threatened by Jörg Haider's Austria, but it's the Great Britain of Tony Blair that is the real threat."

There is no doubt that the Echelon issue is being used for political and intelligence warfare—between France, on the one side, and Britain and the "Anglo-American powers," on the other; between the United States and Britain; and also within the U.S. intelligence community itself. One important context is the pattern of deterioration of relations between the United States and Europe—in which the British play both the role of instigator, and the intended beneficiary.

Before discussing the specifics of the current Echelon controversy in Europe and the United States, we will first review the background of British-U.S. cooperation on communications intelligence—which shows the danger of the British role for the United States as well for as continental Europe.

The 'special relationship'

The most important feature of the Echelon controversy, from the standpoint of U.S. patriots, is the treacherous "special relationship" between U.S. and British intelligence, which is reflected in the 1947 "UKUSA" agreement.

That agreement was an extension and formalization of the SIGINT cooperation between the United States and Britain and the the British Commonwealth countries, during World War II. The first formal agreement had been made in 1943, and was called BRUSA (Britain-U.S.A.).

In 1946, a leading American cryptographer, William Friedman, visited what he called his British "cousins" in London to work out postwar collaboration and cooperation, and a joint Liaison Office was established; this involved the exchange of both information and personnel.

For Franklin Delano Roosevelt, the war-time alliance with the United Kingdom and Winston Churchill was a necessary expedient; Roosevelt was emphatic that the war was not being fought to preserve the British Empire or to perpetuate colonial policies. But with FDR's untimely death in 1945, his successor, Harry Truman, abandoned FDR's postwar vision, and willingly accepted Churchill's call for an Anglo-American "special relationship" against the rest of the world, which Churchill delivered in Fulton, Missouri in March 1946.

Thus, in 1947 Britain and the United States signed the U.K.-U.S.A. Security Agreement, also known as "UKUSA," or the "Secret Treaty." With a year, the other signatories—Canada, Australia, and New Zealand—had joined, and the world was divided up into areas of responsibility for SIGINT collection. Subsequent agreements provided for standardized codewords, security agreements, and procedures for dissemination of information. The two principal agencies involved are the U.S. National Security Agency and Britain's Govern-

ment Communications Headquarters (GCHQ) at Cheltenham.

In the definitive work on the subject, *The Ties That Bind*, by Jeffrey Richelson and Desmond Ball, it is reported that within the UKUSA intelligence community, there have developed extremely close personal ties among senior officials of the relevant SIGNIT agencies (e.g., the U.S. National Security Agency [NSA], GCHQ), and also informal arrangements for information-sharing and joint action, in addition to the formal arrangements.

(This is reminiscent of former U.S. Secretary of State Henry Kissinger's famous confession in his speech at London's Chatham House on May 10, 1982, that during his tenure in the Nixon and Ford administrations, "I kept the British Foreign Office better informed and more closely engaged than I did the American State Department." The treasonous Kissinger also remarked, "Our postwar diplomatic history is littered with Anglo-American 'arrangements' and 'understandings,' sometimes on crucial issues, never put into formal documents.")

The authors of *The Ties That Bind* also report that what they call "the UKUSA security and intelligence community," because of its multinational character, its personal relationships, and its "extraordinary network of written and unwritten agreements," is able "to shroud itself in secrecy and to invoke the mantle of 'national security' to an extent unmatched by even the national defence establishments." The UKUSA community is also able, they wrote, to carry out extreme and violent covert operations which are generally prohibited by national and international law.

Loopholes

This "special relationship" between the United States and Britain and its junior partners, embodied in the UKUSA agreement, is understood by many investigators and observers to provide a legal loophole, through which surveillance of U.S. citizens can be routed through the British, and through which surveillance of British subjects (Britain doesn't have "citizens") can be conducted by the Canadians, and so forth—thus providing a level of "deniability" to the respective governments and their intelligence agencies.

The loophole, according to *Puzzle Palace* author James Bamford and others, works as follows.

The Foreign Intelligence Surveillance Act (FISA), passed in 1978, speaks of "acquisition," which is undefined in the statute. To fill this gap, the NSA has defined it as "interception by the National Security Agency through electronic means of a communication." Thus, information acquired by Britain's GCHQ, or one of the other UKUSA parties, and then passed to U.S. agencies, is *not* covered under the act.

The use of the term "through electronic means," would also make it legal for the NSA to receive, for example, hand-delivered tapes or computer disks of transmissions provided by private communications carriers. This was in fact the way

that the SHAMROCK and MINARET programs worked, when copies of transmissions, and, later on, tapes, were delivered to NSA or GCHQ.

It was known before the passage of FISA in 1978, that the NSA obtained data by both these methods—non-NSA, and non-electronic. A secret Justice Department report in 1976 stated that MINARET intelligence was obtained through "the receipt of GCHQ-acquired telex and ILC cable traffic"—where ILC referred to International Licensed Carrier, such as Radio Corp. of America (RCA), International Telephone and Telegraph (ITT), etc.

That, by the way, was an official acknowledgement—by the U.S. Justice Department—that the British were part of the program of interception of communications from U.S. citizens and organizations.

SHAMROCK and MINARET

SHAMROCK was the name of a program begun in 1945, under which the three major U.S. cable companies—Western Union, ITT World Communications, and RCA Global—provided to the NSA and its predecessor, copies of all cable traffic entering and leaving the United States. Western Union and ITT gave the NSA microfilms of cable messages; RCA provided NSA with the most thorough cooperation, handing over complete copies of all cables, and later, magnetic tapes, when its operations were computerized.

The NSA product was provided at first only to agencies involved in foreign intelligence. But, in the early 1960s, the Justice Department and FBI provided names to the NSA so that NSA could expand its "watchlist" to include Americans believed to be involved in certain domestic criminal and political activities. In 1967, Maj. Gen. William Yarborough, the Army's Assistant Chief of Staff for Intelligence, requested information pertaining to civil disturbances, and during the late 1960s until the Congressional investigations of the mid-1970s, the Army, CIA, FBI, and DIA all were sending requests for intercept intelligence to the NSA, the subjects of which included domestic anti-war and civil rights activists, including Rev. Martin Luther King.

The domestic surveillance program was formalized under the code name MINARET in 1969, pertaining to, *inter alia*, "individuals who may foment civil disturbance or otherwise undermine the national security of the United States." As noted above, not only the NSA but also the British GCHQ provided intercepts which were then passed on to other U.S. intelligence agencies.

Congressional investigations

The role of the NSA in illegal domestic surveillance only became public in the mid-1970s; it was the post-Watergate Congressional hearings which put it in the public spotlight. A few months before that, the Rockefeller Commission (the "Commission on CIA Activities Within the United States") had issued a weak-kneed report which made vague reference

to the monitoring of telegrams handled by U.S. cable companies.

In August 1975, the House Select Committee on Intelligence Activities, headed by Rep. Otis Pike (D-N.Y.), held hearings on NSA domestic surveillance, in the course of which CIA Director William Colby disclosed NSA's interception of international communications, and during which NSA Director Lt. Gen. Lew Allen testified in an open hearing for the first time.

In October 1975, when Allen was called to testify before the Senate Select Committee on Intelligence Activities—known as the “Church Committee” for its chairman, Sen. Frank Church (D-Id.)—the world learned for the first time of the SHAMROCK AND MINARET programs by name.

Church opened the hearing on Oct. 29, 1975 by announcing that the committee was beginning public hearings on the NSA, noting that even “the agency name is unknown to most Americans.”

“Just as the NSA is one of the largest and least known of the intelligence agencies, it is also the most reticent,” Church said. “While it sweeps in messages from around the world, it gives out precious little information about itself.” And, in a bit of understatement, Church commented, “Even the legal basis for the activities of the NSA is different from other intelligence agencies,” in that there is no statute, only Executive Orders, governing the activities of the agency. “Today, we will bring the agency from behind closed doors,” Church announced.

General Allen did not mention SHAMROCK or MINARET in his testimony. He did discuss the substance of MINARET, the “watch list” surveillance in which requests were made by other agencies, including the FBI and military intelligence agencies, beginning in the early 1960s, for foreign communications of designated U.S. citizens and organizations.

However, following Allen's testimony, the terms SHAMROCK and MINARET were cited by Senators, and SHAMROCK was discussed in general terms. Shortly thereafter, overriding objections from President Gerald Ford, and a plea from Attorney General Edward Levi, on Nov. 6, 1975, the Senate Committee made public its report on SHAMROCK.

In response to the Rockefeller Commission report, and in the wake of a brawl with a House Government Operations subcommittee chaired by Rep. Bella Abzug (D-N.Y.), Attorney General Levi established a top-secret task force to investigate questionable or illegal electronic surveillance, including SHAMROCK and MINARET.

The resulting Justice Department report was classified at the level of Top Secret Codeword, and only two copies were printed; it was delivered to George W. Calhoun, the chief of the Department of Justice Criminal Division's Special Litigation Section, from whence a shorter “prosecutive summary” was given to Criminal Division head Benjamin Civiletti. It recommended that no prosecutions be conducted, and that the DOJ's investigation of the legality of the pro-

grams be terminated.¹

The Justice Department's investigation was terminated, but it seems clear that the NSA's “watch list” program was not.

Echelon, specifically

Although the term “Echelon” is often used, especially in journalistic accounts, as interchangeable with the entire UKUSA surveillance network, it actually refers to a specific component of the overall program.

The specific Echelon program has reportedly existed since the early 1970s, and it is in fact a continuation of the “watch list” program. Echelon provides for automated processing, or “sifting,” of intercepted COMINT; extensive further automation of Echelon was carried out in the mid-1980s, under NSA Project P-415.

Jeffrey Richelson, an authority on U.S. intelligence capabilities, states that Echelon is *not* the same as the UKUSA “global surveillance network.” Rather, it is the system which links together the computers known as “dictionaries” at UKUSA ground stations, which contained pre-programmed keywords. They sift through millions of intercepted messages for those containing the pre-programmed keywords, and then forward those particular messages to the requesting agency.

Political and intelligence warfare

Currently, the Echelon controversy has been given much play in the French press, but also in Britain, Italy, and other countries in Europe. Inside the United States, it has been covered in some major news media, but with the most intensive coverage on Internet sites and other media outlets of both liberal and right-wing libertarian groups.

Sources in the United States indicate that there is a fight going on between elements of the CIA, and the NSA—an agency which overwhelms the CIA and the rest of the U.S. intelligence community in terms of its size and budget. It is suggested that certain groups within the U.S. intelligence community believe that the NSA's enormous capability to surveil and monitor U.S. citizens should not go unregulated and unsupervised.

An indication of this may be, that the two most prominent spokesmen exposing Echelon in Congress and demanding hearings are Reps. Bob Barr (R-Ga.), and Porter Goss (R-Fla.), both former CIA officers. And the most outspoken private groups that have published lengthy reports on Echelon over the past year or two, are organizations historically linked to intelligence-spook Richard Mellon Scaife—Paul Weyrich's Free Congress Foundation, and Joseph Farah's WorldNetDaily.

In the U.S. Congress, hearings are planned for late spring

1. The Special Litigation Section was the predecessor of the General Litigation and Legal Advice Section (GLLAS). See Lyndon H. LaRouche, Jr., “He's a Bad Guy, But We Can't Say Why,” *EIR*, March 10, 2000, footnotes 29, 30, 41.

or early summer, to be held by the House Government Reform Committee.

Echelon product is shared

In France, the news media have highlighted allegations of industrial espionage by the United States, targeting European companies with the help of the British. However, it is curious that the actual EP report, on which these allegations are based, was written not by a Parliamentary committee or staff, but by a British journalist, Duncan Campbell. Moreover, the sole documentation for the reports of alleged commercial espionage (the use of intercepted communications to favor U.S. companies over European companies), derives from news media accounts.

There is also a degree of irony in the vociferousness of the allegations coming from France, because it is well known that the French are no strangers to the ways of surveillance in general, and to commercial espionage in particular.

A further paradoxical element of the cries of outrage coming from western Europe, and especially France, is that much of the Echelon product is shared with NATO members. But, France is in an even better position: According to a reliable U.S. intelligence source, France has access to everything Echelon gathers, through its “friends” in the UKUSA arrangement, most notably Canada.

Moreover, the EP report itself states that the French intel-

ligence service DGSE operates a number of communications intelligence collection sites—at locations within France, in New Caledonia in the South Pacific, and in the United Arab Emirates.

In addition, Germany and France collaborate in the operation of a COMSAT collection site at Kourou, Guyana (formerly French Guyana), targeting U.S. and South American satellite communications.

The French weekly *Le Point* has reported that information obtained from the French satellite surveillance goes directly to French corporations.

Industrial espionage

The EP report cites a number of specific incidents of industrial espionage by the United States; it is these allegations which have gotten the most coverage in the press—but, in fact, they all come from the press in the first place.

As background, the report says that in 1977, NSA and CIA officials met with the U.S. Commerce Department to create a liaison office to channel secret COMINT and SIGINT into the Commerce Department. The source cited in the EP report is—a British television program.

(A U.S. source who has long been involved with both telecommunications in the private sector, and with civilian oversight of intelligence activities, scoffed at this allegation, pointing out that in the 1970s, U.S. intelligence was singularly

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focussed on the Soviet Union, and he states unequivocally that no such thing as described in the EP report, ever happened.)

The EP report further quotes from a 1996 *Baltimore Sun* article citing former intelligence officials saying that tips based on spying flow regularly from the Commerce Department to U.S. companies, to help them win contracts overseas.

The examples given by the report are:

- Intelligence was gathered by the U.S. National Security Council concerning Middle East sales of the European Pannavia aircraft company; the source is former NSC official Howard Teicher, speaking on a BBC program.

- NSA is alleged to have intercepted phone calls between the French firm Thomson-CSF and Brazil, concerning a surveillance system for the Amazon rain forest and alleged bribes by Thomson-CSF officials paid to Brazilian officials. No source is given for this allegation—except that the U.S. competitor, Raytheon, put out a public press release acknowledging Commerce Department support for their efforts on this project.

- The NSA is said to have intercepted faxes and phone calls between the European Airbus consortium and the Saudi national airline and government, learned that Airbus agents were offering bribes to Saudi officials, and passed the information to Boeing and McDonnell Douglas Corp. officials. The documentation is a 1995 *Baltimore Sun* article.

- Under the category of international trade negotiations, the EP report says that the U.S. government is said to have targeted data on emission standards of Japanese vehicles (source: a 1994 *Mother Jones* article by Robert Dreyfuss), and information about the imports of Japanese luxury cars (source: *Financial Post* of Canada, 1998), information about French participation in the General Agreement on Tariffs and Trade negotiations in 1993 (no source), and about the 1997 Asia-Pacific Economic Cooperation conference (no source).

Unofficial admission

Throwing fuel on the fire, was a March 16 *Wall Street Journal* commentary entitled “Why We Spy on Our Allies,” written by loudmouth Washington lawyer, Anglophile, and one-time CIA Director James Woolsey.

“Yes, my continental European friends, we have spied on you” Woolsey wrote—but not to obtain technology from European companies, which he claims “isn’t worth our stealing.” Citing the EP report on Echelon, Woolsey says, “We have spied on you because you bribe,” and he arrogantly explains: “Your companies’ products are often more costly, less technically advanced or both, than your American competitors’. As a result you bribe a lot.”

Woolsey then says that when we catch you at it, we don’t go to the U.S. companies that are competing for contracts, but instead, “we go to the government you’re bribing and tell its officials we don’t take kindly to such corruption.”

Woolsey then explains, clearly speaking on behalf of the British side of Echelon, and backing the British system of

economics over the American system:

“Why do you bribe? It’s not because your companies are inherently more corrupt. Nor is it because you are inherently less talented at technology. It is because your economic patron saint is still Jean-Baptiste Colbert, whereas ours is Adam Smith.” Despite some reforms, Woolsey continues his lecture, “your governments largely still dominate your economies. . . . You’d rather not go through the hassle of moving toward less *dirigisme*. It’s so much easier to keep paying bribes.”

Changing capabilities

Finally, one more irony of the current controversy over Echelon should be noted, which is that, according to many sources, government intelligence organizations are falling behind technologically in both encryption technology and the capacity to intercept and process large quantities of data. So, contrary to the “tin foil hat” crowd which believes the government is listening to their every conversation and reading every e-mail, it is in fact getting harder for the NSA and other agencies to keep up.

Telephone and voice communications present the biggest problems for COMINT agencies. Tapping a specific phone line is one thing; picking targeted individuals or conversations out of the air is something quite different. A great deal of resources have been devoted to the development of speech recognition systems, word-spotting, speaker-identification systems, and the like, but most accounts and sources agree that such systems still operate with a high degree of error.

Fiber-optic cable transmissions also present significant problems. Their signals cannot just be plucked out of the air, as can satellite transmissions, but they require a physical tap. Some sources say that tapping fiber-optic cables is impossible, but others say it can be done, but that the sheer volume of data transmitted per cable poses major problems of processing and handling, involving trillions of data-bits per second.

In other words, as technology advances, SIGINT and COMINT isn’t getting easier; it’s in fact getting much harder to carry out.

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Was 'Echelon' involved in Princess Diana's death?

by Jeffrey Steinberg

It is becoming more and more obvious that British, French, and American intelligence agencies know a great deal about the circumstances surrounding the deaths of Princess Diana and Dodi Fayed, in a mysterious Paris car crash, shortly after midnight on Sunday, Aug. 31, 1997. And, ongoing court actions in the United States, France, and Britain could, ultimately, force those agencies to make that information public, and thereby shed light on what may prove to have been the most significant political assassination of the last decade of the 20th century.

On Feb. 27, 2000, the London *Sunday Times* revealed that British and American surveillance agencies spied on Princess Diana, during the period leading up to her death. The article cited the super-sophisticated electronic surveillance system known as "Echelon," and quoted an unnamed former British spy, who charged that the Princess had been under constant electronic surveillance, for years. Furthermore, Wayne Madsen, a former U.S. Navy and National Security Agency (NSA) employee, told the *Sunday Times*, "Anybody who is politically active will eventually end up on the NSA's radar screen." He stated that "undisclosed materials held in U.S. government files on Princess Diana were collected because of her work with the international campaign to ban landmines."

A thorn in the side of the House of Windsor

While Princess Diana's involvement in the campaign to ban landmines may have provided the British government an excuse to track her activities and communications, it was hardly the driving motive behind the illegal surveillance program.

From 1991, when her marriage to Prince Charles went sour, up to the moment of her death, the Princess was a thorn in the side of the House of Windsor, constantly exposing Queen Elizabeth II, her Royal Consort, Prince Philip, and their flawed offspring, Prince Charles, to public ridicule, as the world's wealthiest dysfunctional family. Following her November 1995 BBC television interview with Sir David Frost, in which she pronounced Prince Charles "unfit to be King," the Princess was the target of several high-profile death threats from circles loyal to the royals.

According to Mohamed Al-Fayed, the Egyptian-born

London billionaire, owner of the world-renowned Harrods department store and the Ritz Hotel in Paris, and the father of Dodi Fayed, at least one "smoking gun" document implicates Prince Philip in the effort to eliminate the Diana-Dodi problem. The document, cited on Al-Fayed's website (www.alfayed.com), states that Prince Philip saw "a serious threat to the dynasty should [their] relationship endure," and quotes the Royal Consort saying, "Such an affair is racially and morally repugnant and no son of a Bedouin camel trader is fit for the mother of a future king."

