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Executive Intelligence Review

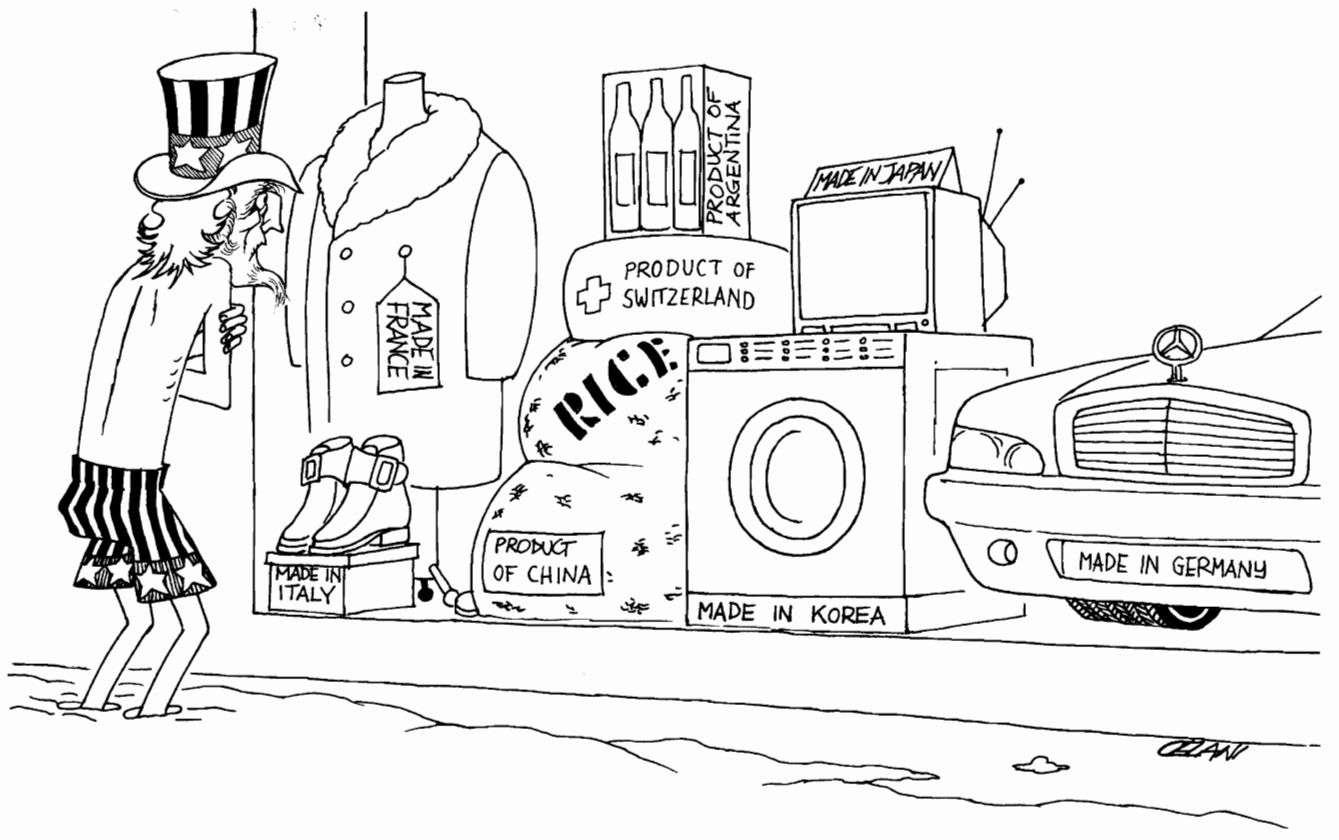
July 6, 2001 Vol. 28 No. 26

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Open the Age of Hypersonic Flight!  
Nicolaus of Cusa: the First Idea of Nationhood  
Sharon Fails To Win U.S. Blessing for War

## LaRouche Briefs Russia's Duma: 'We Can Overcome This Collapse'





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## From the Associate Editor

Nicolaus of Cusa, looking down at recent events in Moscow, from his heavenly resting place, in the simultaneity of eternity, must certainly be smiling.

The Cusan “dialogue of civilizations” which occurred around the visit of Lyndon and Helga LaRouche to Russia, included a webcast press conference with Russian economists on how Russia can escape destabilization by the global economic and financial crisis; a lecture to scientists at the Institute of Physics of the Russian Academy of Sciences; and a symposium with international economists and political leaders, testifying before the Economics Committee of the Russian State Duma. See *Economics* for our first report, including the texts of several of the speeches.

In his opening remarks to the Moscow press conference, LaRouche warned of the danger of religious warfare erupting and sabotaging the great Eurasian mission of the next 25 years. He endorsed Iranian President Khatami’s call for a dialogue of cultures, to prevent a manipulated “clash of civilizations.” “We must understand,” LaRouche said, “that to achieve economic security, we must achieve security through a dialogue of cultures, which prevents things like religious wars from destroying the opportunities before us.”

This is the very concept by means of which Nicolaus of Cusa shaped the Council of Florence in the 15th Century, healing the rifts in the Christian Church and bringing about the Golden Renaissance. Helga Zepp-LaRouche’s speech to the Schiller Institute’s conference in Bad Schwalbach, Germany (see *Feature*), shows how Cusa’s revolutionary views laid the foundation for the nation-state. In his words, one can read the precursors of what later became the U.S. Declaration of Independence and Constitution, the ideas of the inalienable rights of all men, and the responsibility of the ruler to govern in the interest of the general welfare.

Speaking of the dialogue of civilizations, don’t miss the contribution by our St. Petersburg correspondent, Konstantin Cheremnykh, on “The Flight of the Bergoose.”

**Note to subscribers:** Following our usual July schedule, no *EIR* will be published next week. The next issue, No. 27, will be dated July 20.

*Susan Welsh*

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## LaRouches Address Russia's Destiny At Hearings of the Duma in Moscow

by EIR Staff

U.S. Presidential pre-candidate Lyndon H. LaRouche, Jr. spoke before the Russian State Duma's Economics Committee in Moscow on June 29, at the invitation of the Economics Committee's chairman, Dr. Sergei Glazyev. LaRouche's subject was the global financial and economic crisis, and the way to overcome it. In addition to the Duma delegates, more than 100 scientists, economic experts, and media representatives attended the special hearing, whose theme was "Ensuring the Development of the Russian Economy Under Conditions of a Destabilized World Financial System." Other speakers included Professor Dmitri Lvov of the Russian Academy of

Sciences; Helga Zepp-LaRouche, founder of the international Schiller Institutes; Dr. Jonathan Tennenbaum of the German Schiller Institute; Sen. Ivo Tarolli, Secretary of Italy's Christian Democratic Center party; H.E. Datuk Yahya Baba, Malaysia's Ambassador to Moscow; and economist Prof. Tatyana Koryagina, who is the leader of Russia's Schiller Institute of Science and Culture.

The appearance of Senator Tarolli is of special note. He has introduced a series of resolutions into the Italian Senate, pressing for government support and aggressive promotion of the New Bretton Woods proposal, first advanced by Lyndon LaRouche, for the convening an international heads-of-state conference, in order to overhaul the bankrupt global financial system. His remarks before the Duma focussed on these proposals.

### Addressing the Russian Media

On June 28, Glazyev and LaRouche were featured panelists at a two-hour press conference, in which about 50 media representatives took part, including five television crews and reporters from *Izvestiya* and the English-language *Moscow Times*. A transcript of the panelists' opening remarks was distributed in the United States by Federal News Service, under the title, "Press Conference With a Group of Russian and Foreign Experts Regarding the Current Economic Situation in Russia."

LaRouche made three points central to his presentations before the Duma Committee and the press:

- the impossibility of saving the present world financial system from collapse through inflationary tricks, and the pressing need for international agreement on a new Bretton Woods system with fixed exchange rates;
- the opportunity for a worldwide economic upturn, through building development corridors through Eurasia, in



Coverage in the Moscow Times, June 29, 2001.

which Russia, as both a European and a Eurasian power, takes on decisive importance;

- positive developments in Eurasia, which demonstrate the possibility of realizing the Eurasian Land-Bridge.

LaRouche also cited certain improvements in the political situation in the United States in recent weeks, including the change in power in the U.S. Senate, and growing opposition within the Republican Party, to the policies which President George W. Bush has followed thus far.

On the evening of June 28, LaRouche delivered a lecture on the Russian-Ukrainian scientist Vladimir Vernadsky, before 150 scientists at the Institute of Physics of the Russian Academy of Sciences, also known as the Lebedev Institute.

## Policy Changes Needed To Overcome the Collapse

*This is the testimony of U.S. Democratic Presidential Pre-Candidate Lyndon H. LaRouche, Jr., to the Russian State Duma's Economics Committee, in Moscow on June 29, 2001.*

Presently, the world as a whole is dominated by the fact, that we are in the end-phase of the IMF system, at least as it has existed in the form it developed following U.S. President Nixon's introduction of a so-called "floating exchange-rate" monetary order in mid-August 1971. Contrary to some hysterical propaganda coming out of the now deeply troubled U.S. Bush Administration, nothing can save the present world financial and monetary system in its present form.

A continued refusal to accept certain necessary, sweeping reforms in those systems, would bring about not only an economic catastrophe worse than the worst period of the 1930s economic depression. The present crisis, unless it is stopped by drastically needed reforms, will also be a demographic collapse more or less comparable to what is called by historians "the New Dark Age," which dominated Europe following the Fourteenth-Century bankruptcy of the so-called Lombard banking system.

Therefore, to speak of any economic policy which does not include a early and sweeping reform of the IMF system, is worst than a waste of time.

We can overcome this collapse, but only if we are able to bring about a certain degree of international cooperation around four general intentions. The four essential classes of sweeping changes in the existing monetary and financial system, are as follows.

### Changes That Must Be Made

1. The total accumulation of indebtedness in the world today vastly exceeds the amount which could ever be repaid under existing terms and conditions of repayment. If either the

creditors or debtors wish to survive, much of this indebtedness should be simply cancelled, as without merit. This includes what are in fact purely gambling debts, called financial derivatives.

What remains of morally legitimate debts, should be reorganized, in both amounts and terms, in the degree such reorganization is an essential precondition for sustainable physical-economic growth in per-capita output. In this reorganization, we must follow the advice of former U.S. Treasury Secretary Alexander Hamilton, in insisting that the honorably contracted part of the nation's official debt, must be defended, as a precondition for its power to create new credit in the future. The principal amount of all other debt is negotiable under the conditions of a world crisis as disastrous as the present one.

2. As a practical political measure, the revision of the international monetary and financial systems must incorporate the best features of the 1945-1958 cooperation between the U.S.A., Western Europe, and Japan. This must be a vigorously protectionist form of monetary and financial system, solidly based on true partnership among perfectly sovereign nation-states.

3. This reorganization of the world monetary and financial systems, must be based upon the use of large-scale, long-term cooperation in infrastructural development within, and among nations, and heavy emphasis upon adopted targets of scientific and technological progress. The pivot for world economic growth, should be a new system of transcontinental cooperation among the sovereign nation-states of continental Eurasia.

4. Those regions, within and among nations, which can generate "fountains" of scientific and technological output to regions which are deficient in their available supply of such technology, must be envisaged as the suppliers of, not money-loans, but long-term purchasing credit, at nominal borrowing-costs. Continental Eurasia should be the center of such global economic recovery and growth, but all the world will benefit through participation as partners in that effort.

Since the general cycle of development based upon the combination of infrastructure and more advanced technologies is approximately a quarter-century, the system of credit and payments should be based on cycles of about a generation, and at simple interest-rates on borrowed purchase-credit at between 1% and 2% simple interest.

Under the conditions created by a general bankruptcy now pervading the world's principal banking systems, the required credit must be generated by political actions of sovereign governments, using newly created national-banking institutions as the pivotal agencies through which relevant agreements are coordinated.

Inevitably, there will be many who scream in protest against the return to the protectionist practices associated with the names of economists such as Leibniz, Hamilton, List, and Carey. No amount of such screaming will change the basic fact, that the system of "free trade" and "globalization," has proven itself a catastrophic failure, relative to the protectionist



policies of the 1945-1958 interval. The U.S.A., the putatively leading economy of the world, is presently bankrupt, and under any continuation of the Bush Administration's present policies, hopelessly bankrupt. In the meantime, the movement toward cooperation within continental Eurasia, already represents the cornerstone for the kind of cooperation needed to rescue at least much of the world from the presently onrushing global financial, monetary, and trade crisis.

### **The Role of the U.S.A.**

It would appear to many, that, since the present U.S. Bush Administration is hysterically opposed to any reforms along the lines I have outlined, the reforms I have indicated would be unrealistic ones. Behind that Administration's mask of mixed self-delusion and willful deception, the reality is quite different than many around the world have been misled to believe.

If you look at the widely circulated broadcast and other reports I have given since late November of this past year, the current Bush administration has followed the ill-fated course of policy-making I had warned it would, during the period prior to Jan. 20 of this current year. Already, as a result of Bush Administration blunders against which I had warned, the first phase of a political revolt against the new Administration has occurred, in the form of a Democratic Party regaining of control of the U.S. Senate.

Now, as the second quarter of 2001 has been a worse catastrophe than the first, and the third is on the way, the currently leading internal political issues of the U.S., energy, inflation, and health care, will be taken over by growing panic over the obvious onrush of a general economic depression.

With the presently accelerating collapse of the U.S. as the world's chief importer of last resort for Asia and other parts of the world as a whole, the world is near to that sense of global crisis, at which the need for a general, more or less planet-wide monetary and financial reform will be a leading theme of political discussion in many parts of the world, including the U.S.A. itself.

I shall not predict that the U.S.A. will be prepared to propose cooperation with the kinds of economic and related cooperation with which President Putin's efforts are associated. I merely say that under the likely changes in mood now developing within the U.S.A., the dumping of fanatics such as Zbigniew Brzezinski, in favor of U.S. cooperation with a Eurasian development perspective, ought to become U.S. policy. It should be seen as a policy well worth working to make a reality.

A growing number of influential U.S. circles, within the U.S. Democratic Party, and other circles, are now persuaded that my warnings and proposals are relevant. I am presently enjoying some significant political support for these efforts inside the U.S. and elsewhere. However, since, in politics, nothing good is ever guaranteed by fate, we must work all the harder for success.

## **The Eurasian Land-Bridge As a War-Avoidance Strategy**

*This is the presentation of Helga Zepp-LaRouche to the Russian State Duma's Economics Committee, on June 29, 2001 in Moscow.*

Since the 1995 Halifax summit, but above all, since the Russian GKO crisis and the near-collapse of the world's biggest hedge fund, LTCM [Long Term Capital Management], the governments of the G7 have had recourse to only one measure: pumping unbelievable amounts of liquidity [into the markets]. The speculative bubble in the "New Economy," which was the direct result of this liquidity pumping, has burst, and inflation, which had earlier represented asset-price inflation, is now spreading as commodity-price inflation, with a tendency towards hyperinflation. At the same time, due to internal economic breakdown, the United States is losing its role as the importer of last resort, which has hit Asian exports particularly hard: The tendency towards depression is increasing worldwide: banking crises, mass layoffs, depression. What is threatened, is a breakdown of the global financial system, of a sort not witnessed since the Fourteenth Century.

Was this development foreseeable? The answer is, loud and clear: Yes!

When, in November 1989, after the fall of the Berlin Wall, signs of the dissolution of the Warsaw Pact and the Soviet Union emerged, Lyndon LaRouche warned that it would lead to a catastrophe, if one attempted then to replace the collapsing economic system of the East, with the equally bankrupt free-market system of the West. The paradigm shift, over the preceding 25 years, which, through a long series of neo-liberal steps, had undermined the foundations of the economy, in favor of speculation, would inevitably lead to the collapse of the system.