Indeed, the Aug. 31 issue of the London *Sunday Mirror*, appearing only hours after the Paris crash, reported on a pending meeting of the House of Windsor's inner circle of advisers, the Way Ahead Group, at which the head of MI6 was to present the dossier on Diana and Dodi, that had been ordered by Prince Philip. Buckingham Palace never refuted the accuracy of the *Sunday Mirror* story.

One good turn . . .

According to the Feb. 27 *Sunday Times* story, it was a fairly common practice among the participating governments in the worldwide Echelon system, to employ the resources of others to conduct illegal surveillance operations. *Sunday Times* writers Nick Fielding and Duncan Campbell cited one example, in which Canada's NSA equivalent was used to spy on two British cabinet ministers—on behalf of British Prime Minister Margaret Thatcher. "[Mike] Frost, who retired in 1992 after 20 years' service, has also revealed that Canada's equivalent of GCHQ [Government Communications Headquarters] was used by Margaret Thatcher to monitor two cabinet colleagues. . . . The ultra-secret operation was conducted from an office at Macdonald House on Grosvenor Square, central London, which houses the Canadian high commission. According to Frost, Canadian spies were asked by GCHQ to undertake the operation because it was too politically sensitive for GCHQ to do itself. After spending three weeks tapping the ministers' communications, the Canadian officer who led the operation drove to GCHQ and handed over the tapes."

A former NSA contract employee, Margaret Newsham, told the *Sunday Times* about her similar experiences in the 1980s at Menwith Hill, a listening post in Yorkshire, England. "I was aware that massive security violations were taking place. If these systems were for combatting drugs or terrorism, that would be fine. But not for use in spying on individuals." She reported that the British GCHQ was used to spy on at least one U.S. Senator. "It was evident American constitutional laws had been broken," by the Echelon spying "buddy system," which involved the United States, the United Kingdom, Canada, Australia, and New Zealand.

Was the NSA brought in by MI6 and GCHQ to handle the tracking of Princess Diana, in order to similarly avoid the media blowback, if it were ever to come out that the British agencies had been spying on the Princess?

Ongoing revelations

The new Echelon revelations complement two earlier reports of NSA involvement in monitoring the activities of Princess Diana, in the months before her death.

In November 1998, the online news service APB News received confirmation from the NSA, under the Freedom of Information Act, that the spy agency had 39 documents on Princess Diana, totalling 1,056 pages. Several of those documents were of NSA origin, and the rest originated with the Central Intelligence Agency (CIA) and the Defense Intelligence Agency (DIA), and were shared with the NSA. The NSA categorically refused to do so any of its documents, claiming that to do so would jeopardize U.S. national security.

And, in the September 1999 inaugural issue of *Talk* magazine, writer Gerald Posner interviewed Al-Fayed, and also reported on the findings of his own investigation into the circumstances surrounding the deaths of Princess Diana and Dodi Fayed. He reported, "This spring in Washington, I listened to an innocuous portion of an undated conversation between Diana and de Lima," a reference to Lucia Flecha de Lima, whose husband was then Brazilian ambassador to the United States, who was one of the Princess's most trusted friends. Often, when the Princess visited Washington, she stayed with the Brazilians at their official residence. "The recording," Posner said, "was made available by an active U.S. intelligence asset, who says it was one of several collected by the National Security Agency. The NSA will not officially acknowledge the tapes' existence, but does admit to holding 39 classified documents about Diana."

The Posner story made another startling claim: That Henri Paul, the deputy director of security for Al-Fayed's Ritz Hotel in Paris, and the driver of the Mercedes in which Paul, the Princess, and Dodi Fayed were killed, had been closeted with French intelligence agents during the "missing" three hours when he was off-duty on the night of the crash. Paul had 12,560 francs in his pocket at the time of the crash (roughly \$2,300), and, according to Posner, the cash had been given to him by his French intelligence "handler."

Following the Paris crash, French investigators found that Paul maintained a string of secret accounts in several Paris banks, with hundreds of thousands of dollars on deposit. The funds, according to a variety of sources, came from Paul's work for a number of Western intelligence agencies, including the French DST, Britain's MI6, and the Israeli Mossad. Indeed, Posner reported that his own information about Paul's secret meeting with his French case officer on the night of Aug. 30, 1997, had been provided by a CIA officer stationed in Paris, and corroborated by the FBI legat at the U.S. Embassy in France. Yet, to this day, the French authorities claim that they have no idea where Paul spent those three "missing" off-duty hours on Aug. 30, 1997.

If Posner's claims are accurate, the NSA, the CIA, and the FBI are all in possession of vital details about the events leading up to the Paris crash. And, if the past is a prelude to

the future, Al-Fayed will not rest until he has explored every available avenue, to get at the truth of what happened in the Place de l'Alma tunnel, where the crash occurred.

Indeed, at the same time that the Posner interview was appearing in *Talk* magazine, and the French magistrates were issuing a terse cover-up report on their two-year probe, BBC Radio 4's "Today" program was offering proof of Al-Fayed's dedication to finding the truth. On Sept. 17, 1999, in a 14-minute interview, Al-Fayed leveled a string of new charges at MI6 and the British royal family. Asserting that his son and Princess Diana were murdered, on orders from the British monarchy, Al-Fayed said that Princess Diana "had hell for 20 years, especially from Prince Philip." He told BBC that both British and American intelligence agencies were monitoring all of the cell phone and radio transmissions from Diana and Dodi, during their vacation together off the coast of Sardinia, just before the couple flew to Paris on Aug. 30, 1997. The recent revelations about the use of "Echelon" to track Princess Diana corroborate those earlier Al-Fayed charges.

Al-Fayed also told BBC that Paul had been on the payroll of MI6 for three years, at the time of his death.

"Where is Henri Paul's record in MI6 [for the] three years he was paid, on the payroll?" Al-Fayed asked. "If Tony Blair put an independent inquiry with a legal representative appointed by me to really open the files of MI6 and MI5, and see the massive campaign against me, and the way they have plotted to kill my son, and who has given them instructions . . . I will carry on until I find the truth. I will find it in France, also in the United States—I am trying to get the CIA and American intelligence. I have mounted a tremendous legal campaign over there. I am still here and people have to understand that what happened to Diana and my son is murder, and I am not going to keep quiet until I have found the truth."

Legal action

Indeed, on Feb. 5, 1999, attorneys for Al-Fayed had obtained an order from U.S. District Court Judge Henry Kennedy, in Washington, D.C., instructing the CIA and the DIA to release file material that could shed light on the circumstances leading to the crash. One week earlier, a U.S. District Judge in Maryland, Frederic Smalkin, had refused to issue a similar order to the NSA. Despite Kennedy's ruling, neither the Pentagon nor the CIA have yet to produce any documents. Judge Kennedy had initially given the government agencies a deadline of Feb. 12, 1999 to turn over the material.

Why are the CIA, the NSA, and the DIA so desperate to prevent the release of the secret files on Princess Diana? Is it a garden-variety instance of American spy agencies fighting tooth and nail to protect "sources, methods, and procedures"? Or, is there a smoking gun in those U.S. government documents that could shed crucial light on what happened in Paris on Aug. 31, 1997?

If the actions of the U.S. Department of Justice are any

indication, American agencies know more than they are admitting about the death of the "People's Princess."

The DOJ and the LeWinter fiasco

In April 1998, the FBI and CIA joined with the Austrian police in busting up a \$20 million extortion scheme against Al-Fayed. On April 24, 1998, Austrian police arrested a one-time CIA informant, Oswald LeWinter, at a Vienna hotel, as he attempted to extract \$20 million from John Macnamara, the security chief for Harrods, in return for bogus "CIA documents" that LeWinter and company claimed proved that MI6, on behalf of the royal family, had planned to assassinate Princess Diana and Dodi Fayed.

The arrests were the result of tight coordination among Al-Fayed, Macnamara, the U.S. Justice Department, the FBI, the CIA, and the Austrian authorities. At DOJ request, Al-Fayed had transferred \$25,000 to a New Mexico bank account, to finance LeWinter's travel to Vienna for the exchange. At least three other individuals, all American citizens, had been identified as co-conspirators with LeWinter in the scheme. One, Keith Fler, was a prominent Hollywood entertainment industry attorney whose credentials as a highly respected member of the California bar had initially been a key feature of the fraudulent documents scheme.

Sources close to the case have confirmed to *EIR* that Justice Department attorneys, including Lisa Prager of the U.S. Attorney's Office for the District of Columbia, had vowed to pursue the entire network of would-be extortionists, and that the wire transfer of the \$25,000 alone constituted a serious felony that would be prosecuted to the hilt.

Things apparently changed dramatically, following the arrest of LeWinter in Vienna. His identity had been previously unknown, along with his former ties to the CIA. When that "complication" became apparent, according to sources close to the case, the DOJ suddenly lost all interest in prosecuting the U.S.-based co-conspirators, including Fler, and another purported ex-CIA stringer, Pat McMillan, who had accompanied LeWinter to Vienna.

EIR has been told that the LeWinter and McMillan links to U.S. agencies, while no longer active, could have provided an aperture for accessing the overall U.S. intelligence files on the Diana affair, and that this would have had devastating consequences for America's spy cousins at MI6 and GCHQ.

Al-Fayed intends to tenaciously pursue all of the unanswered questions and buried intelligence files. And, his efforts are hardly in vain. Recently, a British court allowed application for a judicial review of the Coroner's decision that Al-Fayed is not an "interested party," in the official Royal Coroners inquest into the death of Princess Diana. Buckingham Palace had argued that the official British government probes of the causes of death for Dodi Fayed and Princess Diana should be handled separately, and that Al-Fayed had no right to access the inquest of the Princess of Wales. That matter now will be reviewed by the Courts.

Will the 'jihadis' topple Pakistan's Musharraf?

by Ramtanu Maitra

The recent visit by U.S. President Clinton to Islamabad, amidst unprecedented security arrangements, gave a glimpse of how precarious is the military regime of Gen. Pervez Musharraf. Under the circumstances, Pakistan's Chief Executive is in no position to meet Clinton's terse demands, which include stopping infiltration of the *jihad* terrorists into the Indian-held part of Kashmir and lowering tension along the Line of Control in Kashmir; preventing the growth of Islamic fundamentalism within Pakistan; halting aid to the Taliban in Afghanistan; and bringing back democracy (which Musharraf terminated in a bloodless coup on Oct. 12, 1999) in Pakistan.

When the American President left for Oman after his five-hour stopover in Islamabad, General Musharraf began a damage-control operation. He went to Southeast Asia seeking moral and financial support. Although he was well received in Malaysia and Indonesia, the two Muslim-majority nations in the region, Musharraf was reminded by both that their polite reception was not an endorsement of military rule. Like the United States, they would also like to see democracy restored in Pakistan. On Kashmir, both nations expressed neutrality.

No room for maneuver

In Pakistan, attempts are being made to meet some of the U.S. demands. To begin with, Islamabad, for the first time, offered to hold bilateral talks with India at "any time, any place, and any level" to resolve the Kashmir dispute. New Delhi, now more belligerent than ever, rejected the offer outright, citing Pakistan's continuing anti-India propaganda and the support that Islamabad continues to lend to the *jihadis* in Kashmir. For emphasis, the Indians used a helicopter-gunship for the first time against the terrorists in the Indian-held part of Kashmir. India has also increased its defense budget by 28%, and is buying arms and ammunition by the shipload.

Islamabad has tried to open a back-channel to resume talks with New Delhi. It has not succeeded so far, but when it does, it can rest assured that the price that the Indians will ask for a settlement on Kashmir will be too high to pay. But, then, what possible solution over Kashmir can Musharraf dictate to the *jihadis*? Nothing but the entirety of Kashmir would satisfy them. And India will not hand over all of Kashmir to Pakistan, and Pakistan cannot militarily annex it. So, the only option left for Musharraf is to continue with the infiltration

operation, even if that antagonizes the United States and India. This will, of course, strengthen the *jihadis*.

Musharraf will back the *jihadis* because they, armed with the cash from narcotics from the poppyfields of Afghanistan, have people in important positions throughout the Pakistani establishment—in the Army, the bureaucracy, and the judiciary, among the landed aristocracy, academics, and religious leaders, and so on. Clinton's security was so elaborate, because the U.S. security personnel did not know who the Pakistani intelligence people really were. Pakistan's Inter-Services Intelligence (ISI) is heavily infiltrated by agents from many countries, including Britain's MI6 and the Israeli Mossad, and, according to former Pakistani Air Chief Ashgar Khan, the ISI pays almost everyone in Pakistan, to buy their loyalty. Terrorist organizations such as the Lashkar-e-Toiba and the Harkatul Mujahideen are backed by the ISI and the Army, and they have no reason to listen to Musharraf or anyone in Islamabad who might like to dismantle them.

The Afghan pincer

If things look grim in Kashmir for Musharraf, the Afghanistan issue may become even worse. In Kashmir, the U.S. interest is to see that the situation remains within bounds, that India and Pakistan do not come to an exchange of nuclear weapons. At the same time, the United States is rethinking its South Asia policy, and may add India into its strategic equation, and this means that Islamabad, from time to time, may feel the heat—diplomatic or financial, through the International Monetary Fund, for example—from Washington.

In Afghanistan, however, things are no different. There, too, Pakistan is badly isolated, and it is a more painful isolation, because all the countries in the region are Islamic nations that should have been Pakistan's friends. But by supporting the Taliban, even arming and fighting for them in Afghanistan, Islamabad has blundered, and quite soon will have to pay up.

Reports indicate that the anti-Taliban forces, under the banner of the Northern Alliance (NA), are being reorganized with the help of Iran. Tehran, by means of clever diplomacy and determined efforts, has re-engineered the alliance among the Haziras, Uzbeks, and Tajiks of Afghanistan. Support has been lent by Uzbekistan, Tajikistan, and Turkmenistan, by allowing Iranian arms and supplies to go through their territories to reach the NA base in northern Afghanistan. Russian and Indian support for the NA is no secret, and this support is expected to grow in the coming months. Turkey has also started helping the NA, and the only friends in the adjoining areas that the Taliban have at this point are the Pakistanis.

Washington is active

Washington is also active in Central Asia. CIA chief George Tenet was in Uzbekistan, and Secretary of State Madeleine Albright will be there in mid-April. FBI Director Louis Freeh, who is now setting up an FBI office in the U.S. Em-

bassy in New Delhi, will be in Pakistan and Kazakstan. In Kazakstan, too, an FBI office will be set up. Four Central Asian nations—Uzbekistan, Tajikistan, Kazakstan, and Kyrgyzstan—held a joint anti-terrorist military exercise focussing on how to deal with the Taliban and narcotics traffickers. Washington, by being present on the scene, has managed to rally the Central Asian nations against the Taliban. Pakistan's ISI Chief, Lt. Gen. Mahmud Ahmed, and two important ministers were in Washington the first week of April for talks with U.S. National Security Council officials, Attorney General Janet Reno, anti-narcotics coordinator Gen. Barry McCaffrey (ret.), and top anti-terrorism officials.

All signs indicate that as the snows of the Hindu Kush begin to melt in the coming weeks, the Northern Alliance will push southward. Troubles for the Taliban have already begun. From Kandahar jail, one of the top anti-Taliban commanders, Ismail Khan, a prize catch from Hazira, has escaped, allegedly with the help of a Talib, and is now in Iran. The powerful Governor from Kunduz, Mohammad Arif Khan, was gunned down in Peshawar, near Pakistan's border with Afghanistan, on April 4. A close Yemeni aide of Osama bin Laden, Ahmed Abdullah, who was travelling from Bangladesh to Afghanistan via Pakistan, was nabbed on April 1 with a bagful of cash along the Afghan-Pakistan border. All this happened within a week after President Clinton's visit to Pakistan.

Pakistan's Taliban problem, a creation of the period following the Soviet withdrawal from Afghanistan in 1988, is the result of its obsession to control Afghanistan. But it is not unlike the Kashmir problem. In the case of Kashmir, India claims the whole of it, and so does Pakistan. They have fought three wars over it, and an uneasy Line of Control separates the two armies.

The Afghanistan-Pakistan border is demarcated by the infamous Durand Line, drawn by the British Raj, recognized by Pakistan and rejected by the Pushtoons who dominate the Taliban movement. On the Pakistan side live millions of Pushtoons who will be keen to join the Pushtoons of Afghanistan. If Pakistan goes against the Pushtoons of Afghanistan, Islamabad is certain that the Pushtoons will try to re-draw the Durand Line, and this time it will be the Indus River. Pakistani intelligence is aware of this and so is Pakistan's Army, 25% of whom are ethnic Pushtoon Pakistanis. So, for better or worse, Pakistan has no choice but to support the Pushtoons of Afghanistan to be the rulers of Afghanistan, and to oppose the Northern Alliance.

In other words, Islamabad is caught in a foreign policy straitjacket. Having focussed on opposing India and befriending those who oppose India, because of the Kashmir issue, and supporting the Pushtoons in Afghanistan because of fear of opening a Pandora's Box around the Durand Line and of the gun-toting Pushtoons, Islamabad's foreign policy remained stuck in the mud while the world changed. It is these failures that have made Islamabad today subservient to any force that continues to promote the old foreign policy.

'Third Way' is on the march

An unprincipled Chancellor Schröder has decided to borrow from Britain's Tony Blair, once again.

In late November last year, the British media noted a deep rift in the special relationship between British Prime Minister Tony Blair and German Chancellor Gerhard Schröder. The London *Times* and other news dailies pronounced the "Third Way" project (monetarism with a "human" face) of the two leaders dead, and buried it as apparently not fit for the European socialism of the 21st century. The split between Blair and Schröder, who had given the project a kick-off at a joint press conference in London on June 7, had developed over a number of grave economic and financial crises in Germany, which forced the Chancellor to swing back to the traditional model of state-run economics, opposite to Blair's endorsement of the British free-market model with as little state intervention as possible.

But the Third Way project was only half-dead, as Schröder's commitment to have the state intervene in the big November crises of German industrial corporations, like the Philipp Holzmann construction firm, turned out to be only talk. Holzmann is still struggling for its survival, four months after Schröder's public intervention.

Actually, Schröder turned out not to be committed either way: He didn't push the joint platform with Blair, nor did he push the German model. The Chancellor leaves the impression that he would like the "markets" to solve the problems by themselves. Like many Western leaders, Schröder knows virtually nothing about economics. He is the German variant of the Baby-Boomer, who prefers to govern without having to deal with

economic or financial affairs. But, he likes to present himself in public as someone who wants to have a say on economics. He may sympathize with this or that economic initiative, but it is never a profound endorsement of a well-conceived policy. It is, rather, a shallow "engagement." So, he has stated his sympathy several times for the British variant of socialism, rather than the French, but this does not make him (as Blair has come to notice) a reliable ally for the Third Way policy.

At the moment, Schröder has revived his sympathies for Blair. At the Lisbon "information technology summit" of the European Union, in late March, the Chancellor endorsed Blair's push for a "modern Europe," based on information technologies. From Lisbon, both leaders flew to Britain, for talks at Blair's country residence at Chequers, on March 24. The day after, when the two joined the 50th conference of the Anglo-German Society (also known as the Königswinter Meeting) in Oxford, Schröder told journalists that the Chequers talks had documented that "Anglo-German relations have never been so good." Schröder emphasized his support for Blair's Third Way policy, saying that his public endorsement of the policy in London last June, had set most of his Social Democratic party against him, but that he had always stayed loyal to the cause.