LaRouche proposed, instead, to go back to the principles of physical economy, in the tradition of Leibniz, List, Mendeleev, and Witte. He presented the grand vision of a program for the "Paris-Berlin-Vienna Productive Triangle," as the locomotive for infrastructural and economic integration of Eastern and Western Europe, and for the development of the East. This concept called for the integration of the no-longer-divided industrial centers lying within the Triangle—the size of Japan—and the most developed industrial capacities in the world represented there, through modern infrastructure, like the Transrapid [magnetic levitation railway]. Investments in frontier technologies were to enhance the productivity of labor power and productive plant facilities, as well as exports, especially in technology and capital-goods sectors.



From this “Productive Triangle,” so-called development corridors were to radiate out, from Berlin to Warsaw and St. Petersburg, via Prague and Kiev to Moscow, and through the Balkans to Istanbul. Integrated infrastructure projects, with high-speed railways, highways, and waterways, and computerized railway stations, were to constitute the transportation arteries of these 100 kilometer-wide corridors, along which the most modern technologies and industries could be brought into the East.

Instead of dealing an economic death blow to the allegedly obsolete industries of the Comecon, as the reformers of the IMF and shock therapy did, the industries of the East, though obsolete from a world-market standpoint, could, as valuable industries of the East, have been utilized, and could have played a meaningful role in the construction of the transportation arteries and networks; only then, after they had been “used up” in a certain sense, would they have been idled.

LaRouche’s warnings of the danger of the free-market economy, as well as his vision of the “Productive Triangle” as the motor of a reconstruction program for the East, and thereby the core of a global reconstruction program, were spread by myself and other members of the Schiller Institute to all leading circles in Eastern and Western Europe, beginning in January 1990, through numerous conferences, as well as to the broader public, through our publications. Had these programs been implemented at that time, they would have led to the biggest economic boom of the century.

But the great opportunity, to place East-West relations, for the first time in the Twentieth Century, on a completely new basis, of peace through development, was missed. Margaret Thatcher, François Mitterrand and George Bush [Sr.], chose the geopolitical option of excluding Russia as a potential competitor, from the world market, and reducing it to a raw-materials exporter. Bush proclaimed the “New World Order,” which, like globalization, turned out to be the expression of Anglo-American unilateralism.

In 1991, when the disintegration of the Soviet Union rendered necessary a new political and economic perspective, LaRouche proposed extending the “Productive Triangle” to the “Eurasian Land-Bridge,” which should run along three main corridors: “Corridor A,” the Trans-Siberian railway and the line of the ancient Silk Road; “Corridor B,” from China, via Central Asia and Eastern Europe; and “Corridor C,” from Indonesia, through India, Iran, and Turkey, into Western Europe.

Through an entire system of auxiliary corridors, the whole Eurasian continent was to be connected. These corridors were not supposed to be just transport connections, but infrastructure arteries, around which advanced technologies could be brought in, so as to no longer merely extract raw materials, but to process them on the spot, and in this way build up modern industries. So, for the first time, these landlocked areas of the vast Eurasian continent could enjoy the same geographical advantages that were previously the privilege only of territories with access to the oceans.

To service existing populations and the expected population growth, especially in the densely populated areas of Asia, approximately 1,000 cities were to be built along the corridors. Inherently safe nuclear reactor models, such as the High Temperature Reactor, were to be built to supply abundant energy to industry, agriculture, and cities. Between 1992 and today, the Schiller Institute presented the conception of the Eurasian Land-Bridge—including its extensions via the Bering Strait into the Americas, and via the Middle East into Africa—as a global reconstruction program for a just new world economic order, to literally thousands of conference and seminar audiences in all five continents.

## **A Worldwide Land-Bridge Movement**

After the Beijing “International Symposium on the Development of the Regions along the New Eurasian Land-Bridge,” a conference which took place after two years of intense preparation on the suggestion of the Schiller Institute, and in which Dr. [Jonathan] Tennenbaum and myself participated as speakers, we escalated this organizing. We also, in the same time frame, organized a series of seminars with participants from the various cultures of Eurasia, to deepen the understanding of each other’s scientific, economic, philosophical, and cultural traditions—and where they are similar, to deepen the foundations for a dialogue among our cultures. I can proudly say, that we have created a worldwide movement for the Eurasian Land-Bridge!

Given the fact that I am a German citizen, I wish to address the issue also from a specific German point of view. On one level, it is self-evident that the development of Eurasia is in Germany’s fundamental self-interest. Because of the relative scarcity of raw materials, the German economy only functions if it concentrates on continuous progress in science and technology and their application in the productive process, and if Germany has expanding markets with ever more prosperous customers. Under the regime of the “free market” and “globalization,” Germany has lost many of its traditional markets, and, therefore, needs the Eurasian Land-Bridge perspective.

On a deeper level: We in Germany remember very well the connection between depression and war. In light of the threat of a global depression and the many already obvious dynamics, out of which new terrible wars could develop, it is useful to review the debate which took place in Germany during the world economic crises in the 1930s. The transcripts of a secret conference of the Friedrich List Society of Sept. 16-17, 1931, were first published in 1991. The subject of the conference was how to boost the economy under conditions of the simultaneity of a depression and a crisis of the financial system. Among the participants were Reichbank President Dr. Hans Luther, and about 30 leading bankers, industrialists, and economists. The keynote speaker was Dr. Wilhelm Lautenbach, an important economist and high official in the German Economics Ministry.

In his memorandum, he [Lautenbach] argued: “The natu-



*Lyndon LaRouche  
at the Moscow  
webcast, June 28,  
2001.*

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## Webcast From Moscow

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# LaRouche Defines Russia's Mission in Eurasia

by Paul Gallagher

ral course for overcoming an economic and financial emergency" is "not to limit economic activity, but to increase it. Under crisis conditions, the market, the sole regulator of the capitalist economy, does not provide any obvious positive directives." In a depression and/or a financial collapse, there would exist the paradoxical situation, that "despite curtailed production, demand is less than supply, thus leading to the tendency to decrease production further."

Neither budget cutting, which reduces public contracts and mass purchasing power even further, nor lowering the interest rates, nor tax cuts, can solve the problem, but rather, they aggravate it, argued Lautenbach.

The key to the solution is to use the "surplus of commodities, unused production capacities and unemployed labor. "The use of this largely unutilized latitude for production is the actual and most urgent task of economic policy, and it is simple to solve, in principle." The state must "produce a new national economic demand," but it must "represent a national investment for the economy. One should think of such tasks as . . . public or publicly supported works, which signify value added for the economy, and would have to be done anyway, under normal conditions"—for example, roads, highways, and railroads.

Lautenbach then argued that the initial boost of infrastructure and investment projects would lead to an upward juncture of the whole economy, and that the [increased] tax revenue of the rejuvenated economy would be larger than the initial credit lines given by the state.

Had the Lautenbach plan of 1931 been implemented, the economic and political conditions would have improved in such a way, that the National Socialists would have had no chance to come to power, and World War II could have been avoided.

The realization of the Eurasian Land-Bridge is, therefore, today the best war-avoidance policy. It also represents the necessary vision of hope for the populations, which deserve a better Twenty-First Century than was the Twentieth.

Together with the Russian Duma's leading economist, Dr. Sergei Glazyev, Lyndon H. LaRouche, Jr. and his wife Helga Zepp-LaRouche spoke to the Russian press corps in Moscow June 28, on the prognosis of the current global economic collapse and the prospects for a "successful transformation" of the world economy. Their press conference, "The Economy of Russia Under Conditions of Destabilization of the World Financial System," came at the start of a visit to Moscow which included presentations to the Russian Parliament. It was broadcast live over the Internet by [www.internet-most.ru](http://www.internet-most.ru), and also included presentations by Dr. Jonathan Tennenbaum of the Schiller Institute, and well-known Russian economic forecasters S. Bachikov and D. Mityayev.

This notable event followed important diplomatic activity by Russian President Vladimir Putin, in expanding the Eurasian Shanghai Cooperation Organization, and in debating U.S.-Eurasian relations with President George W. Bush. Lyndon LaRouche's remarks to the Moscow press stressed the importance of the Shanghai summit to his own "Eurasian Land-Bridge" economic reconstruction policy. He also emphasized the importance of the "dialogue of civilizations" initiative of President Khatami of Iran, in light of the fact that Russian relations with Iran have been made a hostile target by the Bush Administration.

Dr. Glazyev, the head of the economic committee of the Russian State Duma (lower house of Parliament), and the author of *Genocide*, a detailed indictment of the 1990s privatization-looting of Russia, made opening remarks on the global financial crisis and the policies which created it. He emphasized that nations must listen to LaRouche's proposals for defense against the effects of the crash, and announced that these matters would be discussed at hearings in the Duma on the following day, June 29.

Russian reporters asked LaRouche about the sinking of the U.S. economy, the relation of currency values and energy prices, the role of the World Trade Organization (WTO) in Eurasia; and, about the recent wild attacks in the Murdoch press in Australia against LaRouche and his co-thinkers there. The question of currency values—specifically, the

scheduled full introduction of the euro currency on Jan. 1, 2002—was also addressed by Helga LaRouche. She said that panic has broken out in Germany over this transition, and that it might be constitutionally blocked under current crisis conditions of inflation and bankruptcy of the city of Berlin and its banks.

In answer to a question about pegging currency values to energy prices, LaRouche insisted that stable currency values, essential to recovery, cannot be based on free-market valuation of any commodities; they must be based on agreements among governments to regulate currency values, to achieve planned expansion of hard-commodity trade. He identified the underlying problem as axiomatic: Policy-makers and citizens alike, nowadays, tend to think of all questions merely in terms of money, and money-prices, not the real economy and its productivity.

In response to a question, LaRouche tied the Murdoch press blitz against him in Australia, to his increasingly successful U.S. leadership of opposition to Bush's policies. "Australia is doing things for Bush in South Asia, which I'm opposing and criticizing effectively. So, I'm getting these attacks."

## 'This Crisis . . . Could Be the Best Thing'

*Here are the opening remarks by Lyndon H. LaRouche, Jr. and Helga Zepp-LaRouche before a Moscow press conference, on June 28, 2001. LaRouche was preceded by Dr. Sergei Glazyev, who opened the press conference.*

**Lyndon LaRouche:** I shall address three subtopics at one time: That is, the nature of the collapse; second, the possibilities of action to correct the effects of the collapse; and, thirdly, the indications now, of the possibilities that a successful transformation can be made.

The present world financial crisis is in its terminal phase. We can not predict the exact day on which the collapse will occur, because it will depend upon certain political decisions, which will accelerate or delay the point of actual collapse. But, the collapse is inevitable. The world financial system, the world monetary system, in its present form, will soon cease to exist, period.

Now, contrary to some people, a monetary crisis is not the worst thing that could happen for the world—it could be the best. It's like going to a doctor to have a cancer removed: It could be the best thing that can happen to you. The reason the system is collapsing, is that it should never have existed. Decisions made in 1971 to change the international monetary

system, followed by decisions made in 1979-1991, have created the present mess.

The key is obvious—or should be obvious. First of all, we have to put the existing system into bankruptcy reorganization. That means that, the \$400 trillion in short-term debt, to a large a degree, should be cancelled. Remember, that the world GDP is estimated in dollars, at \$42 trillion a year, right now. In addition to the normal debt, which is piled on nations, we have about \$400 trillion in various kinds of soft, speculative gambling-debt types of debt. We should remember that, at the end of the last World War, we put weaker currencies through fundamental reorganization, of that type. We had the experience of de Gaulle's "heavy franc," as a form of that, similar type.

Now, the possibility of recovering depends upon establishing fixed-parity rates among currencies—at least principal currencies. In other words, in order to get growth, you must be able to have long-term credit extended, first of all, extended at 1-2% simple interest. In other words, if the rate of interest is higher than the rate of possible technological and physical growth in agriculture and in industry, you can't carry the debt. What we must do, is what was agreed upon at Bretton Woods in 1944-1945: Peg all currencies to a fixed exchange rate, pegged on something like a gold-reserve system.

End free trade and end globalization. You can not have production, unless you can provide to the people who are producing, an income which enables them to stay in business. If you can not provide reasonable conditions of family life and health care for families, they can not continue to be a family, to function.

What you need is, a long-term system of agreements, usually extending up to 25 years, as for infrastructure, to start rebuilding the economy from the present mess it's in. That's what the United States, Western Europe, and Japan did between 1945 and 1964. Under those conditions, those parts of the world increased their prosperity and productivity, continuously. Since 1971, we have been living by cannibalizing ourselves. And, with the collapse of Comecon and the collapse of the Soviet Union, the world went insane, and they began to cannibalize everybody.

If we can get into a partnership around a key number of nation-states, on such an agreement, to reorganize the world system, we can come out of this mess—slowly, but we can come out of it.

The second point: Contrary to the usual free-trade economists, progress does not simply occur. Every period and every part of the world's economy has had a directive behind it, a purpose, a mission. When President de Gaulle was President of France, he called it "indicative planning." In the United States' between 1861 and 1876, one of the highest rates of growth of any nation in the world, it was the planning by Henry C. Carey and Abraham Lincoln that resulted in that achievement. This is not just an example. This is a part of

Russian history, as well as much of the rest of world history. The United States had a convention, a Centennial Convention, in 1876 in Philadelphia. As a result of this conference, attending it were the great Russian Mendeleev; attending also, were people from Germany, people from Japan. As a result of this conference, 1877, Bismarck changed the policies of Germany to the American System. At the same time, Mendeleev was able to convince the Tsarist government of that period, to imitate the United States transcontinental railway system. And, under the influence of Mendeleev, and later Witte, there was an industrial development of Russia, centered on these concepts. At that time, Japan accepted the same American System, and changed its economy and its national government.

It was the great, sometimes wartime projects of mobilization, which gave us all of the technology-drivers from which every great economic recovery came. And no new monetary system can function without a corresponding economic-policy driver—long-term goals. All great movements of economic development have taken at least a quarter-century to realize. Now, the greatest opportunity in the world, today, for economic recovery of the world, lies in Eurasia. For example: South and Central Asia, or South and North Asia, are essentially deserts, today. They are inhabited, but they are not developed. For Russia and for Central Asia, a Central Asian development—and even the tundra region of North Asia—is crucial for Russia’s future. To develop those resources, we must have, first, the basic economic infrastructure to be able to exploit them efficiently. We have Western Europe, which has economic potential, but which is presently bankrupt; it can not survive for its present purpose. The greatest concentration of world population, is in Central and East and South Asia. They have some technology in those areas, as China’s made progress, India’s made progress; but there’s not enough technology to meet the needs of the entire population of this region. The continued survival of the economies of Western Europe depends upon being able to utilize these markets for high-technology in Asia.

For the next 25 years ahead, Eurasia, as a continent, represents the greatest frontier of potential growth, for the world as a whole. What’s the reason? Russia, as the only truly Eurasian nation, is the necessary and essential link, between globally extended European civilization as a whole, and East and South and Southeast Asia. Without this coordinating role by Russia, the kind of realization which I indicate is needed, would not be possible.

To maintain security in Eurasia, so that insecurity doesn’t blow up the possibility of economic development, we also must have a dialogue of cultures, as President Khatami from Iran, proposed in a recent address he gave in Berlin. Because, you look at Asia, and Russia’s, in part, European culture, even though it’s a Eurasian nation. You have most of the world, such as the Americas, are dominated by a globally extended European culture. Then you go to China, you go to India, you



*Dr. Sergei Glazyev hosts the webcast.*

go to Southeast Asia, and the cultural paradigms are different than they are for Europe and European cultures. The point is, therefore, we have to think of the danger, the threat of religious and similar kinds of ethnic warfare, as disrupting the potential future peace and economic security in Eurasia. And, therefore, we must accept the proposal, which was outlined by Iran’s President Khatami, in that recent visit in Berlin: We must understand, that to achieve economic security, we must achieve security through a dialogue of cultures, which prevents things like religious wars from destroying the opportunities before us.