Upon his return home, Schröder removed the last doubts about his present orientation toward Blair's monetarism, in a speech in the industrial city of Wolfsburg on March 28. There, he

called on workers to accept being paid a sizable percentage of their wages not in cash, but in stocks. In a clear reference to Blair's 1997 call on British labor to enter a "stake-holding economy," Schröder said that what he was proposing, could "play an important role also in the transformation of the systems of social security, particularly of pensions."

Indeed, Schröder's government is preparing legislation to privatize part of the state pension system, by granting retired citizens a minimum pension at about the social welfare level, with the uncertain option of improving their income through revenues from stock or derivatives. Much clearer than in most of the German media, Schröder's Wolfsburg speech was characterized as what it was, in the media in Britain: "Schröder Borrows from Blair to Push Worker Share Deals," the *Daily Telegraph* wrote on March 30. "The scheme, which echoes Tony Blair's drive to create a stake-holder economy . . . will also marginalize trade unions . . . and create a more modern union culture." In former times, one would have called that "union busting."

It is not certain whether German labor will accept that policy. Labor leaders, mostly Social Democrats like the Chancellor himself, have for the moment decided not to cause trouble for the government: Within a few days after Schröder's Wolfsburg speech, two mooted national labor strike actions, in the metal industry and at the German rail company Deutsche Bundesbahn (DB), were called off. But the next big crisis in the industry, or at DB, which plans to lay off one-third of its workforce, may instantly create a turbulent situation. Labor leaders may not be able to remain loyal to the Chancellor, such that he, at a critical moment, will not be able to maintain his loyalty to Blair.

International Intelligence

Colombian youth march against kidnappings

Thousands of children from every walk of life congregated in the capital, Bogotá, on April 2, to protest the growing number of child kidnappings and the government's failure to provide protection. Under the banner of the organization "No Más" (No More!), whose founder, Francisco "Pacho" Santos, was forced to flee Colombia for his life in March, the children, wearing white shirts, their parents, government figures, non-governmental organizations, and anti-violence activists took part in the march.

Children have even been snatched from school grounds and off schoolbuses. Of the 2,800 Colombians kidnapped each year, 7% are children. The narco-terrorist gangs are major culprits.

Santos issued a communiqué from his exile in the United States, blasting President Andrés Pastrana's government for "complicity" in negotiating with the premier narco-terrorists, the Revolutionary Armed Forces of Colombia (FARC). The government failed to demand an explanation from the FARC for its death threats against Santos, forcing him to flee the country. He said, "This silence leaves a lot to be desired of a President and an administration that are supposedly protecting Colombia's citizens," adding provocatively: "The government is surely not going to take a stand until the President is ousted."

Farouk Shara speaks on Syria-Israel peace

Syrian Foreign Minister Farouk Shara addressed the issue of peace with Israel in an interview with the Lebanese daily *Al-Mustakbal*, asserting that his President, Hafez al-Assad, was in the best of health and that he would not accept a dishonorable peace: "There is much talk of Assad's health and of the so-called succession in Syria. Assad's health is excellent, as Clinton witnessed for himself in Geneva. . . . And, for your information, [Assad's son] Bashar has told me more than once that Assad will not bequeath him a dishonorable peace—and

nor would he accept it." This is the first official reference to the possibility that Bashar Assad will succeed his father, who has been in power for decades.

Shara also said that U.S. Secretary of State Madeleine Albright had initially agreed to "a commitment to international resolutions, the Madrid terms of reference, and general principles," referring to the 1992 Middle East peace negotiations in Madrid. But, she changed her mind, he said, speculating that it might have been the result of contacts with the Israeli side. He also said that the Syrians expected that U.S. President Clinton would bring positive proposals for an agreement. "We went to Geneva on the basis that we would be apprised of something important." Instead, Shara said, they were confronted with the Israeli demand that it maintain full control of not only Lake Tiberias, but also the Jordan River, going beyond their demand last year at the Shepherdstown, West Virginia talks, to retain control of just the lake.

UN intransigent over Cambodia's sovereignty

Cambodia's efforts to reach an agreement on UN support for a trial of the Khmer Rouge for genocide, again ended in failure in late March, after the UN delegation continued to insist that the UN be allowed to ride roughshod over Cambodia's sovereign right to conduct the trials. UN Secretary General Kofi Annan and the UN still refuse to budge from their insistence that Cambodia meet "international standards": 1) majority UN-appointed judges; 2) international prosecutor and judge; 3) guarantees that all those named by the foreign prosecutor will be arrested; and 4) no amnesties. In other words, no sovereignty.

Prime Minister Hun Sen, just before the delegation arrived, said in a speech, that Annan's predecessors Kurt Waldheim, Boutros Boutros-Ghali, and Javier Pérez de Cuellar, should be called to testify as to "why the Khmer Rouge continued to hold Cambodia's seat at the UN for more than a decade after they were driven out of the capital."

Backing the Prime Minister up, former

Australian Ambassador to Cambodia Tony Kevin responded to the UN stance that Cambodia "obviously lacked international standards of justice." In the March 30 *Phnom Penh Post*, Kevin wrote: "Just consider the arrogance of their position. The UN was telling Cambodia's sovereign government—a democratically elected coalition government, a member of the UN and of ASEAN [Association of Southeast Asian Nations]—that Cambodia's political and legal systems could not be trusted to have any substantive input into decisions regarding indictment, prosecution, sentencing, or amnesty of Cambodia's former Khmer Rouge leaders." The UN refuses even to accept the U.S.-proposed compromise for a mixed panel of judges, he said, which Cambodia has agreed to.

EU chief Romano Prodi may soon be unemployed

Rumors are flooding the European press that European Commission President Romano Prodi may soon be the victim of political "regicide," as the April 4 issue of Germany's *Frankfurter Allgemeine Zeitung* characterized it. Prodi, Italy's former Prime Minister, rode to power on the wave of scandals that brought down Jacques Santer and the entire EC—the unelected European Union bureaucracy that makes policy in Brussels—just over a year ago. Prodi had strong British backing, and populated the Commission's posts that usually went to other countries, with either Britons or Anglophiles like himself.

"How, exactly, this Hamlet-like tragedy will unfold is still unclear," the *Zeitung* wrote. "Many signs point to some kind of regicide, whereby several officials are apparently hoping to save their own seats on the Commission by convincing Mr. Prodi to return to Italy, and selecting a successor from among their own ranks."

"Sources say they want to avoid, at all the costs, the fate of the previous Commission, led by Jacques Santer, which broke apart at its weakest link, pulled down by French Commissioner Edith Cresson. One EU diplomat rejected an internal solution of this kind, however, saying that if Mr. Prodi

FIVE MEMBER-NATIONS of the Commonwealth of Independent States began military exercises on April 2 in southern Tajikistan. The Tajik Defense Ministry called the exercise an action against "international terrorist gangs." Participating are Russia, Tajikistan, Uzbekistan, Kazakhstan, and Kyrgyzstan. Belarus and Armenia have shown keenness to participate later.

BENJAMIN NETANYAHU should be indicted, say Israeli police who have completed their seven-month investigation of the former Prime Minister. Charges would include bribe taking, fraud, corruption, and obstruction of justice, which allegedly took place during Netanyahu's 1996-99 term.

NIGERIAN President Olusegun Obasanjo began a weekly radio talk to comment on national affairs on April 1. The idea "appears to have been suggested during a visit by [press spokesman] Doyin Okupe to Washington earlier this year where he was impressed by idea of the weekly 'fireside chat' begun by U.S. President Franklin Delano Roosevelt and taken up since by President Clinton."

EAST TIMOR'S situation is so bad that 10,000 refugees who had been repatriated into newly independent East Timor, from camps in Indonesian West Timor, have returned to the refugee camps, fleeing massive food shortages. There is no sign that the UN colonial government in Dili has any intention of solving its problems.

'KAGAME is holding Rwanda hostage," charged former Prime Minister Faustin Twagiramungu, on April 1. Paul Kagame, who was Vice President and Defense Minister, became "Acting President" in late March, when President Pasteur Bizimungu suddenly resigned. "The strongman intervened and made it clear to Bizimungu that his job was just pure illusion," Twagiramungu said. "The Rwandan state exists only to symbolize the power of one single man who has taken it hostage."

were to resign, the whole Commission would have to follow."

The growing number of critics say that Prodi's incompetent political style copies the "catchwords and methods of the consulting industry," continued the daily. "The philosophy of programs and position papers is being replaced by concepts such as benchmarking, best practice, and value for money."

Von Sponeck, women's NGO report on Iraq

Dr. Siti Hasmah Mohamad Ali, wife of Malaysian Prime Minister Dr. Mahathir bin Mohamad, headed a delegation of ten to Iraq from women's non-governmental organizations in Malaysia. On her return, she issued an appeal to all quarters, to persuade the UN to lift the sanctions. The delegation visited hospitals, schools, and nursing homes, and met with agencies, including the Federation of Iraqi Women, the Red Crescent, and UN agencies. They observed an increase in child mortality, due to diarrhea, respiratory infections, and diseases believed to be caused by radioactive ordnance used in the war. In hospitals, she said, infants have to share beds, incubators, and oxygen in shifts. Other problems she cited included inadequate housing, insufficient power supply, and large numbers of children leaving school.

At the same time, Hans von Sponeck, the former head of the UN humanitarian aid agency in Iraq, was received by President Saddam Hussein, before leaving Baghdad. Von Sponeck had resigned and called for lifting the sanctions. The German diplomat reported: "Infant mortality has doubled, 21% of all children under 5 years of age are malnourished. Diarrhea and similar illnesses have again become the leading causes of death of children. Sixty-six percent of girls and boys cannot read or write. Because the schools are no longer able to provide for all students, and many children work, or have become street children."

Von Sponeck agreed to meet with Saddam Hussein "in order to talk to [him] personally about the situation in his country." Acknowledging that their 90-minute meeting would be exploited by Baghdad as a dip-

lomatic triumph (no UN official has met the President since 1991), von Sponeck said: "All instruments which have been created to protect man, have been forgotten in Iraq, on all sides. The linking of arms inspections with the total embargo must finally be ended. The civilian population can no longer stand the suffering."

He is being replaced by Tun Nyat of Myanmar. Saying farewell to his staff on March 30, von Sponeck said he could not bear to continue watching a population "deprived of everything . . . the right to proper life, the right to work, the right to shelter, good services, and most of all, the right to education."

Also on March 30, U.S. and British jets bombed targets in the northern provinces of Dohuk, Erbil, and Nineveh, and in the southern provinces of Basra, Dhi Qar, Muthanna, Nejef, Qadissiya, Missan, and Kerbala.

Sri Lanka President firm vs. Tamil Tiger terror

Sri Lanka President Chandrika Kumaratunga has strongly rejected calls from elements within the country's ethnic Sinhala majority to withdraw troops from areas held by the Tamil-separatist Liberation Tigers of Tamil Eelam (LTTE). The military and the Tigers are locked in a bloody campaign in northern Sri Lanka, while peace talks between them remain stalled in Oslo, Norway. President Kumaratunga, who survived a suicide-bomber attack on Dec. 18, 1999, said: "I will not allow the withdrawal of troops even if I am killed. However, as and when the talks with the LTTE progress, a de-escalation could be considered," according to the April 3 issue of the *Times of India*.

The President's remarks were preceded by an escalation of the fighting, with the Tigers pounding the government position in the southeastern part of the Jaffna peninsula in the north of the island-nation. Reports indicate that more than 12,000 people are trapped by the fighting.

At a recent meeting of the UN Human Rights Commission, Sri Lankan Representative H.M.G.B. Palihakkara called upon the international community to persuade the Tigers to negotiate peace with the government.

A leading Russian economist details genocide against nation

by Nancy Spannaus

Genocide: Russia and the New World Order

by Sergei Glazyev

Washington, D.C.: Executive Intelligence Review, 1999

303 pages, paperbound, \$20

In a comment on the March 26 Russian Presidential elections, made right before they occurred, Presidential pre-candidate Lyndon H. LaRouche, Jr. characterized the rallying around Vladimir Putin as a reaction by the Russian population to a perceived threat to their nation's very existence. Concerned citizens and policymakers who want to understand why that reaction has occurred, would do well to read this book.

Dr. Sergei Glazyev is a doctor of Economic Sciences, a specialist in "the theory of long-term technological development," and a graduate of the prestigious Central Mathematical Economics Institute (CEMI) of the Soviet Academy of Sciences. He is a young man, and was part of the grouping of "reformers" in Boris Yeltsin's first cabinet. But Dr. Glazyev broke with Yeltsin after the President's Oct. 3-4, 1993 storming of the Parliament. Having served in various other advisory capacities in the meantime, he is now a Member of the State Duma (parliament) and chairman of its Committee on Economic Policy.

Such a professional economist would not be expected to use such an emotionally charged word as "genocide," in describing the effects of the draconian economic reforms imposed on the former Soviet Union by the International Monetary Fund. But Dr. Glazyev is not sloganeering. He defines genocide scientifically, from the standpoint of the 1954

United Nations Convention on the Prevention and Punishment of the Crime of Genocide. Specifically, he cites Article II, which says:

"In the present Convention, genocide means any of the following acts committed with intent to destroy, in whole or in part, a national ethnical, racial or religious group, such as: a) Killing members of the group; b) Causing serious bodily or mental harm to members of the group; c) Deliberately inflicting on the group conditions of life calculated to bring about its physical destruction in whole or in part; d) Imposing measures intended to prevent births within the group. . . ."

Then, Dr. Glazyev documents, with horrifying detail, the way in which the "reforms" of October 1993 to August 1998 have resulted in genocidal effects in Russia, by the UN definition. Chart after chart shows the decline in life expectancy, the increase in disease and crime, and the literal depopulation of Russia. He then describes how the "reform" policies—the ones which drastically reduced production and social supports in this population, while raising prices and looting—systematically created these results. Even the reformers don't deny the causal relationship, Dr. Glazyev asserts.

The picture of genocide

The first third of the book is devoted to the picture of the genocide which was carried out in Russia over nearly five years, from 1993 to 1998. The fact that this process has greatly shocked the Russian population is clear from the following quote:

"The rate of annual population loss during the mid-1990s was more than double the rate of loss during the period of Stalinist repression and mass famine in the first half of the 1930s.

"According to demographic forecasts, 'the population of

Russia will decline by another 8.6 million people, or 6%, during 1998-2015. The rate of decline will be virtually constant for the entire forecast period—an average 0.3% per annum. . . .’

“A long-term forecast of the tendencies of degeneration that have gripped Russia indicate a ‘half-life’ for the nation (i.e., the period within which there occurs a reduction of the country’s population by a factor of two) of 60-80 years. Russia now has an extremely constricted population reproduction profile, whereby each generation of newborns is quantitatively smaller than its parents’ generation and does not compensate for the population lost. This type of population reproduction pattern is now characteristic of Russia alone, and is quite persistent. In 1996 the net population reproduction rate had fallen to the level of 0.603, which has catastrophic demographic consequences, while for the urban population it was even lower—0.544. Such a low level of reproduction is unprecedented, and has not been observed before now, neither in our country, nor in others, even during wartime.”

Dr. Glazyev provides a thorough picture of how the shock therapy measures created this disaster. Any human being should be shocked by what has been done to Russia, especially to its children. The sticking point will be Dr. Glazyev’s discussion of *who* carried out the genocide, and *why*.

The ‘New World Order’

The second part of the three-part book is entitled “Russia and the New World Order.” The reference is to the doctrine put forward by former President George Bush following the collapse of communism, and to the way in which the “world oligarchy” has moved to seize control over the world, and specifically to colonize Russia.

Dr. Glazyev does *not* equate the world oligarchy with the United States, per se, or capitalism in general. Unfortunately, he also provides no specific identification of the leading British ideological and political role in directing the looting operations. For that, our readers will still, for the time being, have to rely on *EIR*.

But the author is right on the mark in identifying the role and outlook of American geopolitician Zbigniew Brzezinski, in promoting the strategy of dismantling Russia, and turning it into an impotent supplier of raw materials. Dr. Glazyev reviews the chief arguments of Brzezinski’s *The Grand Chessboard: American Primacy and its Geostrategic Imperatives*, a book which proposes outright that Russia be dismembered into three parts. And he notes that there is rarely a divergence between the ravings of Brzezinski and the actions of the U.S. government.

Many Americans might be surprised to know that books by prominent members of the American policy establishment circulate widely in Russia. In the case of the Brzezinski book, which was published in 1997, it became a virtual scandal in Russia from the moment it was published. And clearly, the fact that the United States, from its leading position in NATO,

proceeded to carry out the kinds of policies which Brzezinski put forward, could only arouse deep suspicion in the minds of serious Russian patriots.

A strategy for economic growth

Dr. Glazyev is confident that Russia can recover, but only if the “reform” policies of the 1990s are identified for the disaster they were, and reversed. He notes that the bankruptcy of the “reform” policy, which was reached on Aug. 17, 1998, opened up the possibilities for a change in economic policy.

In the third part of his book, the economist presents a set of proposals geared toward exploiting Russia’s surviving assets, such as skilled manpower and areas of scientific innovation, as the basis for an economic growth strategy in the coming century.

All the measures which Dr. Glazyev puts forward are the very antithesis of what was done under the “reform.” He captions his recommendations as a “transition to a mobilization economic policy,” which includes increasing central government control over currency and the banking system, orienting credit toward support for production, and fighting organized crime. These by no means represent a return to the Soviet system—as detractors will undoubtedly insist.

Ramifications

Genocide became available in English in December 1999, when *EIR* first released it. Several thousand copies are currently in circulation, many of them among policymaking circles in the United States and elsewhere.

The fact that the book carries a Preface by noted and controversial U.S. economist Lyndon LaRouche, undoubtedly raised eyebrows in these circles. LaRouche’s essay examines the systemic failures of economic policy worldwide, since the introduction of the floating exchange rate monetary system in August 1971. He suggests that Dr. Glazyev’s book will be useful in preparing the groundwork for the necessary worldwide reorganization of the monetary system, of which both Russia and the United States must be a part.

Now, with the election of Putin as President, as a reflex action for the defense of the Russian state, LaRouche’s point is all the more urgent to be taken up by leading circles in the United States. Dr. Glazyev’s analysis provides an indispensable education in how the best of Russian economists are thinking, and thus is a necessary guide to shaping U.S. policy for cooperation, not confrontation, in the months of financial crisis ahead.



Dr. Sergei Glazyev

Defending the Republic: work, not soup kitchens

by Denise Henderson

Harry Hopkins: Sudden Hero, Brash Reformer

by June Hopkins

New York: St. Martin's Press, 1999
271 pages, hardbound, \$29.95

Harry Hopkins is best known as the man who administered the work relief programs for President Franklin D. Roosevelt's administration during the Great Depression, and who, during World War II, was one of FDR's closest advisers, as well as his personal emissary on many diplomatic missions, including to the Soviet Union. Hopkins's career in the Roosevelt administration is excellently documented in Robert E. Sherwood's book *Roosevelt and Hopkins* (now out of print). But in this new contribution to the history of the Roosevelt era, June Hopkins tells the story of her grandfather Harry's early years, most crucially his years as a social worker and administrator in New York, through to his early years in the FDR administration as the Secretary of Commerce and administrator of the first New Deal work programs designed to alleviate the extreme hardship caused by the Depression.