Now, finally, in the final point: What is the likelihood we might succeed, in this fine reconstruction of the world economy? President Putin’s recent agreement in Shanghai, in the formation of a new consulting group, is an important step in the direction I’ve indicated. It is not the final step, but it is an important step, which echoes what Primakov, as Prime Minister, launched when he was Prime Minister: the idea of a three, triangular, Russia-China-India pivot for bringing relations in Eurasia together. That’s a first step. The discussions between the President of Russia and the German government and German circles, is another aspect of the same Eurasia potential.

Now, comes the final catch: What’s the role of the United States, in all of this? Well, we have a disaster in the new Presidency. But, we have some improvements, since he became President: We have Democrats who have taken over the Senate; significant numbers of Republicans are in revolt; every policy the President has put forward, has failed already. The gulf between the United States and Europe is deepening. Many of us in the United States of political influence, are very concerned about this situation. And, we are gaining some ground. So, we may get to our objective, but it will only be through a series of crises.

All I can say is, from my standpoint, the situation is clear; the alternative is clear; and, what we must do is clear. We must be clear in our own minds, about what we need to do: Then, I think we might succeed. Thank you.

**Helga Zepp-LaRouche:** Given the fact that I'm a German citizen, I just want to add, why it is in the fundamental self-interest of Germany to cooperate, not only with Russia, but with all the countries of the Eurasian Land-Bridge. The situation of the German economy and financial system, is not less dramatic than that described by Mr. Glazyev for Russia, or by Mr. LaRouche for the whole world. The de facto bankruptcy of the capital of Berlin, and the bankruptcy of Berliner Bankgesellschaft and the five banks involved, is actually the condition of every German bank. Right now, the inflation rate in Germany is 3.6%, according to the Federal Constitutional Court. For the euro transition, inflation can only be 3%.

So, we may see, very soon, constitutional actions to prevent the euro from coming into being. Especially because, there is, behind the scenes, panic in government and financial circles, about the fact that there are about 200 billion d-marks in cash, in addition to the several hundred billion d-marks in the central banks, which expectedly leads to total chaos in the transformation. So, Germany will be hit in the second, third, and fourth quarter of this year, with a combination of an increasing tendency of hyperinflation, depression, and chaos in the euro transition.

So, in this chaos, the euro may not come into being, which for the survival of Germany and Western Europe would be the best thing to occur. To maintain sovereign national currencies, in the context of economic cooperation of the Eurasian Land-Bridge, this serves the best interests not only of Germany, but of every European country.

Germany is dependent economically, on expanding export markets to ever-richer customers. Globalization has destroyed the traditional export markets of Germany: Africa is dying; Latin America is about to go the way of Africa; and many areas of the world are plunging into catastrophe. In the German interest, the collaboration of Germany with Eurasia, with the development of the Eurasian Land-Bridge, is an economic self-interest.

On a deeper level, it is in the security interest of Germany, because we in Germany remember very well, the connection between depression and war. If the existing plans in 1931 to overcome the depression, which existed in Germany around Dr. Walter Lautenbach and the Friedrich List Society, would have been implemented, the coming to power of the National Socialists could have been prevented.

Today, the danger of war exists in many places, in the Middle East, in Africa, in many other regions of the world, and I think it requires, today, the vision of all the countries of Eurasia, together, to determine a peaceful order, or future, and not the degeneration into war.

So, I'm preparing every positive force in Germany, and other European countries, to become part of such an alliance for a new financial system, and the Eurasian Land-Bridge, as the cornerstone for a global reconstruction program, in the next months to come. Thank you.

## Another Greenspan Rate Cut, Another Disaster

by Richard Freeman

The Federal Reserve Board of Governors' June 27 quarter-point drop of the Federal funds and discount interest rates, to 3.75% and 3.25% respectively—the sixth cut this year—continued Chairman Alan Greenspan's mad flight forward to maintain the valuations of financial assets, by flooding the speculative financial bubble with money. The discount rate is now at a seven-year low.

Yet, the reaction to the rate cut, both from financial commentators from policy-makers, and from the real world, shows that Greenspan's circus-like image as the wizard of the markets, or the maestro who orchestrates the ascension of the economy, is shattered.

On June 26, Martin Mayer, author of several books on banking, wrote a piece on the *Wall Street Journal's* editorial page entitled "The Fed's Faded Glory." Mayer's conclusion: "Looking at monetary policy and what it does, Mr. Greenspan must now consider whether the benefit of pushing the stock market up a little [through cutting interest rates] is worth the growing risk that this time the Fed will be fueling inflation." On the day after the Federal Open Market Committee rate cut, a commentator in the Swiss financial daily *Neue Zürcher Zeitung* wrote that, since the previous rate cuts have had absolutely no effect, Greenspan now risks widening the huge imbalances in the U.S. economy.

Up until the second quarter of 2000, the Fed and Greenspan would only have to make some adjustment with interest rates, and the economy and financial markets would seem to spring back to life (although on a deeper level, the fundamental problems grew worse). But beginning Jan. 3 of this year, Greenspan has executed five rate cuts of half-a-percentage point each, and then came the June 27 cut: all in all, a 2.75% cut in interest rates in less than six months—a very strong dose of monetarist medicine indeed. And what has that accomplished? The economy is plunging downward, the Nasdaq stock market has collapsed, and the world monetary system has inched closer toward disintegration.

However, beyond that, as economist and 2004 Democratic Presidential pre-candidate Lyndon LaRouche points out, Greenspan's flooding the system with money to hold up the bloated mass of financial instruments, is generating a hyperinflation like that of 1923 Weimar Germany.

The legacy of the Greenspan policy is not just failure, but catastrophe. The collapse of the U.S. physical economy, from

machine tools and steel, to telecommunications and computer chips, continues. The derivatives-drunk U.S. financial system is on the edge.

### **Machine-Tool and Steel Performance**

Machine tools incorporate and transmit the most advanced scientific conceptions to the entire physical economy, and are indispensable for its survival and advancement. There can be no real capital formation without machine tools. During the first four months of 2001, U.S. industry consumed \$906.8 million worth of machine tools, versus \$1,361.3 million during the same period of 2000, a one-third drop. Machine-tool production, though not yet available, parallels consumption.

For the year to date through June 23, 2001, U.S. steel manufacturing plants produced 48.3 million net tons of raw steel, 13.4% below the 55.8 million net tons produced in the same period last year. For the respective comparable periods of this year and last, the steel industry's capacity utilization rate has fallen to 79.2%, from 89.8%. Currently, more than a dozen U.S. steel companies are in bankruptcy.

The "New Economy" was supposed to insulate against the "old" industrial economy's accelerating decline. But as the dot.coms earn their descent into oblivion, the physical component of the New Economy, represented by the telecommunications and computer-chip sectors, is being pulled down in the undertow. This pushes the overall U.S. physical economy downward.

The telecommunications sector overexpanded and overbuilt massively, based on meeting the fantasy of what the Internet would become. For example, about 39 million miles of fiber-optic cable has been stretched across the United States, but only 2.9% of that cable is actually in use. On June 27, JDS Uniphase, the world's largest supplier of fiber-optic components, announced that it is likely to increase the number of layoffs beyond the 8,000 firings it had already announced earlier in the year, which had brought its total employment down to 20,000 workers. The San Jose, California-based company makes tiny lasers to send signals across fiber-optic communications networks.

Also on June 27, Lucent Technologies announced it may fire 10,000 additional workers, on top of the 10,000 layoffs and 13,000 buy-out offers to mid-level managers that it had made earlier this year. Vancouver, Canada-based 360networks, Inc., which once thought it would ring the world with fiber optic cable, announced on June 28 that it would slash 800 jobs, representing 44% of its workforce. On June 15, 360networks failed to make a \$15 million interest payment to bondholders on \$2.5 billion in debt. On June 15, Nortel, the world's largest telecommunications equipment-making company, said it would fire another 10,000 workers, bringing the total combined layoffs for the year to 30,000, constituting one-third of Nortel's workforce.

As for the global chip sector, its crisis is the biggest in at

least 16 years. This has resulted from consumers and companies being reluctant to buy new computers or cell phones, and over-indebted telecom companies cancelling contracts with their suppliers. The Arizona-based research firm IC Insights predicted on June 18 that, compared to last year, global chip sales this year will fall 21%, and in the "worst case," even by 28%.

The most extreme case of the chip sector overall, is the memory-chip sector. The research firm Gartner Dataquest forecast that global memory-chip sales will plunge from \$31.5 billion in 2000, to about \$14 billion in 2001, a 56% decline. The price for a 64-megabit DRAM chip has collapsed from \$9 last summer, to a record low of \$1.10. It is selling at a price that is just one-third its cost of production.

The overall situation in the chip sector is highlighted by extremely ugly reports from individual producers in America and elsewhere. This included the announcement on June 21, by U.S.-based Micron Technology, that its sales will fall 47%, and thus, that quarterly profits will be sharply below Wall Street forecasts.

### **Derivatives-Laced Banking System**

One of the key elements at the heart of the bubble which Greenspan is trying so foolishly to protect, and which is out of control, is the global, multi-hundred-trillion-dollar derivatives market. In late June, the U.S. Comptroller of the Currency released its report on the derivatives activities of U.S. commercial banks and bank holding companies. It showed that as of March 31, 2000, the top 25 U.S. derivatives-using bank holding companies, had a notional exposure of \$45.7 trillion, led by J.P. Morgan Chase and Co., which had \$24.8 trillion. According to *Swaps Monitor*, the top U.S. investment banks held another \$19.4 trillion in derivatives at the end of 2000, led by Goldman Sachs with \$6.0 trillion, and Merrill Lynch with \$4.1 trillion.

But added to these figures, is a totally new element: Derivatives use is also exploding among the energy companies, reflecting the extent to which these companies have become financial players, as opposed to merely energy providers. As of the end of 2000, according to *Swaps Monitor*, 13 major electricity and natural gas companies had an aggregate \$1.9 trillion in notional derivatives holdings. Leading the pack was El Paso Corp., with \$576 billion in derivatives, followed by Duke Energy with \$390 billion.

All told, just these three layers—commercial banks, investment banks, and "energy" companies—hold \$67.0 trillion in derivatives contracts. But this constitutes the tinder that can be ignited by any failure, large or small, in the world financial system. These derivatives function as a cancer, sucking the health from its underlying host—in this case, the real U.S. physical economy. Greenspan's insane hyperinflationary attempt to save these markets, will not—and cannot—succeed. The physical economy will just not respond to his actions.

# There Is Nothing 'Natural' About Brazil's Electricity Crisis, Either

by Gretchen Small

Beginning on June 1, electricity consumption throughout more than three-quarters of Brazil's territory, was ordered cut by 20%, as the government of President Fernando Henrique Cardoso seeks to avoid the otherwise likely, uncontrolled collapse of the national electrical grid due to a shortage of capacity. By most projections, the shortage is expected to last well into 2002. Rationing will have to be extended to the entire country, and total power usage will be restricted even further, possibly to as much as 25% or 30% below Year 2000 levels. Even with that, some fear that the country may not be able to avoid California-style rolling blackouts, nationwide.

While financiers, and credulous believers in monetarism, worry about how this crisis will affect Brazil's ability to service its half-trillion-dollar debt, the real danger lies elsewhere. One-fifth or more of the energy throughput of an economy cannot be suddenly eliminated, without a shock-wave implosion of its physical economy. Given Brazil's size, the effects will be global.

Brazil is considered to be the world's eighth-largest economy. It is certainly the largest nation in Ibero-America in territory (and larger than the continental United States), and, with a population of 170 million, it has developed first-class industrial and scientific capacities of crucial importance for the reconstruction of all Ibero-America. While anger is building as the rationing sinks in its claws, it has dawned on few Brazilians that their country could see 20 to 30 years of growth wiped out, in as little as a year, as the energy shock-front advances.

How the country grasps the enormity of the crisis and rallies to confront it, will depend upon what Brazilians understand as its cause. The electricity crisis is not, as is oft repeated, the result of a record drought, nor was it a surprise to policymakers. One of Brazil's largest weeklies, *Istoé*, observed in its June 3 issue that "arriving at the blackout took a lot of time and obstinacy." It took two decades of the interwoven policies of privatization, environmentalism, and International Monetary Fund debt looting, imposed at an ever-accelerating rate, to bring Brazil to this fateful crisis. It was a *deliberate* policy, and it has achieved the result which it intended to achieve. The willingness to face *that* truth, will determine if, and how fast, Brazil mobilizes to survive.

What is going on in Brazil should be studied by the credulous fools who repeat the mantra that "conservation" is the

answer to preventing more "Californias" around the globe. Brazilian industry, agriculture, and households alike are scrambling to gouge their energy usage, so as to avoid the steep financial penalties which are to be slapped onto anyone who fails to meet the 20% mandatory "conservation." Those who fail for two consecutive months, are to have their electricity cut off entirely for a several-day period; repeat offenders will be cut off for an even longer period.

## A 'Darker Way of Life'

Cutting one-fifth of electricity usage in a modern economy is not so easy, despite the ravings of the likes of Rio de Janeiro's enthusiastic Secretary of the Environment, Eduardo Paes, who is campaigning for flashlights to replace electric lighting, and says it's time to get used to "a new, darker way of life." In the cities, sales of electrical appliances have plummeted, while candle sales have soared. People are unplugging their freezers, dishwashers, and washing machines. Microwaves may be done without; but refrigerators? Brazilians are taking cold showers, watching TV in the dark, and curtailing their use of personal computers.

Whole categories of activity are being shut down. All nighttime soccer games have been cancelled. Outdoor public lighting in the big cities has been cut by 35%, forcing people to stay home at night, rather than risk being assaulted on darkened streets. Banks now close one hour earlier. Gas stations in Rio de Janeiro are shut between 10:00 p.m. and 6:00 a.m., forcing taxis, too, to curtail service during those hours.

One plan reportedly under serious consideration by the Federal government's energy crisis committee (whose head, Pedro Parente, has been dubbed "the Blackout Minister"), is to declare Mondays a holiday, and thus impose a four-day work week. By that logic, electricity really could be saved if Brazil simply shut itself down entirely, and let its citizens die off all the more quickly. The latter, indeed, may occur, if the warnings of sanitation officials, that drastic drops in electricity flows to sewage and water filtering systems will lead to mass epidemics, are not heeded.

How badly industrial and agricultural production will be affected, and over what time frame, is not known. Those industries which are capable of doing so, are buying and installing private generators, to defend their production as much as possible. Published reports have tended to focus primarily



on how exports will be effected, reflecting the predominant delusion that an economy's functioning is judged by the money it can raise through foreign trade, to pay its debt. Steel exports could fall by 25% this year, according to one estimate. The effect on Brazil's aluminum production is being watched closely, since Brazil is one of the leading producers worldwide of this energy-intensive product. The Brazilian Exporters Association projected in mid-June that exports of aluminum may fall by 37.5% in 2001, from 160,000 tons last year, to 100,000.

Because 90-95% of Brazil's electricity is produced by hydroelectric plants, and because there is a drought of record proportions, the argument is made that Brazil's crisis stems from a failure to provide sufficient incentives for private companies to come in and build natural gas-run thermoelectric plants. The argument is wrong. As a soon-to-be-published *EIR* study will show, Brazil is one of the most water-rich countries on Earth, and had developed a very skilled technical force which ran its expanding, well-run national electricity grid—until 1993. Then the government began privatizing the system, selling off plants and transmission lines piece by piece, and breaking up the national technical capabilities in the process.