Ms. Hopkins is currently an assistant professor of history at Armstrong Atlantic State University in Savannah, Georgia, and her work is part of The Franklin and Eleanor Roosevelt Institute Series in Diplomatic and Economic History.

Her valuable contribution is to demonstrate that the ideas of the New Deal did not just suddenly appear in March 1933, when Roosevelt became President, but that people like Hopkins had used and tested many of these ideas in their public service in New York City and New York State.

Hopkins had had 20 years of experience in dealing with poverty, and had come to several conclusions. One was that the most effective way to ameliorate poverty, was to eliminate disease, such as tuberculosis, which was why he was made head of the New York Tuberculosis Association in 1922. Another was that the combined efforts of private charity and business could never be enough under extreme conditions like those of the Great Depression.

This new biography reminds us that it was individuals in positions of leadership, who had a commitment to do good, to learn to respond to crises as they came up, who ensured the

survival of this nation through the Depression and the wartime mobilization. As Ms. Hopkins reports, one of Hopkins's associates (whose overall outlook Hopkins rejected in later years), John Kingsbury, "wrote that Hopkins had 'that rare quality of boldness of mind combined with vigorous and courageous action.'" And novelist John Steinbeck said that Hopkins's legacy to the American people was the idea that "human welfare is the first and final task of government. It has no other."

Ms. Hopkins had access to both Harry's public papers and to letters and other documents in her grandmother's collection. She reports that her grandmother, whom Harry had divorced in the 1920s, has a rather complete file of anything and everything about Harry. She also made extensive use of the papers of various key members of the FDR administration.

Service and salvation

Harry Hopkins was born in Sioux City, Iowa on Aug. 17, 1890. From his mother, Ms. Hopkins tells us, he developed an idea of religion which "demanded service to others as a prerequisite for individual salvation." He attended a liberal college called Grinnell, in Grinnell, Iowa, which was known for its high-powered, if somewhat eclectic, teaching staff. After graduation, in 1913, he moved to New York City, where he learned to take on challenges that might have dented the will and ability of others less determined than he.

His first job was as a social worker in New York for Christadora House, a private, Christian, faith-based charity house on the Lower East Side, where immigrants were crowded into tenement buildings, attempting to survive.

Ms. Hopkins does not mention what was probably the most important aspect of Harry's intellectual life, which is mentioned numerous times by Sherwood. Harry had an abiding love for the poetry of John Keats, and when he visited England, he visited the house in which Keats had written "Ode To a Nightingale."

From 1917 to 1922, when Christadora could not pay him a salary large enough to meet the demands of his growing family, Hopkins became assistant director of the American Red Cross's Civilian Relief, Gulf division (New Orleans and the surrounding area). Ms. Hopkins writes: "The Hopkinses' understanding of race relations in the South was certainly not enlightened. Their limited experience with African Americans almost ensured that they would absorb some of the local attitudes, and, although they never demonstrated overt racial bigotry, they did seem to accept the idea of a segregated society. It seems that they also temporarily adopted the paternalistic attitude so prevalent in the Deep South. Yet Hopkins's New Deal work programs always mandated equal pay for blacks, especially in the South, and he insisted that his programs be free of any racial bias. His extensive traveling during this period may have moderated the negative effects of southern racial attitudes. In addition, his early religious training surely mitigated against racial prejudice."



Roosevelt adviser Harry Hopkins in 1934.

A can-do approach

From his social work experiences, and as he became involved in city positions related to administration of funds for relief, and then in 1922-31, when he became the head of the New York Tuberculosis Association — which under his guidance, and with the backing of Gov. Franklin Roosevelt, became a nascent city public health agency — Harry learned that the key to alleviating poverty, disease, and other social ills, was political power. He outgrew the concept of private charity very early on, and was not enamored of the ideas of the British Fabian Society's Beatrice and Sidney Webb. He had no interest in British methods of dealing with poverty and unemployment, because they consisted of keeping the ordinary citizen down, and rejected the idea that the individual was entitled to a living wage for himself and his family through productive work.

The idea of "the Dole," as it was called in Great Britain, became anathema to him, as it was to many Americans. He always emphasized that what every American wanted to be able to do was *to work with dignity*, and to be able to provide for his or her family, not simply to receive handouts. Americans wanted to know that the work they were doing was useful and contributed to the development of their community. Britain's "bread and circuses" idea of the Dole, on the other hand — give 'em enough to barely survive, keep 'em amused, and cull the troublemakers out from the herd — became anathema to Harry.

In early 20th-century New York City, as Harry arrived on the scene, conditions of life were horrendous. In addition to the sweatshops and the overcrowded tenements, there was an ongoing "downward economic trend."

Ms. Hopkins reports that as early as 1893, "during a severe economic depression, trade union leader Samuel Gompers, head of the American Federation of Labor, had asked the New York City government to develop public works programs in order to alleviate hardships caused by unemployment, but was turned down." Gompers, says Ms. Hopkins, told New York's Governor that "labor wanted work, not soup houses." The labor unions had called for so-called make-work programs to be developed for just such hard times. But in 1893, Gompers's proposal was rejected.

But Hopkins, in 1915, was able to try such a program successfully, as the head of the Association for Improving the Condition of the Poor's Family Welfare Division, a program which revolved around the Bronx Zoo. Later, Harry was to use his New York programs to argue that there was a precedent for the work relief programs he began to administer under President Roosevelt.

But these alleged "make-work" programs, many times, were not such. That is, they usually employed the head of the family household, usually the male head, in public works such as road repair, building or repairing schools, hospitals, and so forth. In these early years of public relief efforts, unfortunately, the usefulness of such work was little understood. A further problem was that the unemployed could not, should not, and would not be used as cheap replacement labor for those already employed in similar work. That was one of Hopkins's firm tenets.

However, public works, as part of a safety net during difficult economic times, was little understood at that time, and so the argument was that private charities should dole out, and the business sector should employ these unemployed heads of household. But with the economy in bad shape, there was no way that business could absorb all of the unemployed.

Confronting this attitude, Hopkins quickly realized that the key was the government's role: at first on the city level, then the state, and finally the Federal, under President Roosevelt.

The New Deal years

Ms. Hopkins concludes her book with two chapters summarizing Harry Hopkins's early years in the Roosevelt administration. She quotes Hopkins in 1934: "We are going to meet this situation whatever it costs. We are going to take care of the victims of civilization. They are the first charges on our honor as a nation."

One of Hopkins's first measures in the Roosevelt administration was to make a regulation stating that charity would no longer be issued by private organizations. The need was too great, and the relief had to get out to the people immediately, and Harry knew that this could only be done with top-down supervision.

Harry became the head, first, of the Civil Works Administration, then of the Works Progress Administration. He administered millions of dollars in aid, and always made that

sure it got out as fast as possible to those who needed it. As he said in 1934, “When a house is on fire, you don’t call a conference, you put it out.” (It should also be noted that Harry died in 1949, in debt. The man who had administered billions of dollars for programs to provide work for Americans in desperate circumstances, died with not even a penny to his name.)

Ms. Hopkins reports on her grandfather’s can-do attitude, and his grasp of the fact that the political process was the way to get things done. My favorite story is the following, because it demonstrates Hopkins’s lack of fear of the unknown, his concern for the average citizen, and his determination to get things done:

“Hopkins demonstrated the nature of his administrative style—a style he later perfected in Washington—in 1928. He and his colleague, former health commissioner for New York City Dr. Haven Emerson, were walking past a worksite on 42nd Street where men were drilling in the roadway. Dr. Emerson mentioned that these men were very susceptible to a disease called silicosis because of the silica dust that arose while they were drilling. Although Hopkins did not know what silicosis was, he immediately got as much information as he could about the disease and set out to remedy what he saw as the workers’ needless suffering. He initiated a study of the incidence of the disease among city construction work-

ers. As a result of this study, within one year a vacuum device was developed that successfully eliminated the dangerous dust. Furthermore, silicosis was designated as a compensable disease under workmen’s compensation laws. Such was Hopkins’s rather straightforward method of dealing with an immediate problem—find out as much as he could about it, formulate solutions, and select alternatives.”

There was a problem to be solved; science was needed to define and solve the problem, and then the machine-tool builders were needed to create the equipment, and government was needed to implement other crucial measures.

I close with the following to emphasize just how living this history is today. In 1939, in a speech at his alma mater, “he told the young men and women of Grinnell, most of whom had experienced the hardships of the Great Depression, that ‘the government is going to treat people in ways we have never dreamed of before, and, therefore the government should be good.’ The government, as ‘the last stronghold of Democracy,’ deserved to be honored, he declared. ‘Don’t treat it as something to sneer at; treat it as something that belongs to you. We have got to find a way of living in America in which every person in it shares in the national income, in such a way, that poverty in America is abolished. There is no reason why the people of America should dwell in poverty. A way must be found, and a way will be found.’”

Video-Game Violence Turns Children Into Killers

A 14-year-old boy who had never shot a gun before, shot eight classmates with eight bullets. Police were stunned. How could he do it?

The boy was *trained*, by his addiction to video-game violence. From “Pokémon” to “Doom,” America’s children are being turned into monsters, who kill “for the fun of it.”

Schiller Institute founder Helga Zepp-LaRouche, in this 1 hour and 40 minute video, **The Mark of the Beast**, exposes the evil which is hitting everybody’s hometown—and to which most parents remain oblivious. She traces the decline of American culture since World War II, and links the insane strategic and economic policies of the financier oligarchy and its war-planners, to the mass brainwashing of youth by video and TV violence.

Speech to Schiller Institute conference, Feb. 20, 2000.

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The republican art of Honoré Daumier on exhibit at the Phillips Collection

by Bonnie James

Honoré Daumier, the 19th-century French artist, is most famous for his devastating caricatures of lawyers and judges — a subject which continues to strike a chord today. An exhibition of Daumier's works at the Phillips Collection in Washington, D.C. brings together for the first time in the United States, a comprehensive retrospective of Daumier's art. The 245 works, including 75 paintings, 57 drawings and watercolors, 39 sculptures, and 74 lithographs reveal Daumier as a serious artist, who shared many of the qualities of the great Spanish master Goya (1746-1828), whose work he would have known. Goya's famous "Third of May 1808," which dramatizes the brutality of Napoleon's troops against the people of Spain, as well as his caricatures of Spain's Bourbon King Charles IV and his family, provide a link between the

two artists: Not only did Daumier "take to the barricades" against the French Bourbons, and later Napoleon III, but the massacre of Spanish partisans by Napoleon's troops, so unforgettably portrayed by Goya, occurred in the year of Daumier's birth.

Honoré Daumier's life (1808-79) spanned one of the most politically turbulent periods in French history, and the events of that era are powerfully reflected in his work. He was at the center of the political conflicts of his day.

Daumier was born into a world which had been forever changed by the American Revolution, in which France's leading citizens played a significant role; no less important in shaping Daumier's world was the counter-example provided by the *failure* of the French Revolution, whose mobs, led by

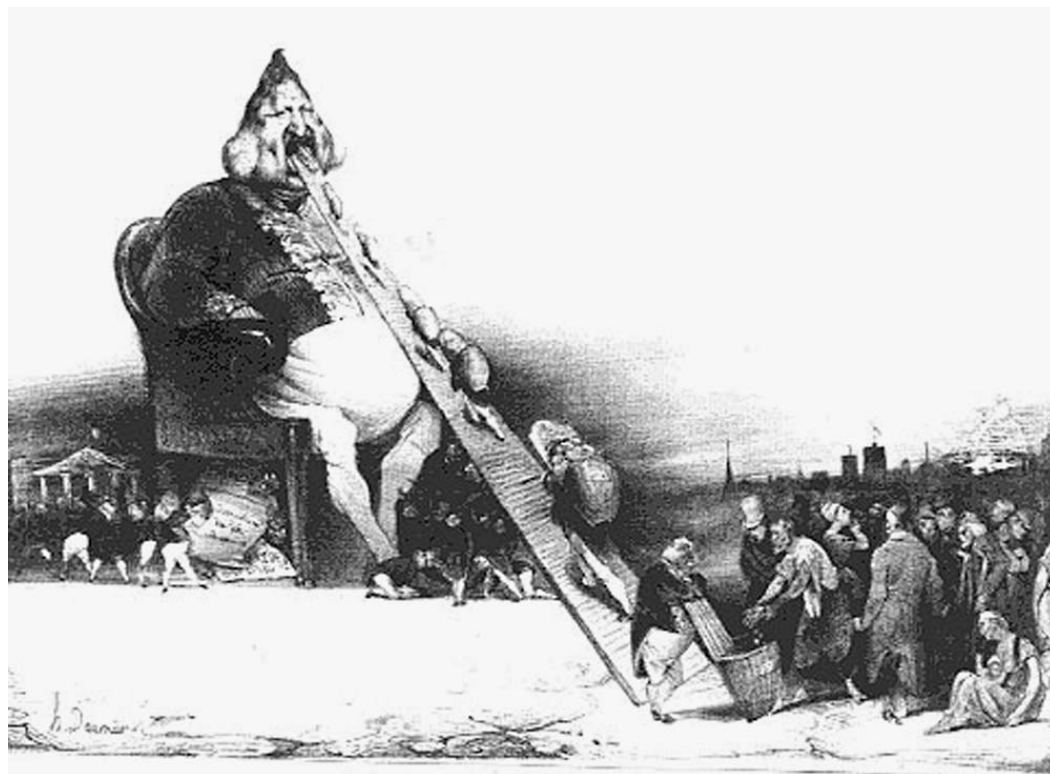


Figure 1. *Louis-Philippe as "Gargantua," the King as glutton, from François Rabelais's satiric masterpiece, Gargantua and Pantagruel.*



Figure 2.
 “A Famous Case.”
 Here, Daumier likens
 the courtroom antics of
 the lawyer to that of the
 carnival barker in “The
 Strongman” (Figure 3).

the mad Robespierre, and manipulated by British agents such as Talleyrand and the Duke of Orléans, meted out “justice” under the blade of the guillotine. The French republic literally lost its head.

It was a century of turmoil for France: from the collapse of Napoleon’s hollow empire and the restoration of the Bourbons, followed by the farcical “July Revolution,” which placed the clownish Louis-Philippe on the throne in 1830, to the bloody “revolution” of 1848, followed by the Second Empire of Napoleon III, itself brought down in 1870, and replaced by the short-lived Paris Commune and the horrors of the Franco-Prussian War of 1870-71. Through all of this, Daumier was at work, with his pen and ink, his lithographs, his paints, and his clay, leaving behind a treasure-trove of political commentary.

The King as a pear

Nor was Daumier a mere observer of these events. A passionate republican, he became an early master of the stone lithograph, which he used to mass-produce political cartoons for wide distribution; such cartoons were the most effective way to reach an illiterate populace. In 1830, Daumier, then 22 years old, was employed as an artist by the republican political journal *La Caricature*, and took part in the brief but violent “July Days,” which ended the reign of the hated Bourbon King, Charles X. Daumier’s devastating cartoons of his successor, Louis-Philippe, known as “Philippe Egalité,” and his so-called July Monarchy, hit their mark: To outflank the censors, Daumier began portraying Louis-Philippe as a large pear, which was immediately recognized by everyone as the King; it was also a pun—the French word “*poire*” also

means “fool.”

But it was Daumier’s cartoon of the “Citizen King” as “Gargantua” that provoked the biggest reaction (Figure 1). Here, Louis-Philippe is portrayed as the gigantic glutton from Rabelais’ *Gargantua and Pantagruel*: His tongue extends to the ground, as the little people climb up to deliver tribute into his enormous mouth, while out the other end, Gargantua/Louis-Philippe deposits medals and prizes for his favorite sycophants and courtiers. For such effective caricature, Daumier was sentenced to six months in the Sainte-Pélagie prison.

In 1835, when new censorship laws were introduced banning all political caricature, Daumier was forced to find new material. He turned to political and social satire—no less devastating in its incisive depiction of the follies and foibles of the French bourgeoisie, beginning with his series on “Married Life,” and “The Bluestockings,” which poked fun at the “feminists” of his day.

Satirizing the legal profession

The target at which Daumier aimed his most famous satirical arrows was the legal profession.

The issue of justice was at the heart of the republican agenda, and Daumier had learned at a very tender age to despise the hypocrisy of lawyers and judges. When Daumier was only 12, his father, a glazier by trade, and would-be poet, who had moved his family from Marseilles to Paris, apprenticed Honoré to a process-server, a profession which the elder Daumier apparently held in high esteem as one of importance and authority. This employment introduced Daumier to the environment so scathingly depicted by the great French nov-



Figure 3. “*The Strongman.*”

elist Honoré de Balzac, and later Charles Dickens, and which would play so important a part in his own later work.

In “A Famous Case” (**Figure 2**), Daumier likens the courtroom antics of the lawyer to that of the carnival barker in “The Strongman” (**Figure 3**). In numerous satirical renditions of the members of the legal profession, Daumier makes clear his contempt for their hypocrisy and disregard for justice (if you are tempted to draw parallels to today’s exemplars of this profession, you have understood Daumier’s point). In another work, “The Incriminating Evidence,” a knife and other objects on the evidence table are pointed to by a lawyer, while the judge ostentatiously ignores them, clearly having already decided the outcome of the case.

In perhaps one of Daumier’s most powerful evocations of the principle of justice, “The Pardon,” a lawyer stands in the foreground, while on the wall behind him hangs a painting of the Crucifixion, a reminder that justice must be associated with mercy and forgiveness—a lesson still to be learned today by those who insist on the Spartan “rule of law,” i.e., Shylock’s “pound of flesh,” rather than Portia’s “quality of mercy.”

A glimpse of his own personality

It is perhaps in Daumier’s preoccupation, beginning in the late 1840s and lasting until his death, with Miguel de Cervantes’ characters Don Quixote and Sancho Panza (**Figure 4**), that we find the truest expression of his own personality.

Many of Daumier’s compatriots became utterly demoralized by the failure to establish a French republic, and Daumier himself was ultimately afflicted by this pessimism. Much of his work, beginning 1848, veers toward the romantic; but in the *Don Quixote* series, we can see the artist grappling with the ironies embodied in Cervantes’ masterpiece: the tragicomic adventures of the “knight” Don Quixote, who wants to change the world and bring aid to those who suffer injustice, but whose madness prevents him from acting effectively; and his sidekick, the worldly Sancho Panza, who (like Louis-Philippe, perhaps) is too consumed by his own appetites to govern wisely, when given the chance.

Daumier returns again and again to this subject.

The exhibit at the Phillips Collection will run until May 14. The Phillips is located at 1600 21st NW, Washington, D.C. Admission is \$5.00 per person. For hours call (202) 387-2151, or visit their website at: www.phillipscollection.org.



Figure 4. *Don Quixote and Sancho Panza*, Cervantes’ famous characters, who personified for Daumier the failure of the French republican movement.