### The Policies Which Kill

Enter the International Monetary Fund. The 1999 IMF accord, still in effect, requires that the government achieve a "primary" budget surplus. That means that government revenues must be larger than all its expenditures—except debt service, which has permission to grow into the stratosphere. In other words, a surplus must be generated to pay the debt, by cutting everything else. With tax revenues shrinking as the global economic crisis reduces all activity, the government increasingly had to cut expenditures. Infrastructure expenditures were gutted.

In 1999, the government disbursed only 80% of the money appropriated for the Ministries of Mines and Energy, Transport, and Communications, combined; in 2000, only 34%; and in the first five months of 2001, only 3% of what was appropriated, was disbursed!

IMF Director Horst Köhler protested to Brazil's largest weekly, *Veja*, in early June, that to accuse the IMF accord of discouraging Brazil from investing in the energy sector, is "totally unfounded and unjust," because "we never told the government what to do with the monies it collected." He proceeded to warn the government that any investments in electricity generation, could not "mess with its fiscal policy."

In fact, as *Istoé* detailed in its June 3 issue, Brazil would not be facing an electricity crisis, if the 16 billion reals—about \$8 billion—stripped from the state energy companies since 1999 to satisfy the IMF and Wall Street, had instead been invested in electricity production.

It's quite a story: From 1999-2000, the state electrical company, Eletrobras, accumulated a profit of 3 billion reals,

which, invested in thermoelectric generation, could have increased installed capacity by more than 2,000 megawatts, sufficient to cover the electricity deficit in the Northeast. The state oil company, Petrobras, accumulated 13 billion reals in profit over the same period, which could have been used to build 8,000 megawatts. Together, that would have been 10,000 megawatts of the total 14,000-megawatt shortfall which caused the need for rationing.

Instead, the money held by the two state companies "only served to make the books of the federal government look good, which, despite this useless sacrifice, saw its debt continue to explode with the rise in the value of the dollar and of interest rates."

Meanwhile, Eletrobras's budget was cut each year, both because Eletrobras was to be privatized, and because the government needed to generate a "primary surplus." And, "forget letting Petrobras generate energy: It is necessary to wait for private money," *Istoé* wrote.

"Arriving at the blackout took a lot of time and obstinancy. For the government, the State, even with money in its coffers, must not dare to generate energy and waste the private investor's opportunities—regardless of whether or not he is disposed to invest. Better to send the state companies' money to the financial market, to show better looking numbers to the IMF and Wall Street."

The IMF assault came on top of a several decades-long environmentalist assault upon Brazil. Not only did their campaigns stall Brazil's aggressive nuclear program, but environmentalists, led by the British Crown's World Wide Fund for Nature (WWF), successfully blocked dams and hydroelectric projects in the water-rich Amazon region of Brazil which were planned to produce *an additional 12,000 megawatts* of electrical capacity, another way the 14,000 megawatts' shortfall could have been prevented.

International energy pirates such as AES and Enron are now blackmailing Brazil, that until the government lifts all price controls and totally deregulates, they are halting all their investments in Brazil. But what a coincidence! The head of AES is Roger Sant, the former chairman of the World Wildlife Fund-USA, who now heads the WWF's campaign to stop all development in the Amazon!

As in California, the energy pirates are feeding off the crisis. *Valor Economico* reported on June 7 that the sale of electricity has become one of the most profitable businesses in Brazil. The price of one megawatt-hour in the Southeast of Brazil increased from 56 reals in January, to 684 reals in June. It also reported that investment banks are planning to negotiate derivatives for the energy market, the which they estimate will be worth \$150 billion, starting in 2003, when full deregulation is scheduled to begin. Starting in that year, energy supply contracts are to be reduced by 25% each year, until 2006, when all energy generated in Brazil is to be freely negotiated in the market—that is, unless sanity is restored first.

# EU Plans Are Flawed and Inadequate For East Europe's Infrastructure

by Alexander Hartmann

Ten former Soviet bloc nations have been officially recognized as candidates for membership in the European Union (EU): the Baltic republics of Estonia, Latvia, and Lithuania; Poland, the Czech Republic, Slovakia, Hungary, Slovenia, Romania, and Bulgaria, in addition to the island-states of Malta and Cyprus.

After 40 years of Communist decay, there followed a decade of globalist looting of these nations. Transportation investments were sacrificed, while the volume of traffic from Western into Eastern Europe, especially truck traffic, exploded. On some east-west routes in Eastern Europe, traffic volume increased tenfold during the 1990s.

Hence, it was sensible for the EU to estimate necessary investments into their future members' infrastructure, in order to better coordinate financial aid coming from the EU, its members, and the international financial institutions controlled by them, including the European Investment Bank and the European Bank for Reconstruction and Development. Therefore, a project group was created, to produce a Transport Infrastructure Needs Assessment (TINA). It has its own office in Vienna, and published a final report in October 1999, after the governments and institutions involved assented to the report.

Financial grants and credits for infrastructure projects are now decided upon, based on whether they are included in the TINA report.

The Eastern European governments participated in the study, and were represented in the TINA Senior Officials Group, which was steering the process, as were the current 15 members of the European Union and its European Commission. They could present their wishes, which were taken into account, *if they matched the pre-agreed conditions*. Unfortunately, these conditions led to some important flaws in the report.

## The LaRouche Proposals, and The TINA Network

First of all, the TINA Group produced a list of transportation corridors, to study which of them needed improvement. The ten "Pan-European Transportation Corridors," as agreed upon by the EU in Helsinki in 1997, were considered to be

the back-bone of the transportation network, and were automatically included in TINA, without further study. These modern transport corridors are known to our readers as the "spiral arms" of the "Paris-Berlin-Vienna Productive Triangle," as proposed by Lyndon LaRouche in early 1990 (**Figure 1**).

In addition, the TINA countries could propose other important lines, which were included, after they had been studied and if they were approved by the TINA Group. For this, the prospective new EU countries had to produce information on construction costs, traffic prognosis, etc. Further, neighboring countries had to agree on border crossings of trans-border corridors, and proposals had to result in a network of similar density and structure as in the EU. Another criterion—the most damaging one, as becomes clear below—was the financial capacity of the relevant countries.

In total, the TINA network includes 18,683 kilometers of roads, 20,924 km of railroads, and 4,052 km of waterways; and 40 airports, 20 seaports, 58 riverports, and 68 other transportation terminals, which are to be built anew or upgraded. All these projects are useful, and the faster they are realized, the better.

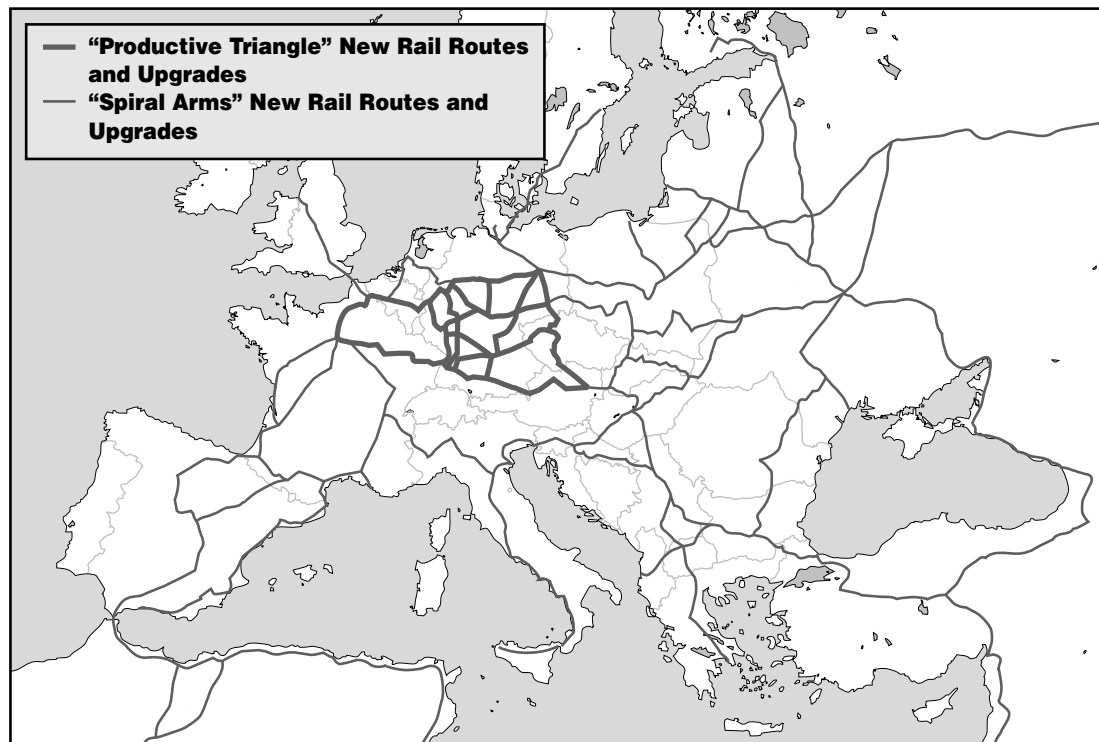
Among the projects not yet included, but mentioned, is the Oder-Elbe-Danube Canal connecting the major north-south river networks of Eastern Europe—which the Czech, Austrian, and Slovakian governments have not yet finally agreed upon; but, once they have done so, the project will most probably be included.

This means that, based on 1999 prices, 91.6 billion euros (less than \$100 billion) are now planned to be invested into the TINA network, *over 15 years and over the whole of Eastern Europe*. Of these, 37.1 billion euros are to be invested into rail lines, 44.3 billion euros into roads, 1.5 billion euros into waterways, 4.4 billion euros into airports, 0.3 billion euros into riverports, 2.9 billion euros into seaports, and 1.0 billion euros into other terminals.

Unfortunately, this is far too little, in light of the obvious deficits in infrastructure, and the vast territory of the 11 countries involved. And this could have devastating consequences, because too narrowly planned infrastructure will serve as a self-fulfilling prophecy. First, an estimate for

FIGURE 1

**1989: LaRouche’s Proposed European ‘Productive Triangle’ Rail Development**



*Lyndon LaRouche’s proposed (1989) “Paris-Berlin-Vienna Productive Triangle,” as the core of a modern, high-speed transport-centered development of the newly-freed Eastern Europe, through radiating arms of development corridors.*

the expected economic growth is produced (which covers a whole chapter in the TINA report), and then, the expected amount of traffic is calculated, based on the expected economic growth; then, based on this traffic estimate, the needed volume of infrastructure is calculated. But an economic activity, for which the necessary infrastructure does not exist, can simply not occur!

To see how little this investment is, compare it to the real infrastructure deficit of the United States, as estimated in annual reports of the Society of Civil Engineers: \$1.3 trillion of needed investments — and estimated at much higher levels by *EIR*. The economies of Eastern Europe were subject to far greater relative underinvestment under Communist governments, and for a longer period, than that of the United States. Yet, investments in them are planned at a small fraction of those the U.S. economy needs.

According to the data used for the TINA report, the 11 countries have 28.5% as much population as the EU, but only 3.8% of the EU’s GDP — 243.8 billion euros. From 1998 to 2015, the accumulated GDP of the 11 member candidates was estimated to grow to 733 billion euros. This equals an increase of the annual GDP of 2.3 times over 15 years, and this figure has been used to produce the TINA network. That may sound like a lot, but it is not: In order to reach the same GDP *per capita* of the population as the EU, it would need to grow by

a factor of seven!

If the plans are too narrow, the potential growth of the real economy is limited in advance. In order to achieve large economic growth, traffic and infrastructure estimates have to be based on an optimistic scenario for economic development. Furthermore, great infrastructure projects themselves are the most efficient engines for economic growth — where they are missing, or where there are not enough investments, an economy will not speed up.

With a true policy of reconstruction, as Germany practiced it after World War II, and as Eastern Europe should, in order to raise its economic performance and its standard of living as fast as possible, an annual growth of the physical economy of about 10% should be targeted. This would raise the GDP of the 11 countries by a factor of 4.2, until 2015.

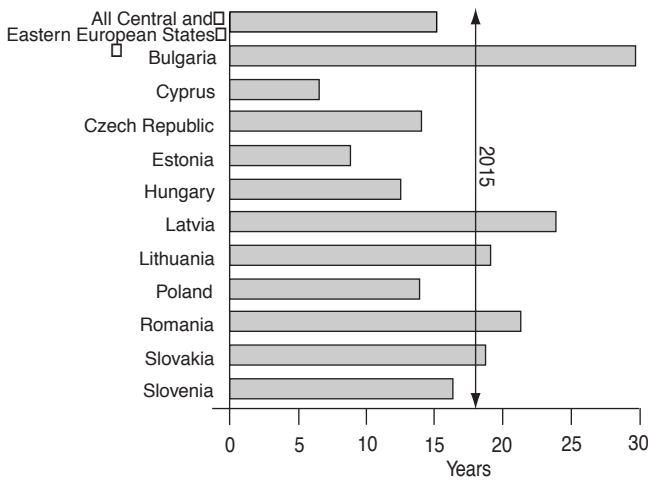
**Only 1.5% for Infrastructure**

The TINA needs assessment is affected by the low growth estimate in yet another way. The authors of the study assume, that only 1.5% of annual GDP can be invested into transportation infrastructure, based on the fact that among EU members, transportation investments amount to 1-2% of GDP.

But, why set a limit for infrastructure investments in advance, if we are to estimate the *needed* investments? The need arises from economic growth, and will exist, no matter how

FIGURE 2

**Time to Complete EU Infrastructure Projects**



Source: TINA Secretariat, Vienna.

The graph depicts the number of years needed to complete the TINA projects, based on the estimated GDP and corresponding investments of 1.5% of GDP, by country.

many of the projects can actually be financed.

Obviously, the EU Finance Ministers have exerted their influence upon the study, in order to limit the amount of money demanded for transportation. For, if a larger amount of infrastructure is pronounced necessary for the economy, it will be much more difficult to fend off these demands. Because of this limit, the TINA Senior Officials Group apparently rejected the inclusion of projects which required more money than the estimated 1.5% of GDP.

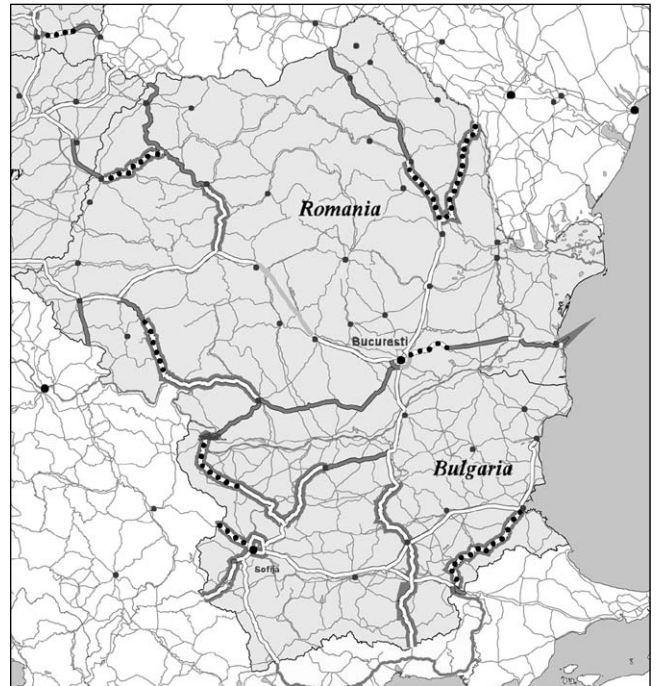
In fact, a closer look at the figures reveals that the 91.6 billion euros are significantly *below* even the self-imposed limit of 1.5%! In most of the countries, it is assumed, less than 1.5% of GDP will be invested in transportation infrastructure. Furthermore, some take the TINA list of projects as kind of a letter to Santa Claus, from which only those projects are to be undertaken which are “profitable.”

The results of this approach can be seen in several locations in the study. For example, there is a graphic which depicts how many years will be needed to complete the TINA projects, based on the estimated GDP and the corresponding investments, by country (Figure 2). In the case of Bulgaria, it will be close to 30 years.

There are two maps in the TINA report, which show a “minimum network.” They compare the traffic volume estimated for 2015, with the infrastructure which is projected to exist by 2015, and show which of the corridors will still have *less infrastructure than needed*, by then. Such lines will exist in most of the TINA countries: In the Czech Republic, Slo-

FIGURE 3

**EU’s ‘Planned Bottlenecks’ of Roads**



Source: TINA Secretariat.

The map shows the infrastructure deficits expected for 2015, under the TINA plans. The broad lines indicate roads, where more traffic is expected than these roads will be able to carry.

vakia, Poland, Hungary, Romania, and Bulgaria, there will be deficits concerning rail lines; while Estonia, Poland, Slovakia, Hungary, Romania, and Bulgaria will lack certain highways (see Figure 3).

If a more optimistic growth estimate had been used, the infrastructure deficit would be even bigger. Thus, the TINA report amounts to a plan for traffic jams.

But, the best evidence that 1.5% of GDP of investments into transportation infrastructure is not enough, is provided by the reality in Germany. Here, the Federal Transportation Ministry’s budget amounted to 3.8% of GDP as late as the 1970s—right into the “Carter recession.” Then, mainly because of environmentalist activities, this was reduced to 1.3% of GDP by 1988, before growing back to 1.7% in 1995, and close to 2.6% in 1998, including financial support for public transport, as well as salaries for the Ministry’s workforce: still a big decrease, compared to the 1970s levels.

Everyone who rides on a German highway can feel the result of these cuts, because many of these highways have decayed to the condition of the roads of East Germany when the Berlin Wall came down.

The German rail system, too, is following a policy of

shutting down lines, rather than spending money on improvements. The results have been decried in many publications: Germany is more and more suffering from a collapse of transportation, and loses 200 billion deutschemarks (close to \$100 billion) every year, because of traffic jams. In Britain, the situation is even worse, as far as the railroads are concerned. Can this be what the Eastern European countries are supposed to take as the right level of spending on their transport infrastructure, after 40 years of looting?

### A Different Approach

We will not fault the involved experts for the failures of the study. Many of them may have similar reservations about the report, and they may wait for the EU bureaucracy and member governments to change their hostile attitude toward the real economy. But, that means that the question of the real infrastructure needs of Eastern Europe has yet to be answered. Basically, a new study is necessary, based on other assumptions.

As a target, infrastructure should be planned to enable an economic growth of at least 10% annually. Based on this growth estimate, traffic volumes are to be calculated, for each year; and based on this estimate, the amount of infrastructure needed to handle this traffic should be realized, as far as physically possible. It will turn out, that *much more than 1.5% of GDP* will be needed. Additionally, totally new transportation systems will be needed, especially magnetically levitated trains, to handle the traffic volumes.

At this point, “fiscal conservative” politicians such as German Finance Minister Hans Eichel or his predecessor, Theo Waigel, will object that this will be much too expensive. In reality, the mountain of debt plaguing the German government developed *only after improvements of infrastructure were drastically cut back*.

Or, to put it another way: Our infrastructure investments are *below breakeven*. We do not invest enough, to get our economies started, and we are using up more infrastructure than we are building. Instead of accumulating capital for our national economy, we are wasting the capital investments of earlier generations—which, as can be seen in Germany, creates massive annual losses.

But, the critics of our proposal do have a point: Indeed, with the presently accepted financial instruments, it will be impossible to realize it. But that only means our financial system does not work. We need a new system, as Lyndon LaRouche has been demanding for a long time: a system capable of financing “*Wirtschaftswunder*” (economic miracles)—a system which prohibits the financial casino transactions that have become usual; which wipes out the accumulated gambling debts of our banks and nations; and imposes reliable exchange rates. A system, in which every nation has a national bank of its own, to provide credits to the nation, which enable the nation to build the infrastructure it needs.

## Mexico’s Economy: Fox Left with Only Prayers

by Rubén Cota Meza

On Feb. 3, Vicente Fox denounced as “catastrophe-mongers,” those who pointed out that there was an economic “downturn” in the United States. “We don’t see it that way,” Fox said then, while he did allow that, “perhaps,” the Mexican economy might not grow by 7% a year as he had promised, but 4% or 3.8%, the which, he said, “is not bad at all.”

On June 7, in Beijing, Fox, in a sentence of Circeronian length and elegance in which he neither stopped nor paused, lashed out at those who “do not understand what is happening in the world,” where there are economies, like that of China, which grow at rates greater than 8% a year. “I don’t know why” in Mexico, when I say that it is possible to grow by 7%, “immediately they come out saying that it cannot be done,” he complained.

Less than two weeks later, on June 19, Fox admitted that the national economy “is in recession, it is stuck.”

Treasury Secretary Francisco Gil Díaz acknowledged that now they estimate a growth rate in the first year of Fox’s government of 2-2.5%, as he reported that “in the last seven months, 400,000 people have lost their jobs.” He admitted that the sharp drop in sales and the production of durable goods in the United States, is hitting Mexico directly, “more than proportionally” to the stagnation or decline of the U.S.

Immediately, officials, analysts, and businessmen feverishly began trying to calculate the true magnitude of the Mexican economy’s decline, and what measures to take. One analyst forecast that, “when President Fox gives his end of the year toast, he will have created 2 million new unemployed: 1.3 million jobs that he promised to create and will not be able to create, plus more than 700,000 fired in the course of his first year in office.” Rolando González Barrón, president of the National Council of the Maquiladora Export Industry, reported that his sector lost 70,000 jobs in the first five months of the year.

### U.S. Collapse Hits Hard

The large companies, sinking under their debts, are being auctioned off. Bufete Industrial, one of the four largest Mexican construction consortiums, will be acquired by the Serbo Group, which will assume its \$500 million in debt, and pay a “symbolic” fee of 1,000 pesos to acquire it. Citigroup and Banco Nacional de México (Banamex) announced that the former is buying the latter for \$12 billion. With this purchase, more than 80% of the national banking system is in the hands

of foreigners.

On June 22, Seguros Comercial América, the “crown jewel” of Alfonso Romo’s Grupo Savia, became the property of the Netherlands’ ING Insurance International. President Fox had nominated Alfonso Romo to serve on the board of directors of the state oil company, Pemex, because he was one of the country’s “successful businessmen.”

Hylsamex, the steel company of the Alfa Group in Monterrey, is searching for someone to buy it. Teléfonos de México, the largest telephone company in the country, announced that, because of the downturn, it could not install a million telephone lines that it has available.

Fewer than 300 national companies, the multinationals, and the *maquiladoras* generate almost 97% of Mexico’s exports, and they are being hit hard by the fall in the United States’ economy; 90% of Mexico’s exports go to the United States. Meanwhile, the micro-businesses and small and medium companies, of which there are more than 3 million, employing 15.5 million workers, are a “species on the road to extinction.” According to a study by the Economic Research Center of the National Autonomous University of Mexico (UNAM), more than 50% of this sector report a fall in their sales; 14% have reduced profits; and only 3% occasionally export something. Only a third of these companies are registered with the Treasury Ministry, and more than 60% operate in the informal economy.

Meanwhile, the government’s tax revenues, in the first quarter, fell by some 3.4 billion pesos (around \$375 million), and, therefore the Fox government announced a budget cut of the same amount. It is to be expected that by the end of the second quarter, the drop in the tax revenues will be repeated, and the budget cuts will rise.

## A Country Drowning in Debts

At the same time, not a day goes by in which officials (from Fox on down), bankers, business leaders and, above all, investors and international financial officials, do not stridently yell that a “tax reform” must be approved, to increase tax rates on business earnings and the population’s consumption. The Banco Bilbao Vizcaya-Argentaria-Bancomer banking group pronounced on June 9 that such a tax reform is “essential” for the federal government to be able to count on sufficient resources to pay the cost of a public debt which has already reached the sum of around \$720 billion (6.8 trillion pesos). BBVA-Bancomer includes in its figures both the debt which the government officially recognizes, and the debts which are not acknowledged in the public accounts as a direct government debt, but which are backed by the state.

The public foreign debt, officially acknowledged as part of the national accounts, is equal to 12.5% of GNP, while the domestic debt is equal to 10.4%. However, if the federal government’s “potential obligations,” under the rubric of guarantees and contingencies, are considered, the public debt guaranteed by the government is equal to 125% of GNP.

The outstanding debts of the Institute for the Protection of Savings (IPAB), the institution created to hold the debts stemming from the 1995 banking bailout, the which are not officially included in the public debt, reached 740 billion pesos (around \$82 billion) at the end of December 2000, equal to 13.8% of GNP.

The debts from the bailout of the bankrupted toll roads assumed by the government, total 105 billion pesos (around \$11.7 billion), or 1.8% of GNP. Trust funds and diverse funds hold debts backed by the government which are equivalent to 3.8% of GNP.

What is most dramatic, however, is that the Mexican Social Security Institute (IMSS) holds a debt equal to 45% of GNP, while the state workers social security institute (ISSSTE) has debts equivalent to 33.8% of GNP.

The private foreign debt, in the first quarter of 2001, was \$14 billion for the banking sector and \$36 billion for the companies, plus \$21 billion in private bonds, for a total of \$71 billion.

## Fox Grows Desperate

It is no wonder, then, that between paying the onerous service on this colossal debt, and the fall in tax revenues, President Fox finds himself desperately pressed to attract foreign capital, by handing over what is left of the nation’s assets: its oil, electricity and natural gas.

Addressing the Federation of Economic Associations of Japan on June 6, during his trip to Asia, Fox repeated over and over that Mexico was one of the most, “if not *the* most open economy in the world”; it is the “land of opportunity.” We’re working to open natural gas to private investment, and changing the tax system for our oil company Pemex, so that it can enter into “strategic alliances” with other companies, he said. “Imagine the opportunities for investment that will open up! . . . In Mexico, everything is open for investments!” He then told the Panamanian newspaper *La Prensa* on June 15, that his government “is of, by, and for businessmen.”

By June 26, however, Fox had come up with another strategy, telling Associated Press: “We need to go to the Basilica and pray to the Virgin of Guadalupe, so the United States makes a comeback. Because we have everything to move, except that markets are extremely slow.”

Truly, my dear Sancho Panza, there are those who “do not understand what is happening in this world.”

**Check Out This Website:**

**[www.larouchespeaks.com](http://www.larouchespeaks.com)**

# Vietnam Asks France To Participate In Land-Bridge Development

by Christine Bierre

A conference on great projects of infrastructure development in Vietnam was organized in Paris on May 17, by Vietnamitié, a Franco-Vietnamese friendship association. Vietnamitié, under the presidency of Dr. Louis Reymondon, has been actively promoting economic cooperation between France and Vietnam over the last 15 years. The conference was co-sponsored by the French Ministries of Foreign Affairs and of Equipment, Transport and Housing.

The aim of the colloquium was to present to a French audience composed essentially of friends of Vietnam, of non-governmental organizations (NGOs), of businessmen and industrialists working in the area of infrastructure, and of local and national government officials, the very ambitious development projects that Vietnam is developing in the central region of the country.

Vietnamitié is fully involved in those projects. Since last year, French experts have visited Vietnam's central provinces, while delegations of Vietnamese officials travelled to France to define the kind of assistance they need, notably in dealing with weather and environmental problems, and in urban and port infrastructure. The Vietnamese delegations also visited the northwest coast of France, which has similar problems to Vietnam's, in the search for common solutions and cooperation.

## Debate in Vietnam Over Land-Bridges

Vietnam's geographical location and the importance of its infrastructure projects, put the country in a very good position to participate in the projects for Eurasian corridors of economic development launched over recent years by China and elaborated conceptually by *EIR* founder Lyndon LaRouche. These projects are more and more debated within the context of the ASEAN-Plus-3 forum (the ten-member Association of Southeast Asian Nations, plus China, Japan, and South Korea). Sources report that there is presently, in Vietnam, a big debate between those who want to participate actively and those who are cautious about any participation.

In launching powerful development projects in the center of the country, the Vietnamese government wants to create a balance, with the strong poles of growth in the northern triangle around Hanoi, and in the southern triangle around Ho Chi Minh City: This assessment came from several of the Vietnamese spokesmen including Vietnamese Ambassador to France Nguyen Manh Dung, Director of the National Urban

and Rural Planning Institute (Ministry of Construction) Tran Ngoc Chinh, and four leading officials of the popular committees of the provinces directly concerned in the projects.

In his presentation, Chinh underlined the strategic role that Vietnam can play in Eurasia. With its 78 million inhabitants and 300,000 square kilometers of land, Vietnam is one of the largest members of ASEAN. Its proximity to the main international maritime lines and its capacity to build deep-water ports — in particular in the central part of the country — give Vietnam a strategic character.

Among the most important national projects, Chinh mentioned the Hanoi-Ho Chi Minh City highway currently under construction, crossing the country from north to south, as well as three transversal routes crossing the center of the country from east to west. These routes are extremely important: They will open a window to the ocean and towards ASEAN, for the very poor mountainous regions which cover the great majority of this area, creating the conditions for sustained development.

Through the development of its central region, Vietnam will become a crucial link between Eurasia and the oceans, underlined Chinh, before he detailed the assets and the handicaps of the region. Among the assets, he noted the more than 1,000 km of coast with possibilities to build deep-water ports; a potential for tourism due to its very beautiful beaches and its historical/cultural monuments, which UNESCO classes as the "patrimony of humanity." Among the handicaps, he raised the terrible war damage, the poor state of infrastructure, the narrowness of river mouths, and alluvial deposits which block the waterways.

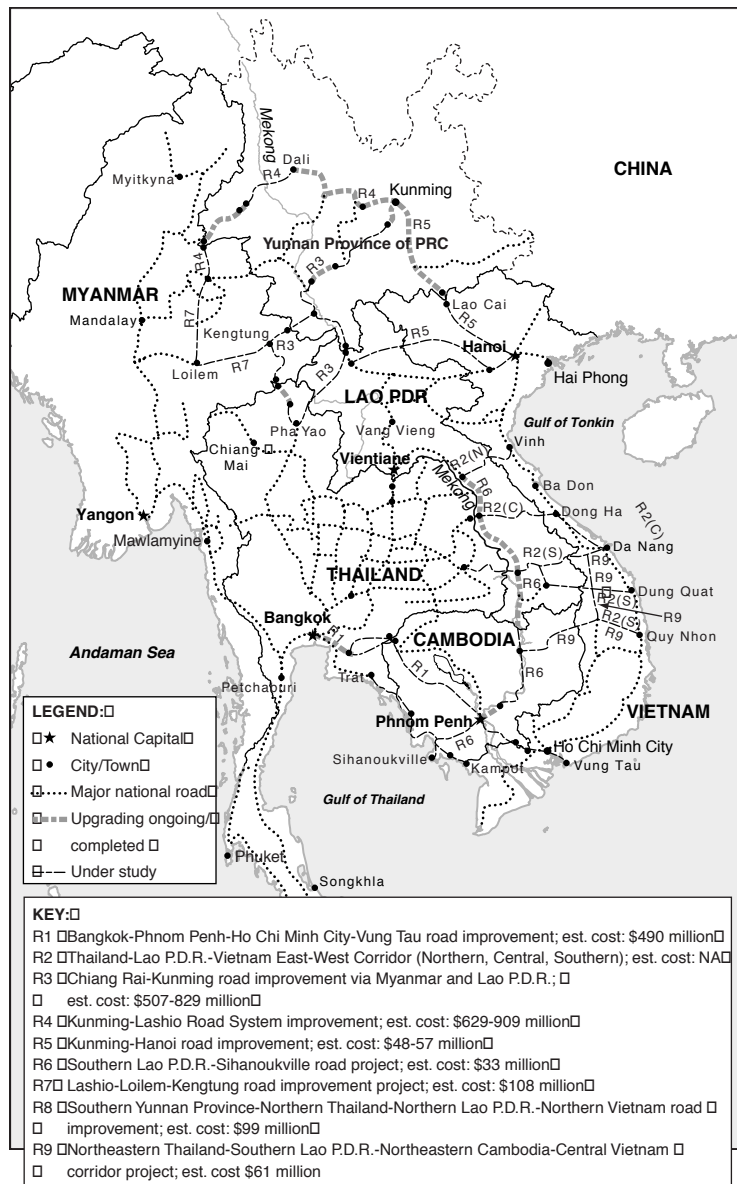
It is in the central part of the country that the government wants to concentrate investments in oil refineries and in zones of economic development. Vietnam, the number-two regional oil exporter, produces 6 million tons of oil per year, and would like that to increase rapidly to 16 million tons.