LaRouche campaign at center of battle for Voting Rights Act

by Michele Steinberg and Marla Minnicino

Thirty-five years after the Voting Rights Act was signed into law by President Lyndon Baines Johnson, the “new millennium” racists in the Democratic Party around Vice President Al Gore, former Democratic National Committee (DNC) Chairman Don Fowler, and current DNC Chairman Joe Andrew, threw the landmark civil rights provision out the window, with the help of Stone Age Supreme Court Justices Antonin Scalia, William Rehnquist, and Clarence Thomas. On March 27, at the request of the DNC, these Justices ruled that the Democratic Party can act as a “private club,” and can *refuse* to count the votes of Democratic voters, if the choice of those voters—in this case, 1996 pre-Presidential candidate Lyndon LaRouche—doesn’t please club leaders.

On Feb. 21, one of the great heroines of the fight for those voting rights, Mrs. Amelia Boynton Robinson, who has endorsed LaRouche for President in 2000, told a Presidents’ Day international conference of the Schiller Institute and International Caucus of Labor Committees in Reston, Virginia that the pen which President Johnson used to sign the Voting Rights Act, was filled “not with ink, but with the blood” of those who had died or had been wounded in the civil rights battle.

As reflected by Mrs. Robinson’s recent remarks and activities, the insane actions of the DNC and the Supreme Court against the Voting Rights Act have triggered a renewed fight among civil rights veterans to defend those rights, and significant support for the candidacy of LaRouche, who now remains as Gore’s only opponent. African-American leaders, including the most distinguished leaders of the 1960s Civil Rights movement, have stepped forward to demand justice for LaRouche, and are putting the DNC on notice.

The fight comes to Virginia

That fight came to the fore in Virginia on April 6, when, at a press conference in Norfolk, State Delegate William P. Robinson (D-Norfolk), a prominent African-American leader, blasted the state party leadership, and called for LaRouche to be included in the April 15-17 Virginia Democratic Caucuses. Robinson’s press conference was attended by Associated Press, the *Richmond Times-Dispatch*, the *Virginian Pilot*, and a local television station.

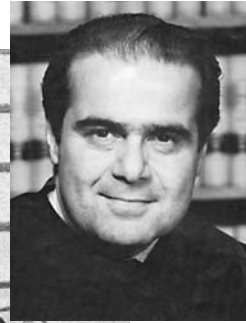
Robinson scored the exclusionary tactics emanating from the DNC, and “endorsed by the state Democratic Party in Richmond,” that have *removed* LaRouche’s name from the ballot as a candidate for the Democratic nomination. Robinson said:

“After careful review of the proposed ballot issued by the Democratic Party for use in the Virginia Democratic Caucuses, we find the aforementioned ballot remiss in one important area. It fails to list the candidacy of Lyndon LaRouche. This deliberate omission must be reversed before the voting commences on April 15.

“If we are to have a party that is both ‘inclusive’ and ‘democratic,’ this tactic of ‘exclusion’ . . . must be firmly rejected.

“The charges against Mr. LaRouche that he is racist, anti-Semitic, and not a *bona fide* Democrat, are preposterous. We have had years of experience dealing with Mr. LaRouche . . . and find these allegations worse than baseless. To our mind, the treatment being meted out to Mr. LaRouche and his delegates conjures up the image of Fannie Lou Hamer and the Mississippi Freedom Democrats. We found the behavior of the Democratic Party then to be reprehensible, and find it equally repulsive today.

“Also, we find the exclusion of Mr. LaRouche . . . to be



The U.S. Supreme Court has ruled that the Democratic Party is a "private club," thereby nullifying the Voting Rights Act of 1965. Shown here: During a voter registration drive in Selma, Alabama, which sparked the movement to enact voting rights protections, a sheriff moves to arrest black protesters. Inset: Supreme Court Associate Justice Antonin Scalia.

in strict violation of the Voting Rights Act of 1965. Mr. LaRouche has strong support in the minority community; to bar minority voters and delegate candidates . . . casts a shadow on the legitimacy of the entire election.

"If the Democratic Party, both nationally and here in Virginia, is to carry the election this fall, we must reject these 'divide and rule' tactics. We must unite all forces that have 'walked the walk' within all precincts of our own party on all issues of policy and personality. Only then can we regain the moral high ground and carry our party to victory. Now is the time to correct an egregious error by placing the name of Lyndon LaRouche on the Democratic ballot in Virginia."

Robinson was not alone. His statement was co-signed by an impressive group of elected leaders, labor officials, and civil rights, grassroots, and Democratic Party leaders, including State Sen. Louise Lucas (D-Portsmouth); Norfolk Southern Christian Leadership Conference President Anne Thornton; former member of the Virginia House of Delegates W. Ferguson Reid; E. Martin Jewell, former chairman, Richmond Crusade for Voters; Lorene Safavinia, Hampton Democratic Committee; Etta Johnson, former Secretary-Treasurer, Amalgamated Clothing Workers, Norfolk; A.C. Palmer, Executive Board, Portsmouth National Association for the Advancement of Colored People; Reginald Malone, Richmond School Board; Sequoia Jenkins, Chairman, International Association of Machinists, Local 97, Norfolk; Darold Kemp, Training Director, Operating Engineers Local 147, Norfolk; Ron Toran, Manager, Independent Classified Employees, Norfolk; and Dallas Proax, President, Transportation and

Communications Union Local 1090, Roanoke.

The news of the press conference and statement is expected to send a shock wave through the Democratic Party bureaucracy, both in the state, and nationally. Also attending the press conference with Robinson were Safavinia and Johnson, co-signers of the statement; Margaret Stanton, a nationally recognized freedom fighter who personally rescued thousand of Jewish families during the Nazi occupation of the Netherlands; and Stuart Rosenblatt, representing the LaRouche campaign.

When asked if he was endorsing LaRouche for President, Delegate Robinson made it clear that he is not endorsing anyone, but did not rule out a future endorsement. He emphasized again, however, that by excluding LaRouche, the Democratic Party is eroding its own power.

The other speakers wholeheartedly endorsed LaRouche, and indicated that they will be fighting through the April 15-17 Virginia caucuses to become delegates for LaRouche. Johnson emphasized that she and others had aggressively campaigned for civil rights, and that some had died for those rights. She was appalled by the Supreme Court decision and the denial of ballot status for LaRouche. "If they don't reverse themselves on these issues, they should change the name of the party," she said.

The LaRouche vote in Pennsylvania

The Norfolk press conference came just two days after LaRouche got more than 32,000 votes, 4.6% of the vote statewide, in the April 4 Pennsylvania primary. Prior to the elec-

tion, a 30-minute television advertisement about the economic collapse, entitled "Captain Alan Greenspan and the Great Steam-Boat Race of Y2K," had appeared on Public Broadcast Stations in five cities in the state; and on March 31, LaRouche had also addressed more than 200 supporters at a Philadelphia town meeting, which was hooked up by phone to town meetings in cities in Texas, Wisconsin, and Virginia, and also broadcast on LaRouche's campaign website (www.larouchecampaign.org) (see article, p. 67).

In many parts of Pennsylvania, especially black and working-class areas, LaRouche garnered far more than 5% of the vote: In York County, he polled 9.1%; in Philadelphia County, he polled 6.6%; in the town of Chester, he received 18.43% of the vote, and in nearby Darby Borough, LaRouche received 12.96%. (It should be noted that Bill Bradley's name remained on the ballot with Gore and LaRouche, even though he has withdrawn as a Presidential candidate.)

Results in Texas

Results in Texas, where the Democratic Party held Senate District caucuses on April 1, one day after LaRouche's town meeting webcast, were also significant.

The Texas Democratic Party was explicitly told by the DNC *not* to authorize delegates for LaRouche. But with the pressure of reality, strongly felt by poorer Texans living under the austerity regime of Gov. George W. Bush, and with the

total failure of Al Gore as a candidate to address *any issues*, the strong support for LaRouche made itself felt. In precinct caucuses, LaRouche delegates were elected to the state Democratic convention, which is scheduled for June 9-10.

This victory required no small amount of confrontation with the state leaders. And one of the most powerful weapons in the fight for LaRouche's votes was the presence of four members of an international delegation of observers, who, backing up the effort first launched at the Michigan caucuses in March, were there to record the truth about the treatment of LaRouche's campaign in the U.S. elections. Forming the Texas observers delegation were: Marino Elsevif, a prominent attorney and human rights advocate from the Dominican Republic; U.S. civil rights heroine Amelia Boynton Robinson; Dr. Christopher A'Tang from the Social Democratic Front of Cameroon; and Dr. Godfrey Lukongwa Binaisa, former President and former Attorney General of the nation of Uganda. The observers at the Texas caucuses, as those who monitored the Michigan caucuses, will be issuing a statement of findings that will be delivered to official human rights bodies around the world, including the Organization for Security and Cooperation in Europe.

In Senate District 17, the caucus chairman at first told LaRouche delegates who had been elected at a precinct caucus that they could only register themselves as "uncommitted," and not as LaRouche delegates. Delegate Harley Schlanger, who is one of the national spokesmen for the LaRouche campaign, challenged state party officials about these "jaybird" rules: "We were elected at precinct caucuses as LaRouche delegates. Are you going to disqualify those elections? Are you going to *disqualify* those precinct elections?" When a Democratic Party goon waved around a newspaper article about the U.S. Supreme Court ruling, Schlanger said, "Are you going to hide behind the robes of Rehnquist, Scalia, and Thomas?" Ultimately, LaRouche's name was allowed. At Senate District 13, after an aggressive intervention by LaRouche delegate Michael Maddi, the caucus parliamentarian admitted that the exclusion of LaRouche violates party rules!

But, even as some headway was made in Texas, DNC puppets in South Dakota were declaring that LaRouche will *not* be on the ballot at the April 7-8 caucuses, despite the fact that LaRouche supporters had elected a 13-person slate at the March 25 Senate district caucus, where they reportedly had as many Democratic participants as Gore!

With the caucuses and primaries remaining, there is a good chance that LaRouche, in any fair election, will garner hundreds of delegates, and will open a debate inside the Democratic Party that could revive the legacy of Abraham Lincoln, Franklin D. Roosevelt, and John F. Kennedy. To do that, will require the American people to stop acting like sheep and *vote*, and not leave the business of governing to only the wealthiest 20%. That, is the LaRouche campaign's "secret weapon."

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LaRouche to Democrats: Break the fix and take back the party

by Nancy Spannaus

In an address to more than 200 supporters in Philadelphia, and 200 more around the country, on March 31, Democratic Presidential pre-candidate Lyndon LaRouche challenged his party's base to mobilize to break the current election fix, and take back the party for the "general welfare" policies of Franklin Delano Roosevelt and the U.S. Constitution.

LaRouche's hour-long address focussed on two issues, as he summarized at the beginning. First, he addressed the fact that a radical change had occurred in the political situation over the preceding week and a half—namely, the public recognition in the United States of the fact that the financial bubble is about to burst. And second, he took on the question of "what's wrong with the American people," that they would tolerate the election "fix" which is currently in the works.

How the game is rigged

Now, even Wall Street is admitting that the bubble is going to burst, LaRouche argued, and this is going to bring down the facade of prosperity which Americans, all the way up the President, are so hysterically clinging to. But, if this happens, without a fundamental shift in the pattern of political participation in the United States, now confined primarily to the top 30% of income-brackets, the results will be disaster. As he put it:

"The game is: If, given the kind of parameters I just described about voting patterns in the United States, if Al Gore were to be nominated, as was deemed likely, at the Democratic convention in August, and if a financial crisis were to bust, a real Hoover-style crisis, were to bust in September or very early October, guess what would happen in the election?

"The Gore base would disappear. And the Bush base, which is about the same composition as the Gore base, but of a different temperament, would go in like Herbert Hoover. That is the Republican war plan from behind the scenes for this election.

"Now if Wall Street decides it's going to go that way—it's going to go that way, as of now. Therefore, Wall Street, which is backing Bush as their preferred candidate, and using Al Gore for nuisance value, can pull the string on Gore any time they want to. Now, there are certain limitations, because they don't entirely control the process.

"So, that's the game. So, anybody who is thinking that Al

Gore is a shoo-in for the Democratic nominee, and thinks that Al Gore, even with Clinton's backing, could win the Presidency in November, is wrong."

LaRouche blasted the actions of the Democratic Party, in conjunction with the neanderthal U.S. Supreme Court, in contributing to the election fix, through their racist nullification of the Voting Rights Act. This action has gone a long way to sending the Democratic Party down to defeat, unless it is politically reversed.

What's wrong with Americans?

But, to reverse the situation, LaRouche continued, we have to reverse the voting trend in the United States, in order to bring back into the process, those who have left in disgust. Today, he said, Americans are acting "like the Romans," and treating politics like the bread and circuses which the oligarchy serves up to the mob.

"Now the only chance of saving this nation, lies in getting the people to stop this bread-and-circuses game, to get back into politics, and go in and swamp that 20% of upper income-brackets, move into the ballot box, take it back again. Take back the clubhouses and take it back."

LaRouche proceeded to give his listeners a lesson in American history, pointing out the contrasting traditions of the republicans (Democrat and Republican), and the racists. What is crucial, he stressed, is that citizens reject the role of the Roman mob, and begin to take responsibility as individuals made in the image of the Creator. In this context, he cited the words of President James Monroe's first inaugural address, where he said:

"It is only when the people become ignorant and corrupt, when they degenerate into a populace, that they are incapable of exercising the sovereignty" given to them. "Usurpation is then an easy attainment, and an usurper soon found. The people themselves become the willing instruments of their own debasement and ruin. Let us, then, look to the great cause, and endeavor to preserve it in full force. Let us by all wise and constitutional measures promote intelligence among the people as the best means of preserving our liberties."

President Monroe was echoing a tradition that goes back to Solon of Athens, LaRouche said, and that is the tradition which we must revive today. It is his role, he said, to inspire leadership, like that shown by Martin Luther King, so that the "have-nots" mobilize to take the measures necessary to restore the republic.

"We would hope that finally on this planet, we can bring forth, not good things, such as the things that Monroe and Lincoln or Solon earlier brought about; but this time we hope we can not only achieve good things and bring the nation back to itself, but that we can mobilize and engage the people in that to such a degree, they will not go back to their old, wicked ways, and play the game of bread and circuses all over again, as we've almost destroyed this nation with such folly today."

'Sovereignty, above all,' says Peru's Ricketts

The following statement by Peruvian journalist and former Minister of State Patricio Ricketts Rey de Castro, on U.S. government interference in the Peruvian elections, was read at a press conference of Lyndon LaRouche's Presidential campaign, in Houston, Texas, on March 30. Entitled "Sovereignty, Above All," it was also read on Peruvian television on March 31:

It shouldn't surprise anyone that the White House sticks its nose in the Peruvian elections. Its impertinence has become universal. And it persists as a bad habit. Wherever it should not get involved, there you will find it. From one corner to the other. With as much arrogance as stupidity. Except, of course, where it should be concerned, which is in its own house. The United States, which has set itself up as the unappealable arbiter of what is and what is not democratic, is laughable. Because it sees the mote in someone else's eye, while it has a beam in its own.

And what a beam! White House occupant Mr. Clinton was elected by 43% of the vote, in an election in which half the electorate preferred to turn their back on the process. Thus, Clinton won as much electoral support as did [former UN Secretary General] Dr. [Javier] Pérez de Cuéllar [who ran for President against Fujimori in 1996] in Peru. And they tell us that his victory was not only legitimate, but overwhelming!

'Extreme hypocrisy'

But let us look, if you will, at the current electoral process in the United States. And at the high levels of democracy to which the White House would like to elevate us. What does the campaign committee of Democratic Party Presidential candidate and economist Lyndon LaRouche, who has been called the American Sakharov for his persistent dissidence, think? It says that the electoral process in the United States has become "a mockery of all internationally recognized standards for free and fair elections in a democracy." And what, in LaRouche's judgment, do the repeated observations of the State Department about supposed electoral deficiencies in other countries prove? Only this—and I quote him: "the extreme hypocrisy of these pronouncements."

Shameless manipulation

Not content with personally denouncing electoral manipulation in the United States, LaRouche has, over the past few

days, invited several independent and knowledgeable national and international observers to take note of what is going on. A former President of Uganda, and various American, European, and Asian personalities, went to Detroit.

What did they find there? That the Democratic Party refused to recognize LaRouche's pre-candidacy, despite his having won the January primary in the state, and presented thousands of signatures of support. What did the authorities of Clinton's party adduce? That by virtue of being an independent organization, that party could do whatever it felt like. And what else was witnessed? That at one site, people voted with hands raised, publicly, while at another, the voters formed two lines: one for Al Gore and one for his main rival. Of course, there was no line for LaRouche. He wasn't even permitted. Nor was there any secrecy to the election. And what percentage of the citizenry participated in that electoral act, which we Peruvians should take as a democratic model? One percent! And what does the democratic U.S. press say about this, that we should also imitate? Absolutely nothing! Of course, what was observed in Detroit is not the exception, but the rule.

Non-governmental organizations

As has already been indicated, this electoral manipulation has produced—according to LaRouche's campaign committee—one of the greatest abstention rates in the world. And, we would add, anomalies such as Ross Perot, the candidate who obtained 28% of the popular vote and not a single electoral vote. Not one!

Nevertheless, the White House is worried about the mote in our eye, and not the beam in its own. And the State Department pompously announces that it supports the critics of the Peruvian elections. Why shouldn't they support them, since many of those critics are their own, generously financed boys? Plus, there are the non-governmental organizations, which should perhaps call themselves the para-governmental organizations, remote-controlled by lobby groups at the service of their mentors' often hidden interests.

Fundamental conclusion

And so we are observed, up close, by the White House. It's not a matter of losing sleep over it, but rather to reach a conclusion. The great theme of this election and of those across the continent is not employment, nor the economy, nor education. It is sovereignty, without which we would not be a country. We wouldn't be anything. And we would not be in any condition to seek any solutions to any problems.

And so, we are grateful to the White House which, unwittingly, reminds us that, under so-called globalization, sovereignty has not only *not* gone out of style, but is more necessary than ever. Without it, we would be serfs, not citizens with rights. We hope that nobody forgets this on April 9.

'Battle of Seattle' comes to Washington

by Our Special Correspondent

As we go to press, representatives of 405 organizations from around the world—some of whom are well-known terrorists—are beginning to descend by the thousands upon Washington, D.C. for a “Mobilization for Global Justice,” directed against the April 15-17 meeting of the International Monetary Fund (IMF) and World Bank.

These are the same groups that tried to shut down the World Trade Organization (WTO) meeting in Seattle, Washington on Nov. 30-Dec. 3, 1999. As *EIR*'s eyewitness correspondent reported at that time, while many of the 30,000 participants there truly believed that they were protesting IMF/World Bank/WTO genocide, they were essentially shells for ecological-terrorist groups like Earth First! Also present in Seattle were terrorists from other international organizations, primarily based in Britain.

One British group, Reclaim the Streets, staged violent street actions in Britain, including in the City of London financial district (where they nearly burned down a train station), at the same time as the Seattle mayhem, while British members of Earth First! were committing violence in Seattle.

A temporarily overwhelmed Seattle Police Department used tear gas, pepper spray, and rubber bullets to combat terrorists wearing ski masks, who attacked the police and destroyed property, during the opening moments of the WTO session. The hard-core rioters in Seattle had staged a week of training and planning at a site north of the city, bankrolled by the Ruckus Society and such “Daddy Warbucks” of the eco-terrorist international as Ted Turner. The same agencies have been engaged in months of preparation for an even bigger disruption of the IMF meeting in the nation's capital.

As the Internet edition of Earth First!'s journal reports, Seattle was just the “coming-out party” for the groups that will now converge on Washington. The journal issues a call to arms: “Your presence in Washington is needed! The finance ministers and international bureaucrats who shape the world economy to make the rich richer and the poor poorer need to know that Seattle was not just a bump on their road to global domination. . . . The IMF and World Bank are in many ways the ‘parents’ of the WTO.” The journal also welcomes the participation of the AFL-CIO.

The misbegotten role of organized labor

According to sources at the AFL-CIO, President John Sweeney has approved an array of demonstrations during the

April 9-16 period, which will only add to the strain on the overstretched police forces of the nation's capital. These include:

April 9: Some 5-10,000 members of the AFL-CIO and the international organization known as Jubilee 2000, will form a chain around the White House, Capitol Hill, and the International Monetary Fund and World Bank, ostensibly to call for the alleviation of Third World debt. While many of the demonstrators will be students, trade union rank and file, and others who legitimately want to see the Third World debt crisis alleviated, the top officials of this gathering are far more jaded. Jubilee 2000 co-founder Ann Pettifor, from Britain, according to investigation by *EIR*'s European bureau, advocates the “privatization of the IMF” and *opposes* immediate debt relief. She is an ally of British Prime Minister Tony Blair. One of the chief supporters of Jubilee 2000 is Harvard economist Dr. Jeffrey Sachs, who helped George Soros impose IMF shock therapy throughout the former East bloc, and now quibbles with how well the IMF has imposed austerity conditionalities.

April 12: Ten thousand members of the AFL-CIO will arrive in Washington to pressure Congress not to pass normal trade relations with China.

April 13: United Steel Workers of America President George Becker will lead 1,800 USWA members in a candlelight vigil to alleviate Third World debt, in Lafayette Park across from the White House.

April 16: With the permission of AFL-CIO President Sweeney, several AFL-CIO affiliated unions—e.g., the American Federation of Government Employees—will join in a “permitted rally” occupying the Ellipse to the south of the White House lawn. Other participants will include the anarchistic AIDS advocacy group ACT UP, Pax Christi, and Essential Action. This rally will occur at the height of efforts to use “direct action” to close off Pennsylvania Avenue to the north of the White House, while other “direct action” affinity groups seek to block delegates from attending the IMF/World Bank meeting.

The Seattle model

EIR investigations to date have discovered that a “Spokes Council,” composed of members of 15 or more working groups, have been planning how to bring the “Battle of Seattle” to Washington, using the same model of non-hierarchical leadership that was employed in Seattle. This model is based on “affinity group” networks, operating autonomously.

Apart from the convergence site, where the groups will be given training in “non-violent action,” they will also be briefed on preparations that include: a field hospital for those injured by clashes with the police; soup kitchens to feed the troops; legal aid supplied by the National Lawyers Guild (NLG) and related groups, as in Seattle; and, a bicycle brigade to avoid surveillance in the conveyance of messages and scouting for intelligence on police deployments.

Momentum grows in Pennsylvania for a moratorium on executions

by Marianna Wertz

The movement for a moratorium on executions continues to spread nationwide, in the wake of Illinois Gov. George Ryan's Jan. 31 announcement of a two-year moratorium in that state, following the release of 13 innocent men from Illinois's death row in recent years. Proponents of a moratorium in Pennsylvania, where legislation was introduced a year ago calling for a two-year moratorium, are planning a rally on April 15 at the state capitol in Harrisburg, to urge passage of that legislation now.

The legislation, Senate Bill 952, was defeated in 1999, but was reintroduced and gained new momentum after the Illinois moratorium was announced, as former Pennsylvania Attorney General Ernie Preate, Jr. indicates in the accompanying interview. Preate, who was once the leading advocate of capital punishment in Pennsylvania, has become a leader

in the moratorium fight. He organized a hearing on SB 952, on Feb. 22 before the Senate Judiciary Committee.

Also having an impact on the Pennsylvania battle is the passage on Feb. 10, just after Governor Ryan's announcement, of a resolution by the Philadelphia City Council, calling on the Pennsylvania state legislature to impose a moratorium, "until a study of the legal, political, racial, economic, moral, and ethical problems surrounding the death penalty are fully resolved and the policy of state execution can be certified as a legal, just, and humane form of capital punishment."

That resolution was introduced by Councilwoman Donna Reed Miller, with whom *EIR* spoke on March 23. Miller said that passage of a moratorium in the state legislature would be "a real uphill battle," but that there is a broad range of support for it in the state. "When it comes to life and death issues,"

The Philadelphia City Council resolution

Whereas, the death penalty is an extreme, irreversible act of violent punishment carried out by the representatives of our government; and

Whereas, the American Bar Association, the Pennsylvania Bar Association, and the Philadelphia Bar Association have all called for a moratorium on the death penalty; and

Whereas, every nation in Europe and the vast majority of the democratic nations of the world have abolished the death penalty and now the United Nations Human Rights Commission has called for an international moratorium on executions; and

Whereas, almost 90% of the people sent to death row from Philadelphia are people of color; and

Whereas, more than 90% of the people on Pennsylvania's death row are indigent and cannot afford private counsel. The quality of counsel for the poor in Pennsylvania capital cases has been characterized as a "problem of

major proportions" by a joint task force of Pennsylvania state and Federal courts; and

Whereas, almost 70% of the inmates on Pennsylvania's death row are people of color, giving Pennsylvania one of the highest percentages for people of color on death row in the nation; and

Whereas, two of the nation's foremost researchers on race and capital punishment, law professor David Baldus and statistician George Woodworth, conducted an exhaustive study of Philadelphia's death sentences which revealed that the odds of receiving a death sentence in Philadelphia are greater if the defendant is African American.

Now, therefore, **be it resolved** that the City Council of Philadelphia calls on the Pennsylvania Legislature to enact legislation which results in a two-year moratorium on executions and the signing of death warrants in the Commonwealth of Pennsylvania. We call on the Pennsylvania Legislature to conduct a fair and impartial study of the application of the death penalty. We call for a moratorium to remain in place until the legal, political, racial, economic, moral, and ethical problems surrounding the death penalty are fully resolved and the policy of state execution can be certified as a legal, just and humane form of capital punishment.

she said, "I think we do have to slow down and really take a look at what's going on here."

The resolution (see box) cites the targetting of the poor and minorities for capital punishment, and points to its rejection by the majority of democratic nations around the world.

Both Preate and Miller told *EIR* that they thought the moratorium issue should be raised in the Presidential debate, as Lyndon LaRouche, a life-long opponent of capital punishment, alone among the candidates, has done.



Donna Reed Miller

Interview: Ernie Preate, Jr.

Former death penalty backer urges moratorium

Ernie Preate, Jr. was Attorney General of Pennsylvania during 1989-95, and District Attorney of Lackawanna County during 1978-89. As District Attorney, Preate supported the creation of the Pennsylvania Death Penalty Statute in the late 1970s. During the 1980s, he not only spoke out in favor of capital punishment, but also, as District Attorney, sought its application in seven cases; in five of those cases, juries rendered the death penalty. As Attorney General, Preate successfully argued the constitutionality of the state's death penalty statute before the United States Supreme Court. As chairman of the Criminal Law Committee of America's Attorneys Generals, he wrote a 272-page book, The Prosecution of a Death Penalty Case, and was a frequent lecturer in support of the death penalty in national prosecution training sessions and on panels in the American Bar Association and the Pennsylvania Bar Association.

Then, in 1995, Preate's life changed. He pleaded guilty to Federal mail-fraud charges involving \$20,000 in campaign contributions, and served one year in a Federal prison in Duluth, Minnesota. That same year, the American criminal justice system, particularly as it affected capital cases, began to undergo a vast change, with passage of the Anti-Terrorism and Effective Death Penalty Law, and other measures enacted by the Gingrich Congress.

In this interview, Preate, now a lobbyist in Scranton,

speaks about what changed his view of capital punishment, and why he is today a leading spokesman in the movement for a moratorium on executions in America. He organized testimony for the Feb. 22 Pennsylvania Senate hearings on SB 952, which would impose a two-year moratorium, and delivered testimony himself, which he summarizes here. Preate was interviewed by Marianna Wertz on March 27.

EIR: I first read about your recent testimony for a two-year moratorium on executions before the Pennsylvania Senate on the website of the Death Penalty Information Center. What is it that made you change your mind?

Preate: It's in my testimony. There's been a change in the rules, basically, from where we were when we established the death penalty in Pennsylvania in the late 1970s, and amended it a couple of times in the '80s.

EIR: What do you expect to happen in the legislature with respect to SB 952?

Preate: We're expecting that we will get, this year, funding to set up a capital resource center for death-row defendants. We're looking for funding in the neighborhood of \$500,000. That's going to be important, because there isn't one existent now. The Federal funds were gutted in 1997. They had a dozen of them around the United States, and they were all de-funded.

EIR: Will there be any action on a moratorium per se?

Preate: I don't know. That's a big political question. People are saying nothing is going to happen, but circumstances can change to make it happen, as they did in Illinois.

EIR: Right, which sparked everything else.

Preate: So, what looks like it might be slim to attain right now, could, in a year, turn out to be very attainable. You don't know. In the meantime, we're going to be pursuing the creation and funding of an appellate capital resource center. We're also going to be pursuing passage of a DNA law similar to that which Illinois and New York have.

EIR: So, this is along the lines of the Innocence Protection Act of 2000 at the Federal level?

Preate: That's exactly right. It's Senator [Patrick] Leahy's [D-Vt.] Innocence Protection Act.

EIR: Have you spoken with Governor Ridge about this?

Preate: No.

EIR: I know that Governor Ridge was interviewed on the issue last week, and he said that he opposes a moratorium. So, even if it passed, he would not sign it.

Preate: Well, again, we're just in the beginning stages. The bill (SB 952) was just introduced last spring, not even a year ago. We had one vote on it; it was turned down.

EIR: So it predates Illinois.

Preate: Exactly. There was a vote on it in the Pennsylvania Senate. It was sponsored by Sen. Edward Helfrick and co-sponsored by Sen. Vincent Fumo and three others. It was bipartisan. It came up for a vote in October and was defeated 41-8. However, they amended it on the floor, and they said, all right, we'll take off the moratorium and let's have a study of the death penalty, and that garnered 20 favorable votes, out of 49.

Then, after that, there was a lot of phone calls, a lot of letters written, a lot of visits made to legislators, a lot of prayers were said, and finally, in December, Sen. Stewart Greenlee, the chair of the Senate Judiciary Committee, announced that he would have a hearing in February.

Now, you have to get the sequence of this. In January, Illinois took place. So, we were well along, before Illinois took place. That gave us new momentum.

Then, I was asked by Senator Helfrick to put together a list of witnesses and to gather these people, so that they could present testimony at the Feb. 22 hearing. And I did. I brought some very compelling testimony forward, from people such as Anthony Cardinal Bevilacqua—the first time a Roman Catholic Cardinal has ever testified before the Pennsylvania legislature.

I brought forward Prof. David Baldus, from Iowa, who had done a study of the death penalty in Philadelphia in the last decade, and found that if you were black and poor, you were four times more likely to get the death penalty, than a white person. He had done an initial study of the death penalty and found it racially and economically skewed against poor and blacks and Hispanics.

I brought forth Prof. Larry Marshall, from Northwestern University Law School, who was one of the lawyers for Anthony Porter, who was freed from Illinois death row last fall. The crux of his testimony was that he thought Illinois had a great regime of laws and cases that would allow the court system to discern whether an individual was factually innocent and received a fair trial. That's what he believed, he said. So, all of a sudden, in the 1990s, all these people were being freed, not by the court system that he thought was infallible, but by journalism students, by newspaper reporters, by DNA testing.

We had two witnesses who testified from Murder Victims Families for Reconciliation. Bud Welch from Oklahoma City—his daughter was killed in the bombing there. He testified that he was opposed to the death penalty. We also had



Ernie Preate, Jr.

Jane Seigel Greene, Executive Director of Barry Scheck's The Innocence Project. She testified about the numbers of people who are factually innocent on death rows around America, and about DNA in particular, how important that is, to clear [someone charged], and also to make sure that you've got the right person. It works both ways.

EIR: Do you still support a death penalty?

Preate: Well, I don't talk in those terms anymore, whether I support a death penalty or not. I suppose that my position is best described as saying that, if we do not take steps to ensure the fairness of death penalty cases, that there's no racial or class bias in these cases, and that people have the opportunity to present all their evidence and have these issues reviewed by the appellate courts, instead of being *blocked* by the appellate courts; if we don't do all of those things, then we shouldn't have the death penalty, because we can't be certain that we're *not* going to execute an innocent man.

So, what happened, in my view, is that we started out with a death penalty statute, and some appellate procedure statutes, that were to allow the courts to do the kind of oversight review that would ensure that the individual got a fair trial, and that this is the right individual, he's factually guilty. But we *changed the rules*, in the mid-1990s. With the passage of the Anti-Terrorism and Effective Death Penalty Law, in 1995, as the result of the hysteria over the Oklahoma City bombing—

EIR: And the new Congress—

Preate: And the new Congress, as a result of that, we had so gutted Federal *habeas corpus*, that it's almost non-existent now. It's very hard for the Federal courts to perform their normal oversight role on state death penalty cases.

At the state level, in Pennsylvania, as in other states, with the mid-1990s, they passed companion legislation, which effectively gutted state *habeas corpus*. The effect of these statutes was to impose inordinately short time limits for filing of appeals. It imposed technicalities of filing, procedural bars, new rules on waiver of issues. The combination of all that was to effectively gut the ability of a court, state and Federal, to *hear* claims of factual innocence, to hear claims of substantial due process prejudice.

Then, on top of that, the one group of people that were bringing these kinds of cases to the state and Federal courts, were these capital resource defense centers, and they *defunded them*.

So, these people, who are poor, mostly black and Hispanic, with an average sixth-grade education, are now thrown into this minefield of time limits, procedural bars, and waivers, without anybody to guide them. And they have to do it on their own.

EIR: The forgotten men and women.

Preate: The forgotten men and women. That's why I think we need to have a moratorium.

EIR: Politically, the real change that has occurred in recent months, which seems to also be shifting popular opinion on this issue, is that Republicans (including Illinois Gov. George Ryan) and Catholics have been taking a stand against the death penalty. And that has shifted the political perception as to who opposes it.

Preate: Yes, and I think that a lot of credit has to go to the Pope, who has in recent years, forcefully and publicly, repeatedly—all three words: forcefully, publicly, and repeatedly—expressed opposition to the death penalty, no matter what, without any exceptions.

Two years ago, when we were just talking about this moratorium, when he spoke in Rome and he spoke in Missouri, and he asked the Governor to pardon that one individual [Darrel Mease], and the Governor did—do you remember that?

EIR: Sure, we wrote about it at the time.

Preate: He came to America for 24 hours, and the one thing that everybody remembers about it is that he asked the Governor to pardon the guy on death row. So, my thinking is that when the Pope took such a public and courageous stand, it was probably shocking to a lot of Catholics.

But the leadership of the American Catholic Conference,

that is, the cardinals and the bishops, they had to take their cue from the Pope. So, you started to see, in the last several years, more and more statements from cardinals and bishops around the United States, stating their opposition to the death penalty.

EIR: Let me ask you about the Presidential elections. You know I support Mr. LaRouche's campaign.

Preate: Right.

EIR: Both Vice President Al Gore and Texas Gov. George W. Bush support the death penalty—Bush in a very obvious and open way. Clinton came into office executing a man who was mentally retarded. Gore has, as far as I know, never spoken out on the issue, but I presume that he takes the same stand as Clinton. What do you see about the importance of getting this issue before the voters? Mr. LaRouche has opposed the death penalty his entire life, and made it an issue politically.

Preate: And rightfully so. It's right and proper for this issue to be a part of the national debate, because it goes to the heart of fairness and equality and compassion in our justice system. People forget that the justice system is supposed to not just dispense justice, but also dispense mercy. It's not just punish-

Scalia, 'vox populi,' and the death penalty

In a 1992 death penalty case, *Morgan v. Illinois*, U.S. Supreme Court Justice Antonin Scalia, joined by Clarence Thomas and William Rehnquist, invoked the Roman imperial concept of *vox populi* for the right to murder. The case involved an Illinois trial, in which the trial judge excluded from the jury, individuals who said they would automatically impose the death penalty, if they found the defendant guilty. The majority of the Supreme Court upheld this decision, saying that a juror who would automatically impose the death penalty was not impartial. Scalia, Rehnquist, and Thomas dissented, saying that "an Illinois juror who would always impose the death penalty for capital murder was not 'partial' for purposes of the Constitution's Sixth or Fourteenth Amendments."

In his dissent, Scalia displayed his Roman imperial (fascist) mind-set, in denouncing the Court's earlier abolition of the death penalty:

"Sixteen years ago, this Court decreed by a sheer act of will, with no pretense of foundation in constitutional text or American tradition, that the People (as in We, the

People) cannot decree the death penalty, absolutely and categorically, for any criminal act, even (presumably) genocide; the jury must always be given the option of extending mercy. *Woodson*, 428 U.S., at 303-305. Today, obscured within the fog of confusion that is our annually improvised Eighth-Amendment, 'death-is-different' jurisprudence, the Court strikes a further blow against the People in its campaign against the death penalty. Not only must mercy be allowed, but now only the merciful may be permitted to sit in judgment. Those who agree with the author of *Exodus*, or with Immanuel Kant, must be banished from American juries not because the People have so decreed, but because such jurors do not share the strong penological preferences of this Court. In my view, that not only is not required by the Constitution of the United States; it grossly offends it."

Scalia supplies a footnote: "See *Exodus* 21:12 ('He that smiteth a man, so that he die, shall be surely put to death'); I. Kant, *The Philosophy of Law*, 198 [1796] (W. Hastie, trans., 1887) ('[W]hoever has committed Murder, must die. . . . Even if a Civil Society resolved to dissolve itself with the consent of all its members[,] . . . the last Murderer lying in the prison ought to be executed before the resolution was carried out. This ought to be done in order that every one may realize the desert of his deeds. . .')." "

ment, it's *justice*. It doesn't say the punishment system, it says the justice system. And justice involves an evaluation of all factors, including compassion and mercy. We forget that. We think that the justice system is all pure punishment and vengeance, an eye for an eye. That is not what our justice system is about.

Our Founding Fathers specifically set up a commutation process, giving to the President and to the governors, as part of their supreme executive power, the power to commute, the power to dispense mercy. It seems to me that the system has failed to exercise the mercy part, the compassionate part, that is such an integral part of it. It has ignored it.

EIR: What you've said is very, very important.

Preate: Why?

EIR: Because there are very few people in this country who have done what you've done and then thought through the consequences of it and publicly made clear that you were wrong and now what you are doing is right.

Preate: I don't profess to be a leader. Like Mr. LaRouche, I went to prison.

EIR: Yes, I know. So did my husband.

Preate: So, you know the pain that we've all felt about our justice system. And we've seen it from the inside, and it is not a pretty picture. I saw that first-hand. So did my family.