Of the 11 central provinces, 4 have been designated part of the "key economic zone": Đà Nang-Ville, Thua Thien-Huê, Quang Nam, and Quang Ngai. Đà Nang-Ville is already an important conglomerate, with new urban areas in full development, laying the basis for a 1.2 million population by the year 2020. The port of Lien Chieu will be operational by 2010.

Thua Thien-Huê has great tourism potential, with its three "patrimony of humanity" sites: Huê, My Son, and Hôi An.



## Greater Mekong Subregion Road Projects (as of February 1999)



Source: Asian Development Bank

Japan is involved in this area, in constructing a deep-water port in Chan May, and a 6 km tunnel to circumvent the rugged Col de Nuages mountains.

At the crossroads of a north-south/east-west communications network, the province of Quang Nam will become a pole of industrial and technological development, with a new city in Tam Ky, a deep-water port in Ky Hà, and the important open economic zone of Chu Lai. The province is also presently renovating its large airport, road, and rail infrastructure.

Finally, the province of Quang Gnai, which is at present the poorest, will also become a center of industrial development around the Dung Quat oil complex and its international airport. A new oil refinery will be built through Russian-Vietnamese cooperation, and there is also a deep-water port which will play a complementary role to Ky Hà, in the Quang Nam province.

## French Cooperation

The projects, and thus the need for aid and cooperation, are enormous, and France is very well placed to contribute. In fact, since the Hanoi summit of 1997, due to past relations and to the existence of a particularly large Vietnamese community in France, the Vietnamese announced their decision to become one of the Francophone states.

The collaboration between Vietnamité and several French ministries, and the high-level participation of representatives of the state in the colloquium, indicate that France maintains a strong level of interest in Vietnam. As Nguyen Mahn Dung underlined, France is the second world lender to Vietnam, and one of its six most important commercial partners. One of the collaborators of Equipment, Transport and Housing Minister Jean Claude Gayssot briefed the conference participants on the French contributions. France is training pilots and helping in aviation maintenance; it recently opened a center for training in water management in Hanoi, as well as a building site, and a railway engineering school. France is also helping to train top-level engineers through its prestigious Ecole de Ponts et Chaussées (School of Bridges and Roads).

But this assistance falls far short of the needs of the ambitious Vietnamese projects. A much more important participation by France in the construction of roads, high-speed railway systems, and port infrastructure would aid the French economy. To contribute do this, France would have to extend Marshall Plan-type credits, and entice French companies to participate, through subsidies. To do so would require two things: First of all, France would have to respect the priorities of the Vietnamese development plans. (The French oil company Total, contracted by the Vietnamese government to build a refinery, refused to build it in the central part of the country, and when the Vietnamese authorities insisted, decided undiplomatically to retreat to Singapore.) Secondly, France will have to renounce the neo-liberal ideology of the European Union's Maastricht Treaty, which forbids state intervention in the economy, and will have to support friendly countries through investments in large infrastructure.

Is this all really too much to ask from the country of Jean-Baptiste Colbert and Charles de Gaulle?

# Business Briefs

## Petroleum

### Explore Alliances vs. Majors, Says Asian Firm

Southeast Asia's oil companies should explore alliances to counter the threat from the four global giants, the president of Malaysia's state energy firm Petronas, Mohamad Hassan Marican, said on June 11, *Business Day* reported.

The biggest threat facing the world oil industry "is the domination of the super-majors," Mohamad Hassan told an Asia oil and gas conference. Their low cost of capital, access to huge untapped reserves, and strong technical and development skills put them in a class of their own, with a combined production capacity of about 13 million barrels a day. To meet this challenge, national oil companies should seek formal and informal alliances with each other, and explore niche areas of the world to invest in.

Mohamad Hassan suggested that in the next five years, "and purely on a hypothetical basis," the national oil firms of Indonesia, Malaysia, Thailand, and Vietnam might consolidate, along with forming alliances elsewhere in the world.

## Telecommunications

### 'Goodwill' Accounting: One, Two, Many Nortels?

In the wake of Nortel's announcement of a \$12.3 billion charge, mostly to write off so-called "goodwill" from previous purchases, the *Bloomberg* financial news service reported on June 16 that many other telecommunications companies are likely to find themselves in a similar situation.

"Goodwill" is an accounting-sheet fiction used to reconcile the difference between the purchase price of an asset, usually a firm, and the actual value of that asset. Say, for example, the value of a company, its inventory, capital goods, cash, receivables, etc., amounts to \$100 million, but that company is valued by the *stock market* at \$1.1 billion. A purchasing company records the \$100 million in real assets on its books, plus \$1 billion

in "goodwill." That goodwill is then "amortized" (written off) out of operating profits, over as many as 30 years.

In Nortel's case, neither the purchases nor the main company have generated profits recently. Nortel's write-off still values the purchased companies at the original purchase price—in terms of the number of Nortel shares used to buy the companies. However, at the time of purchase, those Nortel shares were worth \$17.1 billion, while the same number of Nortel shares today fetch about \$2.9 billion.

There are dozens of companies poised to take similar charges, analysts say. Nortel, like Cisco, CMGI, Inc., and JDS Uniphase Corp., to name a few, used soaring stock prices to finance a buying spree in 1999 and 2000, paying billions of dollars for companies that often were losing money and had little or no revenue. JDS Uniphase, the biggest maker of fiber-optic equipment, said in April that it was in talks with regulators for permission to write down \$40 billion of goodwill. Alcatel SA, Europe's number-four phone-equipment maker, in May outlined plans for a 3 billion euro (\$2.6 billion) charge.

Some companies are carrying even more goodwill on their books. AOL Time Warner, Inc. probably tops the list with \$127.9 billion, as a consequence of its \$147 billion purchase of Time Warner, Inc. in January. WorldCom, Inc. had \$46.6 billion and Tyco International, Inc., among the busiest acquirers in recent years, \$24.9 billion. Other notables include Cisco with \$4.96 billion, and Lucent Technologies, Inc. with \$5.12 billion.

## Africa

### Trade Unionists Oppose Privatization

A Southern Africa Solidarity workshop against privatization was held in Harare, Zimbabwe at the end of June. Trade unions from Namibia, Swaziland, Zambia, Mozambique, and South Africa attended the meeting, which was hosted by the South African Municipal Workers Union. A spokesman for SAMWU noted that because "nearly all re-

search into privatization in Africa is sponsored by the World Bank," this meeting would gather information collected by the trade unions.

SAMWU also noted that the pace of privatization of water and energy in African countries has increased dramatically in the last two years, and there have already been major African privatization failures during this period. SAMWU has formed an anti-water privatization partnership with forces in Ghana.

The workshop was also scheduled to decide upon a date for a Southern Africa day of action against privatization.

## Health

### French Report Hits EU, Britain on BSE Spread

A report by the French National Assembly released on June 20 criticized Britain and the European Union (EU) for obstruction and cover-up in the spread of bovine spongiform encephalopathy (BSE), Agence France Presse reported.

"Health concerns were overridden by the greater objective of the free circulation of goods, services, and capital," i.e., free trade, the report said. It accused Britain of continuing to export meat and bone meal (MBM) to continental Europe, even after this had been identified in 1988 as the probable vector for BSE, and had been banned for domestic consumption in Britain. The report also accused the French government of "insufficient appreciation of the danger," and failure to crack down on illegal imports. It accused EU institutions of putting off essential controls in the face of overwhelming and available evidence about disease transmission.

Francois Sauvadet, president of the commission that wrote the report, said, "It is striking that while the epidemic was spreading, as of 1988 in Britain, no information was ever clearly given to France by the British authorities." The report states that "up until 1994, there was an increase in exports of British MBM to Europe," for which the report blasts French customs, health, and anti-fraud authorities.

**PAKISTAN'S** Chief Executive Gen. Pervez Musharraf said that his government is willing to allow a gas pipeline from Iran to India to run through his country, the Iranian News Agency reported on June 14. Building an overland pipeline would contribute to greater economic integration among the three countries.

**INDEPENDENT TRUCKERS** in the United States are going under in record numbers, the June 25 *Wall Street Journal* reported. Small firms are either going into bankruptcy, or just turning over the keys to lenders. Some 1,155 trucking firms went under in the first quarter of this year. This is attributed to higher costs, including for fuel, and a 2-5% drop in shipping volume.

**A KRA CANAL** feasibility study has been approved in Thailand. The project will take 18 months and cost about \$25 million, to be financed mainly by Japanese, Iranian, and Chinese public and private interests. Deputy Prime Minister Chavalit Yongchaiyudh will head the study committee. Previous efforts have not gone beyond pre-feasibility studies.

**INDIA** has undertaken efforts to link the two major rivers, the Ganga and the Brahmaputra, as a national waterway to facilitate navigational links in the east and northeastern parts of the country, Inland Waterways Authority Chairman B.N. Jha said. Jha said India has requested that Bangladesh help in linking the two most important waterways of the nation.

**THE EUROPEAN** Commission announced on June 15 that EU Energy Commissioner Loyola de Palacio would discuss bringing China into the new satellite navigation system called Galileo, being developed in Europe, during her visit to China on June 16-19. "China is potentially an important partner for the EU in the framework of this program, having identified a Global Navigation Satellite System as one of its priorities," the Commission said.

As for the EU's role, the report states that "in the first years of the epidemic, the agriculture commissioner, Ray MacSharry, obstructed certain measures that would have limited the spread of BSE in Europe." The report criticizes successive EU ministerial meetings for "denying, against all the evidence, the risk of BSE in their countries," to the point that Germany, Italy, Spain, and Denmark only began testing last year.

## Infrastructure

### WHO Warns on Global Freshwater Supply

A World Health Organization report entitled "Water at the Service of Health," warns that there is a global shortage of freshwater. Given that 20% of the world population has no access to safe water supplies, and that water shortages are also being monitored in other regions, such as Europe, that have had relatively safe water supplies to date, future severe water shortages might even lead to the outbreak of war among the worst-affected countries.

("A thirst of gigantic proportions" is predicted in another expert study, recently released by PriceWaterhouseCooper.)

According to the WHO report, the top crisis regions are Central Europe, the Balkans, the Middle East, and Africa, such that countries including Hungary, Slovakia, Croatia, Serbia, Turkey, Syria, Egypt, Sudan, and Ethiopia will suffer from dramatic water undersupply, if no investments are made to improve the situation. The WHO estimates that it will be necessary to invest \$305 million alone to address this issue, over the coming 14 years. *EIR* experts consider that amount of investment a gross underestimate.

Western Europe is not safe either. For example, the Russian newspaper *Pravda* on June 17 quoted Prof. Santos Oliveira of the Portuguese Faculty of Science and Technology in Lisbon, who implied there might be a potential "water war" between Spain and Portugal: As the Spanish water needs cannot be met by the Ebro River alone, Spain will have to tap the resources of the two main Portuguese rivers, Tagus and Douro, both of

which have their sources inside Spain. Already, the main cause of homicide in rural Portugal is disputes over water, Oliveira said.

## Climate

### Scientist Forecasts New Glacial Era Ahead

Richard S. Lindzen, a member of the U.S. Academy of Sciences panel that published a climate report, defied the global warming propaganda, and said the world is going toward a glacial era, in an interview with the Italian daily *Corriere della Sera* on June 15. The assessment echoes that of Lyndon LaRouche.

"In one century the climate will be different from today, but simply because atmospheric changes are the rule. I am convinced that in a few thousand years we will have another glacial era. But CO<sub>2</sub> emissions have nothing to do with that," Lindzen said. "Think to the 'miniglacial era' that brought snow and ice to Europe in the 17th and 18th Centuries. Or to the Middle Age Optimum when the word pollution did not exist yet, but Iceland and Greenland were temperate, inhabited areas, where winegrapes were grown. Temperatures, at that time, were between 2 and 5°C higher than today."

When asked whether man can do something to prevent things from getting worse, Lindzen said, "This question goes out of the scientific field and enters the domain of religion. You are asking me whether sacrifices to Gods are opportune to improve things. . . . My impression is that Europe, above all, is prey to environmentalist religion and hysteria."

Groups such as the World Watch Institute "make money by alarming people" about climate change, Lindzen said. As for the ozone hole and pollution, "both problems are diminishing. In most industrialized countries . . . the air is cleaner. Not only that: Instead of having everybody dying of cancer and asthma, longevity is increasing everywhere. There are more serious and urgent questions, believe me. And that is what our report says: You can breathe, the end of the world is not ahead."

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## Open the Age of Hypersonic Flight!

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*For more than 60 years, scientists and engineers have worked to combine aircraft and rocket technology. NASA's Hyper-X program is designed to finally meet the challenge. Marsha Freeman reports.*

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Ever since man began to fly, he has aimed to reach higher and higher into the atmosphere, to finally fly into space. As early as the 1920s and the first rocket experiments, space pioneers were designing aircraft that would be equipped with rockets to fly through the atmosphere into space, and return to the Earth like an airplane. In this way, the airplane frame would use its wings for aerodynamic lift, and the rocket engine would allow it to travel faster than would any aircraft engine, and fast enough to go into orbit. Today's Space Shuttle is an approximation of this concept, using rockets to orbit the Earth, and using its wings to aerodynamically glide back. But, because it is launched vertically into the atmosphere using its rockets, the Space Shuttle plows through the atmosphere, fighting against it.

But what if technology could be developed to make use of the atmosphere for the oxygen needed for propulsion, rather than having to carry it along in weighty tanks, the way a rocket does? If engines could be developed that could extract oxygen from the atmosphere and attain hypersonic speeds, only a minimal amount of rocket power would be needed to take the last step into space.

Such a hybrid system would substantially reduce the weight of a space vehicle, making it more efficient and economical. Today, for rocket-propelled vehicles, 88% of the take-off weight is propellant. The Space Shuttle carries 1.3 million pounds of liquid oxygen in its 15-story-tall external tank, along with 223,000 pounds of liquid hydrogen fuel, to feed its main engines. Rocket-powered vehicles have to be designed in stages to go into orbit, discarding excess weight

when the fuel is exhausted, which is why the Shuttle drops its external tank.

If the Shuttle could use the air in the atmosphere on its way to space, instead of carrying its oxygen and tank along with it, the vehicle could carry more than a million pounds more payload. Or, the vehicle could be much smaller, hauling the same amount of cargo.

If the space vehicle also took off horizontally, like an airplane, rather than vertically, like a rocket, it could potentially be "launched" from a runway at an airport, rather than a special space center, further cutting cost. Safety is greatly increased, because the launch stage would be based on aviation, not rocket technology. Were there a problem with an engine, the plane could fly back to the runway, rather than "drop out of the sky," as if it were attached to a rocket.