EIR: Where were you in prison?

Preate: I was up in Federal prison camp in Duluth, Minnesota. They took me as far away from my family as they could possibly get me. I didn't mind going to jail, I had to do the time. I violated the law, I admitted it, I accepted personal responsibility for it. I filed an incorrect campaign expense report, under \$20,000. I did a year in prison for that. When I got to prison, the guys laughed at me. They said, you did what? These are all guys doing time for robbery and drug-pushing and drug-smuggling. And they were reading at the same time about Clinton and Gore violating the election laws to the tune of tens of millions [of dollars].

EIR: Well, you can imagine what happened to LaRouche and his associates, who were innocent.

Preate: Sure, I'm not trying to maximize my situation. But, when they put me out at Duluth, 1,500 miles from my family, they punish my family then.

EIR: A lot of people in your situation just shut their mouths and stop doing anything, because of fear. You didn't, so that's why I think it's important.

Preate: I think it's incumbent upon us that when we see the republic being threatened, that we have to speak up. Because the course on which we are now going has grave social consequences.

Al's pal Tony Coelho, and 'honest graft'

by Scott Thompson

Former Rep. Tony Coelho (D-Calif.), now the general chairman of Vice President Al Gore's bid for the Democratic Presidential nomination, may soon face prosecution. According to an article by Bill Hogan in the March 23 *National Journal*, a team of "criminal investigators-special agents" (the official designation of the investigative team under Brian Hess) from the U.S. State Department Office of the Inspector General (OIG) is conducting an investigation of Coelho that may lead, in the near future, to a referral to the Department of Justice for criminal prosecution.

Before examining the current charges that are being investigated by the OIG team, having to do with Coelho's role as General Commissioner (with the rank of Ambassador) overseeing U.S. participation in the 1998 World Exposition in Lisbon, Portugal, it is important to situate Coelho's amorality as a politician. It is this guttersnipe quality that has made him "thick as thieves" with Gore.

Joining the House of Representatives in 1979, Coelho has played a key role in destroying the FDR-JFK constituency base of the Democratic Party. Before he "skipped town" in 1989 in the face of serious ethics charges, Coelho had built a money-making juggernaut that turned politics into a business of selling "access" to the wealthiest corporate and individual "special interests," rather than mobilizing the traditional Democratic constituencies among the disenfranchised lower 80% of the family-income brackets in the United States. Coelho unabashedly stated that he viewed politics as "a business," according to *Wall Street Journal* writer Brooks Johnson, in his book *Honest Graft*. Such an outlook has made Coelho a perfect partner for Gore, one of the leading promoters within the Clinton administration of the 1996 Welfare Reform Act, which has thrown the poorest of the poor on the human scrap heap.

Ironically, Coelho is not being brought to justice for such political crimes. But he may be on the verge of being tripped up by the investigation into his role in the Lisbon Expo '98.¹

Coelho's kleptomania

According to Hogan, the OIG criminal investigation of Coelho followed within a month after the OIG's Audit Division report was released in September 1999. The report "had

1. For more on Coelho's amoral political history, see "Campaign Manager Tony Coelho: Al Gore's Kindred Spirit in Avarice," *EIR*, Aug. 13, 1999.

detailed numerous financial irregularities, as well as potential violations of law, under Coelho's watch as the U.S. Commissioner General of Expo '98." Coelho's operation had maintained five separate U.S. accounts, according to the OIG Audit Division, and a sixth in Portugal, making the audit difficult. Therefore, the second phase of the investigation began with court-ordered subpoenas to Coelho and to some of his cronies whom he placed in top posts during Expo '98, and the seizure of computers, computer discs, and documents by OIG officials.

In a discussion with this author, Coelho's attorney, William Brand, of the Washington, D.C.-based law firm Brand & Frulla, stated that to the best of his knowledge, the investigation is still in the second phase, with no grand jury having been convened, even though there is a Justice Department attorney assigned to the case.

The following are some of the charges that were levelled in the September 1999 OIG Audit Division report, by the Center for Public Integrity, and in the *National Journal* article:

1. After being assigned to the Expo '98 post, on his own initiative, Coelho founded the Luso-American Wave Foundation, which built a sculpture of a wave 8.5 feet high and 64 feet long on which the names of prominent Portuguese-Americans were to be inscribed—for contributions of \$100 to \$5,000. To build the wave, Coelho took out a \$300,000 personal loan from a Portuguese bank, Banco Espírito Santo, whose records have also been subpoenaed. In his financial disclosure form, not only did Coelho fail to report the \$300,000 personal liability, which is a possible ethics violation, but he also failed to report that the Luso-American Wave Foundation had its certificate and articles of incorporation revoked on Sept. 7, 1999, by the government of the District of Columbia, "for having failed and/or refused to file" any of the reports required by law. And, not a single name had been inscribed on the wave.

According to the OIG's audit, it seems that Coelho was prepared to renege on this personal loan, and let the U.S. government pay. "A Portuguese bank made a 'personal' loan, of \$300,000, to the Commissioner General to support a project of a private organization. This amount was recorded on the U.S. pavillion's 'cuff records' as a liability. The U.S. Information Agency may be responsible for the repay of this loan if the organization does not raise sufficient funds to pay it back. We did not include other expenses (salaries, operations, etc.) of the organization that were shown on the U.S. pavillion's forecast summary," the report read.

However, after the OIG report was made public, and the Center for Public Integrity raised it as a campaign issue, Coelho's attorney stated that Coelho had paid back the balance of the loan out of his own pocket. Brand suggested that the OIG Audit Division had jumped the gun in claiming that this liability might fall on the U.S. government—despite every indication that, until the loan was made a public issue,

it would.

2. It is generally acknowledged that, after significant cost overruns in the U.S. exhibition at the 1992 Seville, Spain Expo, Coelho had been selected to head the '98 Expo because it was thought that his "Midas Touch" would raise corporate and individual donations to pay for U.S. participation. Instead, according to the OIG Audit Division report, Coelho subcontracted fundraising for the event at a return of at least 15% of the profit; the subcontractor raised only \$1.2 million of the exhibition's \$8 million budget. According to the Center for Public Integrity, Coelho lobbied his friends in Congress for emergency contributions from the U.S. Navy and the National Institute of Environmental Health Services (NIEHS), which, combined, provided some \$6.5 million, or, according to the OIG's report, "82% of the total funding." Under the agreements that Coelho had made with his cronies on Capitol Hill, bills from his Expo '98 shenanigans went directly to the U.S. Navy and NIEHS. Also, Coelho had staff destroy weekly reports on their expenditures, so the OIG audit is really a very incomplete document.

Private business operations

3. According to both Hogan and Brand, Coelho pursued numerous private business interests while representing the U.S. government in Lisbon. While his subcontractor raised only \$1.2 million for the U.S. exhibition, one business enterprise that Coelho personally launched while serving as a U.S. Ambassador, raised at least \$6 million to found an Internet firm called LoanNet. Coelho asked two Washington, D.C. lobbyists, who shortly thereafter invested \$200,000 each in LoanNet, to be his guests at Expo '98. One was Charles Manatt, who had been chairman of the Democratic National Committee at the time that Coelho headed fundraising for the Democratic Congressional Campaign Committee (DCCC). The other was another old friend of Coelho's, businessman William Cable, for whom Coelho provided round-trip plane tickets and other services which had been donated to Expo '98. Coelho was apparently very bipartisan in starting LoanNet: He also brought in Fred Malek, who had worked in the Nixon White House and managed President George Bush's failed 1992 re-election campaign.

Like several other Coelho "get-rich-quick" schemes, LoanNet went belly-up at almost the precise moment that he became campaign chairman for Gore, who has praised Coelho for being "a successful businessman." In a conversation with this author, Brand seemed keen to defend Manatt from allegations that he was given a lavish junket, as Hogan suggests, before investing in LoanNet. Brand also denied that Coelho used his position as a U.S. Ambassador to raise funds for the firm. Nonetheless, Hogan reports that the OIG's office "has issued at least one subpoena to collect LoanNet investor lists, financial records, and other documents, and its investigators have extensively questioned a former employee of the firm, Tracy Botelho, who also worked for Coelho at Expo '98."

4. No sooner had Coelho arrived in Lisbon, than he rented an \$18,000-per-month luxury apartment on the waterfront for himself, complete with a private swimming pool. (Brand defended this, claiming that the apartment had been paid for by corporate donations for the U.S. exhibition as a whole, not by the component of taxpayers' dollars.) Coelho handed out like lollipops free air travel upgrades and tickets that had been donated by corporations for the exhibition. He at least once flew his wife to Lisbon first class, and, despite there being a donated fleet of six vans, had her picked up at the airport in a chauffeured Mercedes Benz at a cost of \$865, charged to U.S. taxpayers.

5. Toward the end of Expo '98, Coelho renegotiated the contract with his Executive Director, Mark Johnson, who had been an aide to Coelho since the time that they had both worked at the DCCC, and Johnson became an "independent contractor," earning \$20,000 a month. (Johnson told this author that it was in recompense for certain unspecified, extra work that he had done.) Coelho rented a \$5,000-a-month apartment for Johnson.

After Expo '98, Coelho, who was then appointed Democratic co-chairman of the Census Monitoring Bureau, had Johnson appointed as one of two executive directors, and gave a major job at the Census Bureau to Hank Hardesty, who had been Coelho's personal bookkeeping assistant in Lisbon.

After the OIG began the criminal phase of its investigation, it interviewed both Johnson and Hardesty, while subpoenaing their computer records and documents to fill in the gaps of the U.S. exhibition's peculiar bookkeeping.

6. Coelho hired the two stepsons of the U.S. Ambassador to Lisbon at sums higher than the office manager on staff, even though they were little more than tour guides. And, as the OIG Audit Division points out, Coelho hired his niece, Debra Coelho, "in violation of U.S. Information Agency regulations," as a "special assistant"; again, she was paid more than the office manager. All Coelho's buddies, including his niece, received a lavish *per diem*, reimbursement for private transportation (despite the vans), and first-class air tickets and upgrades, thereby abusing a gift from Continental Airlines.

A known commodity

When Vice President Gore hired Coelho to be his campaign chairman on May 11, 1999, Hogan mistakenly claims that Gore was so desperate to tap Coelho's vaunted "Midas Touch" at fundraising, that he did not conduct an adequate background check. In fact, every politician knew something about the corruption scandals surrounding Coelho that caused him to leave the number-three position of House Democratic Whip in 1989, only one step ahead of the law.

Among the charges that had been levelled against Coelho before the Congressional Ethics Committee were: 1) kiting some 393 bad checks and overdrawing his account at the House Bank for \$319,000, which was more than three times his salary; 2) the purchase, in part with a \$50,000 loan at below market rates from Thomas Spiegel—a buddy in a savings and loan bank who had gotten into trouble—of a \$100,000 junk bond issued by another of Coelho's buddies, Michael Milken, later convicted of insider trading; and, 3) Coelho's failure to report the loan from Spiegel on his SF278 Financial Disclosure Form, and presenting false dates for purchase of the junk bond on his IRS report that would have reduced the capital gains component of his income tax.

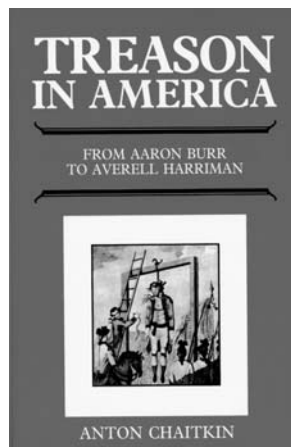
Rather than face these charges, Coelho skipped town. However, his name continued to appear in the news. Several major publications reported that Coelho had been, and may still be, the subject of a Securities and Exchange Commission investigation into his role in a racetrack firm called International Thoroughbred Breeders, Inc. As *EIR* has reported, this is but one of Coelho's many gambling interests, which include his participation in a Las Vegas casino once associated with Benjamin "Bugsy" Siegel of "Murder, Inc." fame.²

There is no question that Gore knew that he was hiring a partner in avarice when he brought Coelho onto his campaign staff. The question now is, will Coelho be prosecuted for events in Lisbon before the Presidential election?

2. On Coelho's other financial scandals, see "Al's Pal: Kleptomaniac Tony Coelho," *EIR*, Oct. 29, 1999.

Treason in America

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Supplemental spending bill passes House

On March 30, the House passed, by a vote of 263-146, a \$13 billion supplemental spending bill that includes the \$1.7 billion Colombia aid package; more than \$6 billion for the Pentagon, including \$2 billion for military operations in Kosovo and East Timor; and \$2 billion for relief from natural disasters and other emergencies.

The bill came to the floor with \$9 billion in funding, but among the numerous amendments added to it, was \$4 billion to address readiness and quality of life issues in the military. Defense Appropriations Subcommittee Chairman Jerry Lewis (R-Calif.) said that the amendment was "designed to be responsive to that list of critical high priorities given to us by the Joint Chiefs of Staff and the individual service chiefs."

Democrats responded with cynicism. David Obey (D-Wisc.) said that the amendment was a GOP ploy to get around their own budget plan, passed five days earlier, because it "places a priority on tax cuts, not military spending," which certain GOP members of the Armed Services Committee are not pleased about.

The sharpest debate, however, occurred over the Colombia aid package. International Relations Committee Chairman Benjamin Gilman (R-N.Y.) warned, "The specter of a consolidated narco-state only three hours by plane from Miami has made it patently clear that our nation's vital security interests are at stake." Opponents of the aid package, such as Greg Ganske (R-Iowa), argued, "We should spend that money on drug treatment and increased border patrol."

In the Senate, Majority Leader Trent Lott (R-Miss.) has delayed action on the bill, even though Appropriations Committee Chairman Ted Stevens (R-Ak.) was planning to present

a smaller bill of \$6.5 billion. Lott has been complaining that the bill is too expensive, and he wants to add parts of it to the fiscal 2001 appropriations bills. Stevens admitted that the bill is likely to grow to \$9-12 billion as it passes through the legislative process.

China trade vote gets GOP, White House push

House Republican leaders indicated on March 29 that they will make every effort to hold a vote on extending permanent normal trade relations (PNTR) to China by the end of May. The promise was made, in part, to the Clinton administration, which warned that if the debate is dragged out into the summer, it will become bogged down in election year politics.

The GOP had been demanding that the White House round up 90 to 100 Democratic votes before they would set a date, but they appear to have relented. White House officials argued that a "date certain" would help them get the votes they need. However, Minority Whip David Bonior (D-Mich.) released a letter to the White House on March 30, signed by 20 Democrats who had voted for normal trade relations with China in the past, saying that they have changed their position this year. The pressure from organized labor against the trade deal negotiated with China last fall, is such that the administration's allies now doubt that they can even get 90 votes out of the 211 Democrats in the House.

Things may not be going so well in the Republican caucus, either. Majority Leader Dick Army (R-Tex.) told reporters on April 3 that 110 Democratic votes are needed to pass PNTR. That would imply that the GOP has only 108 votes, a minority of the 222 Republicans in the House. Army didn't explain this apparent discrep-

ancy, but expressed confidence that, with a lot of work, the pact will pass the House.

Gas tax repeal gets go-ahead from Senate GOP

On March 30, the Senate voted 86-11 for cloture on a bill to repeal the 4.3¢ per gallon increase in the gas tax passed in 1993. The bill also includes a provision for a Federal tax "holiday" on all motor and aviation fuel taxes if retail prices reach a certain level. For gasoline, that price would be \$2 per gallon.

During debate on the cloture motion, Majority Leader Trent Lott (R-Miss.) took note of the very real crisis triggered by the recent run-up in crude oil prices, calling it the result of the Clinton administration's "lack of an energy policy." He said that the administration "has close ties to radical environmentalists . . . whose strong rhetoric and drastic actions appear more like a new-age religion than a clarion call for good stewardship." However, his political opportunism revealed itself, when he labelled the 1993 tax hike the "Gore Fuel Tax."

The bill represents an approach abandoned by the House GOP leadership, because it would have little, if any, effect on the pump price of gasoline, and Democrats wasted no time alluding to this fact. Minority Leader Tom Daschle (D-S.D.) said that the bill has "the potential to devastate our highway and transit programs," because the revenues from Federal fuel taxes go into the transportation trust funds. He quoted a number of GOP leaders, including House Speaker Dennis Hastert (R-Ill.), Majority Leader Dick Army (R-Tex.), and Senate Armed Services Committee Chairman John Warner (R-Va.), on the folly of such action.

National News

DOJ preparing attack on M.L. King family

The Department of Justice will soon issue its report on the reopened investigation of the April 4, 1968 assassination of Dr. Martin Luther King, which, according to sources, will consist of a vile attack on the King family for allegedly having been duped by attorney William Pepper, who was once the lawyer for the man wrongly accused of the killing, the late James Earl Ray.

An indication of what is in the works, is demonstrated in a scurrilous article in *Time* magazine, sarcastically entitled "They Have a Scheme." The article says that the reopened investigation is "a wild-goose chase to satisfy a tragically deluded family." It predicts that the DOJ report will conclude that the King family's allegations of a conspiracy are not "credible," and the article implies that the DOJ investigation consisted mainly of efforts to discredit the new allegations raised by Memphis restaurant owner Loyd Jowers and by former FBI agent Donald Wilson.

Sources say that the FBI report will also accuse Pepper of manipulating the testimony of witnesses in the Memphis civil trial in 1999, in which the jury found that King's assassination was the result of a far-reaching conspiracy, not of a lone assassin.

EIR published the real story, including an interview with Pepper, in our issue of Dec. 24, 1999.

Fascism in New York: Pataki's new bill

On March 22, New York Gov. George Pataki (R) introduced a "persistent misdemeanor bill," which proposes that three or more misdemeanor convictions over a ten-year period would result in a Class E felony conviction—among other draconian "stop crime" measures.

The Governor's press release states: "New York's streets and neighborhoods are the safest they have been in a generation, but we must not be satisfied with our success. We must end parole for all felons, eliminate

the statute of limitations in rape cases, expand the DNA Databank, and crack down on gun violence."

Under the proposal, an individual who commits a Class A misdemeanor and has three or more Class A misdemeanor convictions, could be charged and convicted as a Class E felony offender and face a sentence of up to one and one-third to four years in state prison. Any prior felony conviction in the preceding ten years would also qualify under the proposal.

Under current law, an offender charged with a misdemeanor is subject to a sentence of no more than one year in jail, regardless of the extent of his or her prior criminal record, with limited exceptions.

Shakedown racket builds coffers of the GOP

The Republican Attorneys General Association (RAGA) held a national meeting in Austin, Texas (home of the Bush campaign), and was expected to rack up as much as \$550,000 in contributions from corporations that would hear a "political briefing" from George "Dubya" Bush's campaign chairman, Karl Rove, the *Washington Post* reported on March 30.

Corporations can pay anywhere from \$5,000 to \$25,000 to various Republican National Committee (RNC) accounts, and designate the money for membership in RAGA. In some of the cases, these good "public relations" result in slowing down, i.e., dropping, investigations into corporate practices.