Every space agency in the world has been interested in lowering the cost of its access to space, because that cost determines what activities can be carried out. If the cost of orbiting a pound of payload could be one or, better, two orders of magnitude less than what it is today (about \$5,000 per pound on the Shuttle), space would be opened to scientific institutions, industry, and even tourists. The cost reduction would ripple through every space activity, from launching satellites to establishing manned settlements on the Moon, enabling whole new missions.

The National Aeronautics and Space Administration (NASA) is embarked on the Hyper-X program to develop and test the revolutionary technologies that can make the dream of "flying" into space a reality. Under development is a scramjet



*An artist's concept of the Hyper-X during its hypersonic cruise.*

engine that can take a vehicle to hypersonic speeds, i.e., higher than Mach 5 (Mach 1 equals the speed of sound, about 760 miles per hour at sea level), using the oxygen in the atmosphere. If the scramjet engine could bring the vehicle to a speed of Mach 18, only a modest amount of rocket power would be needed to get it to the orbital speed of Mach 25. Hyper-X will be the first flight test of a scramjet engine, and will lay the basis for designing tomorrow's vehicles, that can fly into space.

There have been numerous starts to this space plane project, over the past 50 years. What is needed now, is a crash program commitment to overcoming the very real obstacles in fundamental physical principles — such as hypersonic fluid flow and aerodynamics — and the associated engineering challenges in materials, structures, combustion, and the like. This will require the mobilization of a near-moribund aerospace and aeronautics industry, to rebuild basic research and development resources, enabling the breakthroughs for hypersonic flight.

## **Rockets on Airplanes**

The first proposal for a spaceplane consisted of merely physically joining the two technologies. In 1923, at the dawn of serious rocket engine experiments, Latvian engineer Fridrikh Tsander described an airplane with a “high-pressure” aviation engine, attached to a rocket. At an altitude of 28 kilometers, he proposed, the aviation engine would be cut off and a rocket engine would take over.

Inside the aircraft would be a smaller, winged spaceship that would be launched into space, and later glide back to land. With aviation itself still in its infancy, and airplanes being made out of wood, it would be decades before technology could catch up to this innovative design. Tsander died in 1933, a decade before even the first rocket took flight.

In 1914, a young man born in Bohemia built his first model

rocket plane, powered with a fireworks rocket. Eugen Sänger, who was nine years old at the time, went on to read the works of Hermann Oberth and other rocket scientists, and submitted a doctoral thesis at the Technical High School in Vienna in 1928, on high-altitude rocket plane flights. The thesis was rejected by his teacher, who advised that he would be an “old man with a long beard before you succeed in obtaining your doctorate.” But this did not discourage the young enthusiast.

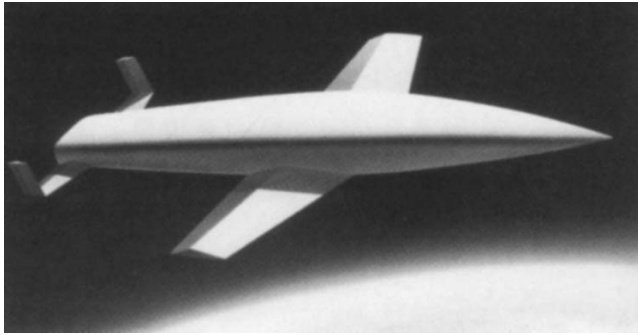
The space plane designs of the 1920s had followed an approach of taking a rocket engine and building an airplane around it. Sänger realized that this idea was obvious, but unworkable; that the airplane and propulsion design had to be integrated, to optimize the performance of each.

During the 1930s, Sänger carried out rocket motor experiments at Vienna University, but, according to German-American science writer Willy Ley, he “felt certain then — and future development, has, of course, borne him out — that the practical problems of larger motors would certainly be solvable.” Sänger, therefore, left rocket experiments to others, and concentrated on the next step — of marrying the new rocket technology to the airplane.

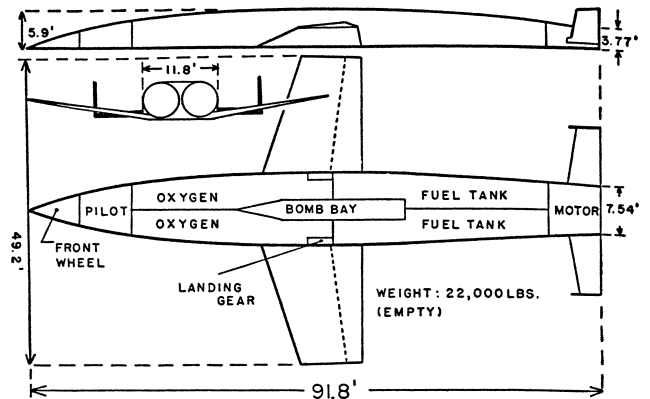
To Sänger, the logical progression from air to space was through a series of ever-more-capable rocket-powered planes, each of which could fly faster and higher than its predecessor. Through successive approximations, the technologies would be developed and the design matured, leading to airplanes in space.

In 1933, when serious rocket engine development work was under way in Germany, Sänger published his book, *Rocket Flight Technique*, in which he presented the design of a rocket plane that could travel for more than an hour at an average speed of 1,600 miles per hour, with an engine burn time of 20 minutes. He called the vehicle the Silver Bird.

In the introduction, Sänger wrote: “In particular, that type of rocket flight shall be treated which takes place in the upper



A model of the Sängers-Bredt rocket spaceplan, the Silver Bird.



A diagram of Eugen Sänger's anti-podal bomber, which would be capable of travelling halfway around the world and landing at an airport.

layers of the stratosphere with such velocity that the inertial forces due to the curvature of the flight path contribute essentially to the lift. This type of rocket flight is the next basic development step beyond the tropospheric flight, accomplished during the last 30 years, and it is the prelude to space flight, the greatest technical problem of our time.”

Sänger submitted the proposal for development of his Silver Bird to the Austrian Ministry of Defense in 1933. As Robert Goddard was told by the military establishment in the United States, and Hermann Oberth was told in Germany, Sänger was told that rockets wouldn't work.

Two years later, the German Air force, the Luftwaffe, established a rocket research center in Trauen, Germany, in competition with the Army rocket research program, later at Peenemünde, to investigate rocket motors. Sänger was invited to join. In 1938, Sänger and mathematician Irene Bredt (later to become his wife) created a steel model of Sänger's Silver Bird, and applied for a patent.

During World War II, Sänger and Bredt worked on a 400-page report titled, “A Rocket Drive for Long-Range Bombers.” This concept, based on the earlier Silver Bird, would orbit the Earth using a single-stage vehicle, at a maximum altitude of 186 miles, carrying four tons of payload. A ground-based, liquid-fuelled rocket sled would be used to accelerate the space plane to a speed of 1,640 feet per second, to provide the lift for take-off.

Sänger knew that if the rocket plane were launched vertically, like a rocket, or steeply into the dense layers of the atmosphere too quickly, once its engine were stopped, it would ricochet, dropping back to a denser layer, bouncing off it to an upper thinner layer, repeating this roller coaster trajectory as it lost altitude. He realized that such a sinusoidal, or “skip” path, would increase the range of the plane, which led to his concept of the anti-podal bomber. (This concept is being used today for flights to Mars, where the drag in the atmosphere “aerobrakes” the spacecraft over a series of orbits, until it lands.)

The single-stage plane Sänger designed is 92 feet long, with a wing span of 50 feet. It would weigh 20 metric tons empty, and carry 80 metric tons, including fuel, a pilot, and 660 pounds of bombs. A two-mile-long straight take-off track

on the ground would be used, with the plane seated on a rocket sled. The rocket would operate for 11 seconds to accelerate the plane to a speed of 1,640 feet per second, producing enough lift for take-off. The plane's rocket stage would then be ignited, and accelerate it to a speed of 3.73 miles per second.

Sänger calculated that this vehicle would be able to travel more than 14,000 miles before it landed, going halfway around the world (or to its anti-pode), and could set down at an airport. The propulsion period would be about five minutes, and the total trip duration, two and a half hours.

The war ended before such a design could even be considered.

## Rocket Planes Begin To Fly

Following the end of World War II, and the demonstration of the reality of rocket technology by the team under the leadership of Wernher von Braun at Peenemünde, the American National Advisory Committee on Aeronautics and the United States Air Force embarked on a program to test a rocket-propelled hypersonic space plane. This was a path parallel to the pure rocket development program, proceeding under the U.S. Army and von Braun, which was also designed to put man into space.

The purpose of the X-plane program was to develop the technologies and test the flight regimes in the atmosphere, that would be required for manned, orbital rocket plane vehicles.

On Oct. 14, 1947, Air Force pilot Chuck Yeager, sitting in his X-1 rocket plane, was taken aloft by a B-29 airplane to an altitude of 37,000 feet. The X-1 was released from the plane, and ignited its rockets. It was the first aircraft to exceed Mach 1, the speed of sound. That, and the subsequent flights of the X vehicles, provided scientists and engineers with their first test data on the aerodynamics of supersonic flight, the stability of a vehicle in that flight regime, and other information that would be crucial 25 years later in the design of the Space Shuttle. The speed record for manned rocket plane

vehicles was set by the X-15 at Mach 6.7, during its 199th flight, in 1968.

While the initial testing of supersonic vehicles was under way, ideas abounded on how to apply what was sure to be the next revolution in flight. In 1949, working at the California Institute of Technology, Dr. Tsien Hsue-shen, who would later lead the Chinese space program, designed a suborbital rocket plane to travel from Los Angeles to New York. Rocket burnout would take place after 150 seconds, at 100 miles altitude, and the plane would glide for 10,000 miles, over about an hour.

Similarly, while working for Bell Aircraft, which built the X-1, former Peenemünde rocketeers Walter Dornberger and Krafft Ehrlicke designed an intercontinental passenger transport consisting of two winged airplanes, both stages boosted by rocket engines. One hundred thirty seconds after launch, the stages would separate. The manned booster would be flown back to a landing site, and the smaller second stage, with its passengers, would continue on its journey. The plane could be able to cross the Atlantic in 75 minutes, reaching a maximum velocity of 8,560 miles per hour.

The Air Force planned to continue development of hypersonic planes with speeds faster than that possible with the X-15, in the Dyna Soar (Dynamic Ascent and Soaring Flight), or X-20 program, which began in 1958. But the technical challenges were severe, requiring the development of higher-temperature materials, the mastery of fluid- and aerodynamic properties of the upper layers of the atmosphere, and new propulsion systems. Politically, Dyna Soar was seen as unnecessary, because NASA was already developing a manned space program, to lead up to the lunar landing. President John Kennedy had given NASA less than nine years to land a man on the Moon. Ballistic rocket flight was seen as the solution with the lowest risk, and the only way such a timetable could be met. The Dyna Soar program was cancelled in 1963.

As the United States decided to develop ballistic rocket vehicles for manned space flight, Sänger saw a window of opportunity for Europe to exert technological leadership in the space field, and develop the advanced and efficient space plane he had been designing for 30 years.

In 1962, Sänger pointed out that the United States and the Soviet Union were concentrating on their race to the Moon. "There is, therefore, at the moment, a unique, but short-lived opportunity for Europe, with its great intellectual and material resources, to become active in a sector of spaceflight in which the major space powers have not yet achieved an insuperable lead," he said. But, in postwar Germany, rocket, space, and military technologies could not be pursued, and, at the time, there was no European-wide space organization to carry through on such a proposal.

In 1961, Sänger working at the German aircraft giant Junkers, and then at Dornier, began a study of space transportation systems, which was completed in 1964. Similar to the Dornberger-Ehrlicke design, he proposed a two-stage design for a one-man spacecraft for either anti-podal flights, or a

transport plane, to a 186-mile orbit. Both the booster vehicle and the space vehicle, which would ride piggyback, would be manned and recoverable. The initial lift would be provided by a horizontal catapult, or track, with a pair of rockets. Sänger thought that such a vehicle could be realized within 15 years.

It would be another 20 years before Europe, or at least Germany, would take up Sänger's challenge, but Sänger did not live to guide that effort. He died on Jan. 23, 1964 of a heart attack, while lecturing at the Technical University in Berlin.

## On the Other Side of the Curtain

The United States and Europe were not the only places where hypersonic rocket planes were being designed. In an article in *EIR* in 1996, Russian space engineer Oleg Sokolov reported on previously secret Soviet aerospace plane projects, dating back to the 1960s.

Similar to the situation in the United States, the Soviet space program was focussed on using rocket technology, such as the Soyuz, borrowed from intercontinental ballistic missiles. This was the quickest, and then-cheapest way to achieve Earth orbit.

But the Soviet aviation industry was pursuing the "Spiral" project, initiated in 1965, building on 1950s design experience that had been carried out as the counterpart to the U.S. Dyna Soar program. Spiral was to include a hypersonic airplane-booster, an orbital plane, and an additional booster to take the plane into orbit.

Spiral would have a total mass of 140 tons, and inject the orbiter, with a three-man crew aboard, into low-Earth orbit. The orbiter could carry out two or three revolutions of the Earth, and land at an airfield. The entire system would be reusable.

Although the Spiral program was shelved in 1969, and abandoned in 1978, the Russians carried out flight tests of a scale model of the orbital plane in order to study aerodynamic braking, thermal properties, and landing. Tests continued into the 1970s with a variety of analogue vehicles, until the work was shifted to support the development of the Soviet space shuttle, the Buran.

Interest in hypersonic flight reawakened in the mid-1980s, with the focus on using already-existing hardware and what had already been learned. The new design, designated the Multi-Purpose Aviation Space System (MAKS), used the Ukrainian conventional super-heavy cargo aircraft Mria as an air carrier. The orbiter would be dropped from the airplane at a designated altitude and then use its rocket engines to enter orbit. As political and economic chaos engulfed the former Soviet Union, and the Buran shuttle was mothballed because of lack of funds, the MAKS concept went through various iterations, but never came to fruition.

But resident today in Russia and the former Soviet republics is some of the world's finest expertise, not only in rocket plane design, but also in hands-on experience in designing and testing some of the most advanced engines for the future.





*The Soviet "Spiral" aerospace plane, which included a hypersonic airplane booster and small orbital plane on top.*

That expertise is ready to be re-engaged in an aerospace plane project.

## **The 1980s Sänger II**

In the mid-1980s, President Ronald Reagan committed the United States, and invited international partners, to help develop a space station in low-Earth orbit. This initiative opened up the possibility of new missions for relatively small manned spacecraft that could be used to deliver crew members, and service the permanent space facility. In addition, the 1986 Challenger explosion prompted nations involved in the station to have second thoughts about the policy of relying solely on the Space Shuttle to take astronauts into space. (Russia did not join the project until early 1990s.)

German aeronautics and space engineers resurrected the project for an aerospace plane, and honored the originator of the concept by naming it the Sänger II.

The Sänger program, begun in 1986, had the goal of developing hypersonic engine technology (above Mach 5), including developing a vehicle that would take off from an airport, release a second, orbital vehicle to visit the space station—or provide a ride to a transfer orbit for payloads, such as a communications satellite, headed for geosynchronous orbit, 24,000 miles above the Earth—and then fly back to land.

The German program was designed to make use of available, or near-term technology, by employing a two-stage configuration. The first stage, a large booster plane, used a conventional jet turbine engine, and then switched to a ramjet, fuelled by liquid hydrogen, which would obtain speeds up to Mach 7. At that point, the second, smaller space plane would separate, and ignite its rocket engine to obtain orbit.