One example is Aetna/US Healthcare, one of six health maintenance organizations (HMOs) accused of fraud by Texas Attorney General Dan Morales (a Democrat), who left office in 1998. Under Morales's successor, John Cornyn, the investigation is moving very slowly; Cornyn hosted the Texas conference, and Aetna gave \$10,000 to the RNC's "soft money" account last July. Members of the National Association of Attorneys General and former Massachusetts Attorney General Scott Harshbarger (a Democrat), who is now the head of Common Cause, paint the RAGA tactics as possibly illegal. One of RAGA's founders, the Attorney General of South Carolina, pulled out of

a lawsuit against Microsoft after the company gave a \$20,000 "gift" to the South Carolina Republican Party—one of the largest gifts in the party's history.

Traficant slams FBI link to organized crime

Rep. James Traficant, the maverick populist Democrat from Youngstown, Ohio, has been the target of a Justice Department/FBI operation, at the behest of the Gore/Democratic National Committee apparatus. In an interview on ABC-TV's "Nightline" on March 30, Traficant uncorked charges against the FBI tyranny, much to the chagrin of talk-show host Ted Koppel.

After a 15-minute "news" segment, characterizing Youngstown as the most "mobbed-up" city in America, and charging Traficant with being a mob-tainted politician, Koppel brought Traficant on for a six-minute interview. Traficant told Koppel: "If they want to charge me, charge me. Jim Traficant is coming to court. I'm going to look them in the eye again, representing myself without an attorney, and here's what I want to say: 'Get your best hold.' I think too many Americans fear our government, and let's look back, now. Forty years ago, J. Edgar Hoover said there was no organized crime. And the reason he did that, Ted, [is] because he was a transvestite with a woman's dress with photographs that the mob [had, that] compromised him. . . ."

"I want to know why the FBI has never been investigated in Youngstown. Youngstown has got a dirty eye, and you know why it's got that dirty eye? Not from the politicians there. The FBI was corrupt. The FBI agent in charge, Stan Peterson, who could sue me as I speak, Ted, was on the payroll of the mob. And when he retired he was appointed the chief of police of Youngstown. . . . The FBI was corrupt in Youngstown, and I'm going to prove that in this trial. . . . The Justice Department is out of control. . . . The FBI should be investigated, and I'm going to announce this on your show. I am submitting a Freedom of Information Act request this week on Stan Peterson and the corruption of the FBI in Youngstown, period." A shaken Koppel quickly "went to commercial."

MADELEINE ALBRIGHT, addressing a meeting of the Aspen Institute in Venice on March 18, invoked the teachings of Giuseppe Mazzini, the “Young Europe” insurgent of the 19th century and puppet of Britain’s Lord Palmerston. According to the Italian daily *Corriere della Sera* on March 19, the U.S. Secretary of State charged that the Europeans are unable to cope with military tasks, and called them “a Euro-mess.”

GEN. WESLEY CLARK, the NATO Supreme Allied Commander, was given an honorary knighthood by Her Majesty’s government, the London *Daily Telegraph* reported on March 30. As a U.S. citizen, he is not entitled to be knighted personally by the Queen. His title is Knight Commander of the Most Excellent Order of the British Empire.

DEFENSE SECRETARY William Cohen met on April 1 with Nigerian President Olusegun Obasanjo in Abuja. This was the first time that a U.S. Defense Secretary has visited Nigeria. Cohen said that he hoped to help Nigeria develop an office comparable to the American Office of the Secretary of Defense, and that he would offer U.S. aid in refurbishing Nigeria’s eight C-130 aircraft.

THE NAACP in Tennessee has issued a statement, “Race and the Death Penalty,” calling on Gov. Don Sundquist to impose a 40-year moratorium on executions. It calls capital punishment “overwhelmingly an issue of unfairness, injustice, and a disregard of Christian value (a principle upon which this country was founded). It is an issue of life and redemption, not vengeance and retaliation, an issue of cruel and inhuman punishment.”

CHARLESTON, South Carolina Mayor Joseph P. Riley, Jr. led 600 people in a protest march from Charleston to the state capital, Columbia, to demand removal of the Confederate flag, which has flown over the state capitol building since segregationists put it up in 1962.

‘Human rights’ at Wackenhut prison

The U.S. Department of Justice (DOJ) filed suit on March 30 against Wackenhut Corrections Corp. and the State of Louisiana, charging that conditions at a private for-profit juvenile prison in central Louisiana run by Wackenhut are “dangerous and life threatening,” and asking for emergency measures to protect the inmates. Wackenhut is the second-largest U.S. private prison company, and the largest internationally.

Prison officials are charged with beating young boys, throwing gas grenades into their barracks, holding them for long periods in isolation, and failing to provide the inmates with adequate mental-health care and education. A group of experts hired by the DOJ to tour the prison, found that many of the 276 boys incarcerated had no shoes or blankets, and were constantly short of food. Many had tried to commit suicide or had deliberately injured themselves to get into the infirmary as a way to escape physical abuse by the guards.

A New Orleans juvenile court judge, a Republican and former prosecutor, told the March 31 *New York Times* that Wackenhut had treated the boys no better than animals “on all fours.”

Admiral seeks improved U.S. ties with China

Admiral Dennis Blair, Commander of the U.S. Pacific Command, called for a cooperative security arrangement with the Asia-Pacific countries, including China, during a speech in Singapore on March 30, reported in the *South China Morning Post* on April 1. “My vision of the future in this part of the world includes a responsible China cooperating with the U.S. and other countries in the region,” Blair said. “I think there are areas where we can work together while we keep the Taiwan issue moving in a peaceful direction.”

He mentioned several regional security concerns which the U.S. shared with its Asian neighbors: North Korea, East Timor,

the Spratly Islands, and piracy. He said his vision of a regional “security community,” which he had presented as a proposal in testimony to Congress the previous month, was not aimed at “containing” China. “It is also not an attempt for the U.S. to withdraw from the region under the cover of some sort of arrangement for others to be here. . . . We anticipate the same level of presence and engagement within the region, but we anticipate it being more effective by being regionally linked rather than a hub-and-spoke arrangement whereby the U.S. operates only bilaterally with individual countries.”

Former Army attaché warns of ‘miscalculation’

The Taiwan Presidential election “should not become the basis for making dangerous miscalculations concerning the serious security issues that continue to confront not only the Taiwanese and Chinese, but the United States as well,” wrote Monte Bullard, a retired U.S. Army colonel and former Army attaché to Beijing, in a commentary in *Asia Times* on March 30. Bullard is now a fellow at the Center for Non-Proliferation Studies, Monterey Institute of International Studies, in California.

Bullard wrote: “Much of what has been written and said on all sides both before and since the [Taiwan] elections has failed to address the real security situation in the Taiwan Strait. If anything, the potential for miscalculations or misunderstanding by all concerned parties has increased, as many observers have focused on the wrong issues. . . .

“There is an unfortunate tendency, especially in Congress, to make statements and take actions that ultimately reinforce those who are most opposed to U.S. interests in China. . . .

“We are closer now to direct military conflict with China than at any time since the Korean War. . . . What is critical is to find new ways of reassuring all parties so as to limit the potential for miscalculations. We must play a neutral role, emphasizing that our only concern is that the political issues — so susceptible to misunderstanding and miscalculations — be resolved peacefully.”

Editorial

The party is over!

The crash of April 3 and 4 caused massive damage, both among the 40-50% of American families which gamble in the stock market, and even more among the psychotic hordes of “day-traders.” Will the brokers who cater to day-traders be the next to go?

Face it: This is the end. See who’s going down! Don’t wait to win one last round at the croupier’s table. Get people to defend themselves.

Sane people are endorsing Lyndon LaRouche for President. But, in view of the irresponsibility of the U.S. and other governments, which are doing nothing to protect their people from the catastrophe, many leading figures, who will not yet endorse LaRouche for President, do understand that they must join him to bring about a New Bretton Woods financial reorganization. They have constituted themselves as an Ad Hoc Committee for a New Bretton Woods, which issued the following call on April 6:

The governments of the G-7 nations have repeatedly demonstrated their unwillingness and inability to prevent the threatened collapse of the global financial system, through a prompt, and thorough reorganization of the system. This renders it urgently necessary that those in all countries who recognize the devastating consequences of a systemic financial crisis, raise their voices.

We, the signators, refer to Lyndon LaRouche as the economist, worldwide, who has analyzed the causes of the systemic crisis in greatest depth, and for the longest time, and who, at the same time, has elaborated a complete package of measures to be taken to overcome it: the anti-crisis program for a New Bretton Woods.

We, the signators, take note of the recent initiative of members of the European Parliament, which states:

The European Parliament,

Whereas the 1944 agreement of Bretton Woods mechanisms contributed to the realization of monetary stability and to postwar economic reconstruction;

Whereas there is a divergence between the real economy and the financial economy since the decoupling of the dollar from the gold re-

serve system;

Whereas financial crises have exploded in different parts of the world since 1997;

Whereas the international monetary and financial institutions, in carrying out their tasks, are malfunctioning;

Whereas it has been ascertained that the “speculative bubble” has had devastating effects for the economies of developing countries, completely transforming the structures of the world economy, and reaching the level of at least \$300 trillion, compared to the world GDP of about \$40 trillion;

invites the European Commission:

a) to propose the convocation of a new conference, similar to the one at Bretton Woods, with the aim of creating a new international monetary system to gradually eliminate the mechanisms which have led to the “speculative bubble”; b) to evaluate the possibility of anchoring currency values to an element of real reference, and to better and more completely control the movements of currency rates; c) to propose the creation of new credit lines oriented to developing investments in the sectors of the real economy, and to define infrastructure projects of continental dimensions.

The most dangerous absurdity of the present situation is underlined by the fact, that the so-called “New Economy” is being celebrated by the White House in the U.S.A. and by government leaders of the European Union, as a great success, at the very moment that the financial bubble, blown up with this myth, is bursting! Far from advancing growth and development of the world economy, so-called “globalization” has in reality showed itself to be a form of unbridled predator capitalism, which has opened wide the divergence between financial titles and real economy on the one hand, and rich and poor, on the other, in an intolerable manner—both on the national and the international plane. Considering the increasingly accelerating systemic crisis, we, the signators, have decided to constitute the Ad Hoc Committee for a New Bretton Woods.

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Sundays—9 am

CORTLANDT/PEEKES.

- MediaOne Ch. 32/6
Wednesdays—3 pm

HORSEHEADS—Ch.1

- Mon., Fri.—4:30 pm
- HUDSON VLY.—Ch.6
2nd, 3rd Sun.-1:30 pm

ILION—T/W Ch. 10

- Saturdays—12:30 pm
- IRONDEQUOIT—Ch.15
Mon., Thu.—7 pm

ITHACA—T/W

- Ch. 78: Mon.—8 pm
Ch. 13: Sat.—4 pm
- JOHNSTOWN—Ch. 7
Tuesdays—4 pm

MANHATTAN—MNN

- T/W Ch. 34; RCN Ch. 109
Alt. Sundays—9 am
- NASSAU—Ch. 80
Sundays—5 pm

NIAGARA FALLS

- Adelphia Ch. 24
Tuesdays—4 pm
- N. CHAUTAUQUA
Gateway Access Ch. 12
Fridays—7:30 pm

ONEIDA—T/W Ch. 10

- Thursdays—10 pm
- OSSINING—Ch.19/16
Wednesdays—3 pm

PENFIELD—Ch. 12

- Penfield Community TV*
Saturdays—4 pm
- QUEENS—QPTV
Ch.57: Apr. 19—11 pm
Ch.56: Apr. 27—1 pm

QUEENSBURY—Ch.71

- Thursdays—7 pm
- RIVERHEAD—Ch.27
Thursdays—12 Midnight

ROCHESTER—Ch. 15

- Fri.-11 pm; Sun.-11 am
- ROCKLAND—Ch. 27
Wednesdays—5:30 pm

SCHENECTADY—Ch.16

- Tuesdays—10 pm
- STATEN ISL.—Ch. 57
Thu.-11 pm; Sat.-8 am

SUFFOLK—Ch. 25

- 2nd, 4th Mon.—10 pm
- SYRACUSE—T/W
City: Ch. 3
Suburbs: Ch. 13
Fridays—8 pm

TRI-LAKES

- Adelphia Ch. 2
Sun.: 7 am, 1 pm, 8 pm
- UTICA—Ch. 3
Thursdays—6 pm

WATERTOWN—Ch. 2

- Tue: betw. Noon-5 pm
- WEBSTER—Ch. 12
Wednesdays—8:30 pm

WESTFIELD—Ch. 21

- Mondays—12 Noon
Wed., Sat.—10 am
Sundays—11 am
- W. SENECA—Ch. 68
Thu.—10:30 pm

YONKERS—Ch.71

- Saturdays—3:30 pm
- YORKTOWN—Ch.71
Thursdays—3 pm

NORTH CAROLINA

- MECKLENBURG
Time Warner Ch. 18
Saturdays—12:30 pm

NORTH DAKOTA

- BISMARCK—Ch. 12
Thursdays—6 pm

OHIO

- FRANKLIN COUNTY
Ch. 21: Sun.—6 pm
- OBERLIN—Ch. 9
Tuesdays—7 pm

REYNOLDSBURG

- Ch. 6: Sun.—6 pm

OREGON

- CORVALLIS/ALB.
Ch.27: Tue.—6 pm
Ch. 33: Thu.—3 pm

RHODE ISLAND

- E. PROVIDENCE—Ch.18
Tuesdays—6:30 pm

TEXAS

- EL PASO—Ch. 15
Wednesdays—5 pm

UTAH

- GLENWOOD, Etc.
SCAT-TV
Ch. 26,29,37,38,98
Sundays—about 9 pm

VIRGINIA

- CHESTERFIELD
Comcast Ch. 6
Tuesdays—5 pm
- FAIRFAX—Ch. 10
Tuesdays—12 Noon
Thu.-7 pm; Sat.-10 am

LOUDOUN—Ch. 59

- Thu.-7:30 pm, 10 pm
- P.W. COUNTY
Jones Ch. 3
Mondays—6 pm

ROANOKE—Ch. 9

- Thursdays—2 pm
- SALEM—Ch. 13
Thursdays—2 pm

WASHINGTON

- KING COUNTY
AT&T Ch. 29/77
Thursdays—3 pm
- SPOKANE—Ch. 25
Wednesdays—6 pm

TRI-CITIES

- Falcon Ch. 13
Mon-noon; Wed-6 pm
Thursdays—8:30 pm
- WHATCOM COUNTY
AT&T Ch. 10
Wednesdays—11 pm

YAKIMA—Ch. 9

- Sundays—4 pm

WISCONSIN

- KENOSHA—Ch. 21
Mondays—1:30 pm
- MADISON—Ch. 4
Sundays—4 pm

MARATHON COUNTY

- Charter Ch. 10
Thursdays—9:30 pm;
Fridays—12 Noon
- OSHKOSH—Ch. 10
Fridays—11:00 pm

WYOMING

- GILLETTE—Ch.36
Thursdays—5 pm

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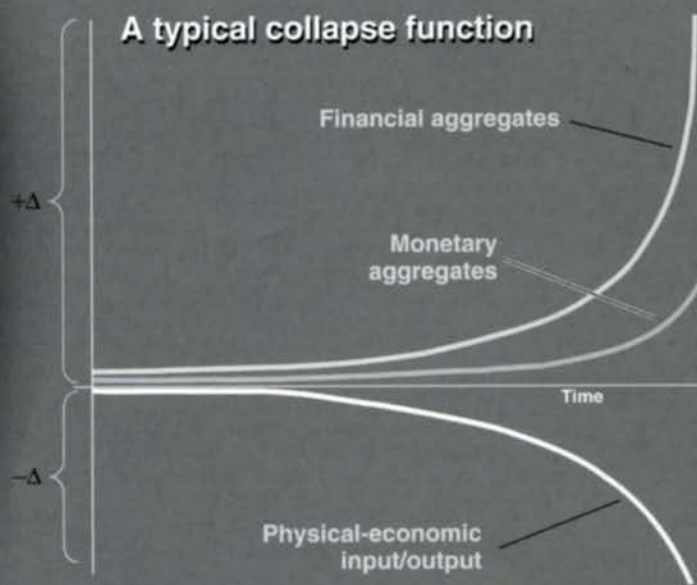
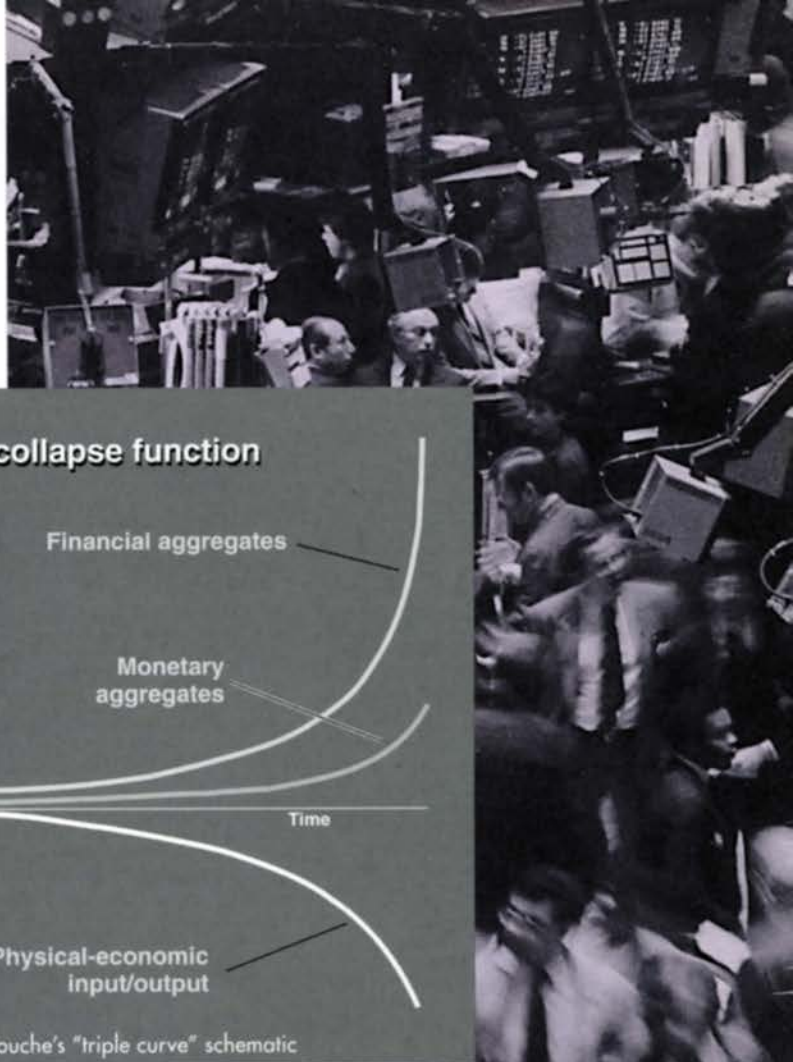
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LaRouche And EIR Have Been Right,



Lyndon H. LaRouche, Jr. and LaRouche's "triple curve" schematic

While Others Have Ignored Reality



A recent trading day at the New York Stock Exchange.

The politicians who continue the present posture of stubbornly ignoring the reality of the onrushing financial and economic crisis, will soon be crushed, and swept aside politically, by the reality they ignore. Then, the present writer's objective authority as a policy-shaper, is unique, not only inside the United States, but world-wide. To parody James Carville's delicious book, "They have been wrong, and EIR has been right."

—Lyndon LaRouche, Nov. 1, 1996

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