Ramjets had been under development for nearly 40 years. In 1946, Sänger went to France, to advise the government on rocket technology. While there, he carried out research and tests on ramjet engines towed by an airplane.

The ramjet concept had been originally explained by René Lorin in 1913, and was patented in 1941 in Germany. Prelimi-

nary tests were conducted in Germany between 1942 and 1944. In his 1965 book, *Space Flight*, Sänger pointed out that rocket vehicles consume 60% of their propellants in altitudes less than 30 kilometers, in the densest part of the atmosphere, on their way to space. Tremendous savings could be won by replacing rockets that carry along their oxygen, with turbojet and ramjet engines that use air from the atmosphere, up to that altitude.

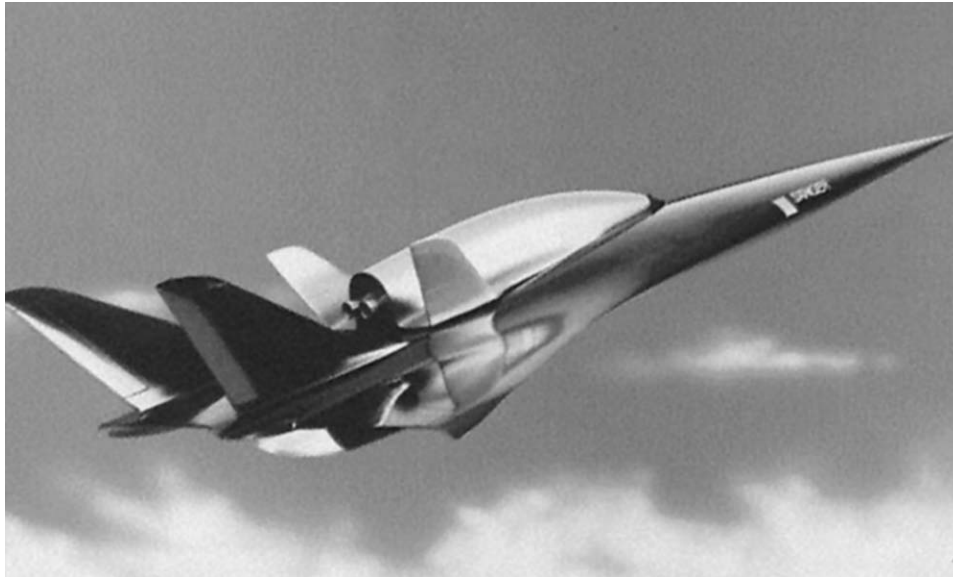
Sänger explained that three different propulsion systems would be needed in his spaceplane design. Because ramjets are only efficient at about Mach 2 and above, conventional turbojet engines are needed for the first leg of the flight. And, because ramjets have been shown to operate effectively up to a speed of about Mach 6, rockets would be needed for the last leg into space, at Mach 25.

Sänger stated that the goal is to increase the payload weight of a space vehicle to 15-20% of the total weight, similar to a commercial airliner. Ballistic space vehicles represent "a primitive, uneconomical, and unreliable initial stage of the development program," he said.

Today's jet aircraft, commercial and military, use turbojet engines that compress the air in the atmosphere, combine it with fuel, burn the mixture, and expand the combustion products to produce forward thrust. But these engines are limited to speeds of about Mach 3. Above that speed, the turbine blades used to compress the air, overheat. Unlike turbojets, ramjets have no moving parts.

In ramjets, the air is channeled into the engine through an in-take duct pointing in the direction of flight. It requires no moving parts, because the air is compressed by the forward speed of the aircraft itself. The air enters a combustion chamber where it slowed down as it is rammed into the chamber. As it slows, the pressure increases and the gas expands. Even without combustion, the air is heated to 1,100°C for flights at a speed of Mach 5.

The Sänger II design included an air-breathing hypersonic ramjet for the first stage, which could, by itself, be an intercon-



*An artist's drawing of the two-stage Sänger II, with its hypersonic ramjet first stage and space plane.*

tinental transport plane. Carrying 130 passengers, it would have a range of 13,000 km, a 33-foot wingspan, six ramjet engines, and would reach a maximum speed of Mach 6.8 and a cruising speed of Mach 4.5.

The smaller, second-stage rocket-powered plane could be designed for either a crew of two, or for cargo. The Horizontal Upper Stage (Horus) was the manned version, and the Cargus, for up to 15,400 pounds of freight. Preliminary models of the ramjet engine were tested in wind tunnels at a speed of Mach 4.7.

Because of both technical and financial difficulties, the Sänger II project, entirely funded by the German government and industry, was stretched out, with the first, technology development phase extended from 1992 to 1995. This technically challenging phase required the development of air-breathing propulsion, advances in aerothermodynamics, propulsion integration with an airframe, and new materials and structures. It was estimated that the last phase, a flight-ready vehicle, would cost \$20 billion.

From the beginning of the program, Germany made clear that to advance to the second stage of building scale models for testing and, eventually, a full-scale test vehicle, international collaboration would be required. While partners for the program were being sought, the German space budget was reduced 20% in 1993, other necessary parts of the program were dropped, and only research on air-breathing engines continued. The European Space Agency, contending with competing concepts from France and England, and in the end unwilling to fund any one of them, did not approve the program. Foolishly, Sänger II was cancelled in 1994.

### **From Ramjets to Scramjets**

In the mid-1980s, the United States began the National Aerospace Plane program, dubbed the "Orient Express." It had been announced as a national initiative by President

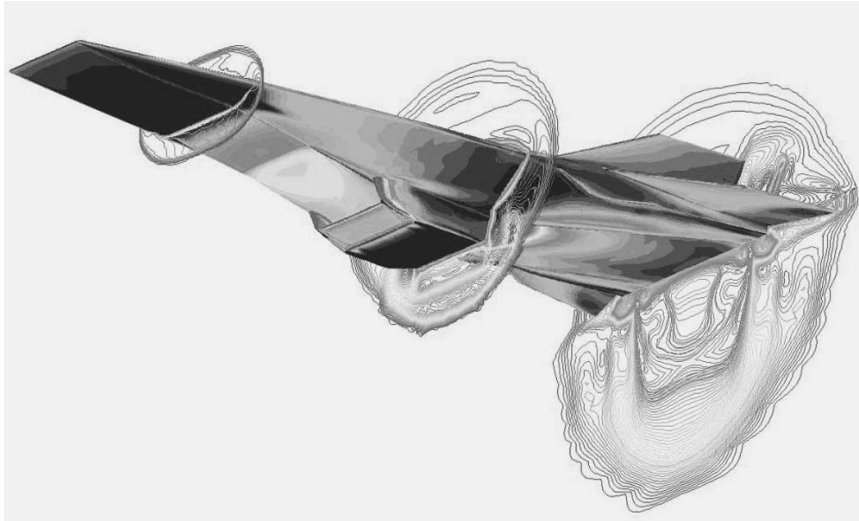
Reagan in his 1986 State of the Union address. The goal of NASP, or the X-30, was to demonstrate the feasibility of "sustained hypersonic cruise," in a most difficult single-stage-to-orbit configuration. This would mean that subsonic aircraft propulsion, and air-breathing hypersonic ramjet and scramjet propulsion, would all be integrated into one vehicle. This had never been attempted before. The program was to culminate in a full-scale flight-ready vehicle. The estimated cost was \$10-15 billion.

It was known from previous tests that at six times the speed of sound, the combustion chamber in a ramjet engine becomes so hot that the combustion products needed for thrust, decompose. At that point, a more advanced propulsion system is needed to take over.

Scramjets, or supersonic ramjets, were the invention of Antonio Ferri, working at New York University in the late 1950s. In the United States, his work led to the 1960s Hypersonic Research Engine program at NASA's Langley Research Center in Virginia. Unlike the ramjet, the air coming into the engine is not "rammed," or slowed down, but stays at supersonic speeds throughout the engine. This prevents the air flow from heating up, keeping it relatively cool. But, it reduces the time the air spends in the chamber to one-thousandth of a second, or less. A very quick chemical reaction is required in the chamber, with hydrogen the most effective candidate. It was well known that this would be a challenging technology to understand and engineer.

As the National Aerospace Plane program proceeded, it became clear that technical challenges in developing a hypersonic scramjet engine—which could only be flight tested, because no wind tunnel exists that can test anything higher than Mach 8—was more difficult, and much more expensive, than originally calculated.

The program also ran into political problems in Washington. With Defense Department budget cuts in 1989, Defense



*Beyond a speed of Mach 8, where the ability to test in wind tunnels is lost, scientists use computational fluid dynamics to analyze air flow and shock fronts around hypersonic aircraft. This is such a diagram of the Hyper-X.*

Secretary Dick Cheney tried to cancel the X-30 program during his first week in office. The program limped along from year to year, tossed back and forth between the Air Force and NASA, never receiving enough political support, or funding.

By 1993, it was clear that only (expensive) test flights could accurately characterize the shock wave transition point for the X-30; provide test data on scramjet performance at high Mach numbers, prior to manned X-30 flights; and overcome the lack of data to support the claims that hypersonic vehicle stability and control were manageable. The program was behind schedule and over budget. Members of the technical community felt that NASA and the Air Force had bitten off more than they could chew, and that substantially more research and development was necessary before development of test flight vehicles could be entertained.

While progress was made in a number of areas, and scramjet wind tunnel tests were successfully conducted, the program was essentially ended in 1994. Although it was intriguing to propose flying from New York to Tokyo in one hour, a well-funded, longer-term R&D effort, with the stable political backing of Washington policymakers, was lacking.

A similar situation existed in the Soviet Union, where work on hypersonic engines had been under way. There, on Nov. 28, 1991, for the first time in history, an air-breathing ramjet/scramjet engine was tested in flight. The engine, launched on a missile, operated for 20 seconds, and attained a speed of Mach 8. A second test took place the following year, prepared by the Central Institute of Aviation Motors, the Tupolev aircraft design bureau, and the famed Central Aero-Hydrodynamics Institute (TsAGI). At a speed of Mach 6.6 the ramjet engine converted to a scramjet. Scale models of potential airframe designs were tested in the wind tunnel at TsAGI, up to speeds of Mach 20, for two minutes.

The resources have not existed in Russia to complete the development that is possible on the ground, and then to move to test-flight articles to verify the revolutionary new propulsion technology. As early as 1993, Russian scientists proposed that their extensive, ground-based hypersonic test facilities be combined with the American capabilities in fields such as computational fluid dynamics, in a joint program to develop hypersonic flight. Now that NASA has initiated such a program here, this proposal should be implemented.

When the National Aerospace Plane program was ended in 1994, it did not diminish NASA's interest in completing development of the technology. Within the next 10-20 years, the Space Shuttle fleet will reach the end of its productive lifetime. The challenge is not only to replace the Shuttle, but also to radically reduce the cost of manned access to space. In 1995, NASA began Hyper-X, a more modest, \$185 million five-year technology development effort, starting from the progress made in the NASP program.

### **Hyper-X: From Earth to Space**

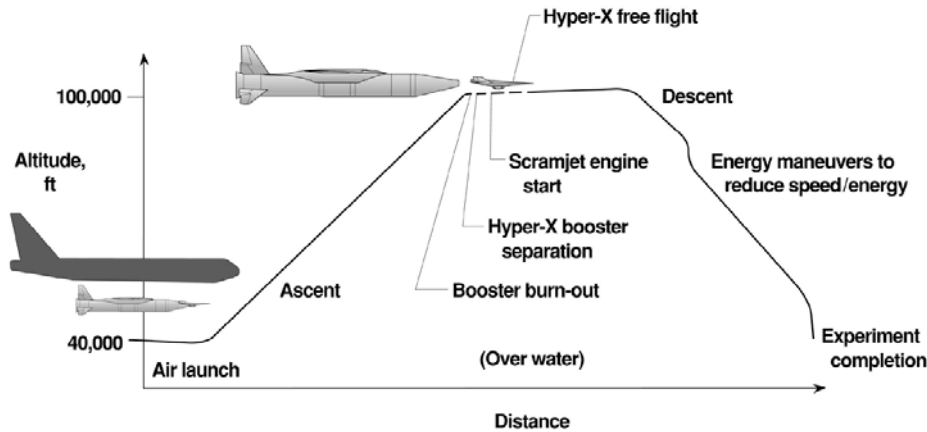
The goal of the Hyper-X program is to design and test scramjet propulsion systems in wind tunnels and on a small-scale vehicle. If these are successful, a decision will be made to proceed with a full-scale flight vehicle.

Conceptual design work began in 1995, and wind tunnel tests of engine models followed early in 1996. Fifteen experimental aerodynamic test programs, on 11 different models, were tested during more than 1,000 runs, to validate a scramjet design. In 1977, NASA chose MicroCraft, Inc. of Tullahoma, Tennessee to develop the X-43 test vehicle, in order to integrate the scramjet engine with an airframe. Three vehicles have been built, each approximately 12 feet long, with a wing span of about five feet.

In order to test the scramjet engine, the X-43 is carried aloft attached to a Pegasus rocket booster, under the wing of a B-52. At a speed of Mach 7, when the B-52 reaches a height of about 40,000 feet, the Pegasus, carrying the X-43, is released from the plane. At an altitude of 100,000 feet, the X-43 is released from the Pegasus, and turns on its engine for ten-plus seconds. In its unpowered, six-minute glide phase, it is to perform a number of "S" curves to slow itself down aerodynamically, and finally ditch in the Pacific Ocean.

The three X-43 aircraft, while appearing identical, will be engineered with slight differences to simulate variable air inlet scramjet geometry, which changes with Mach number. Two vehicles were designed to fly at Mach 7, and the last at

# HYPER-X FLIGHT TRAJECTORY



*During a flight test of the Hyper-X, or X-43, a B-52 flies to 40,000 feet, where it releases the X-43, which is attached to a Pegasus rocket. The rocket ascends to 100,000 feet, and the X-43 flies using its scramjet engine after release from the Pegasus.*

Mach 10, or 7,200 miles per hour.

The first such flight test took place on June 2. But after separation from the B-52, the Pegasus rocket booster went out of control 5-8 seconds after igniting, and range safety officers ordered the rocket, with the attached X-43, to self-destruct. While NASA is investigating the cause of the test failure, the schedule for the next two test flights, which were supposed to proceed at six-month intervals, has been put on hold.

The second phase of the Hyper-X program will use a slightly larger X-43 vehicle, for follow-on tests in the Mach 5 through Mach 7 regime. These tests will actually be more difficult than tests at Mach 7 or 10, because they will take place in the transition region between supersonic and hypersonic speeds, and the engine will have to transition from a ramjet to the scramjet. That program will be centered around a hydrocarbon-fuelled scramjet, which is being developed by the Air Force Research Laboratory. The project, led by NASA's Marshall Space Flight Center, is planned to start in October 2001.

Each mode of air transportation has a regime in which it operates most efficiently. Today's turbojet engines are designed to operate at relatively slow speeds, in the densest part of the atmosphere, using mechanical means to provide air compression for forward thrust and lift. At the temperature and speed limit beyond which rotating turbines become operable, ramjets, with no moving parts, can accelerate a plane to up to six times the speed of sound.

Beyond the reach of the ramjet, where air and combustion temperatures extend beyond the limits of today's heat-resistant materials, and combustion becomes inefficient, supersonic ramjets, operating at cooler temperatures, can bring a

plane to the edge of space.

Up to now, scramjet engines have been tested in the United States only in wind tunnels. Because of the complexity and nonlinear character of hypersonic aerodynamics, only *in situ* tests will prove any particular design. The Hyper-X program will be the first to take the step to integrate advanced air-breathing engines with an airframe, and it will ultimately have to house and be an integral part of them.

Considering all of the theoretical and experimental work that has also been done, particularly in the former Soviet Union and in Europe, NASA's Hyper-X program would certainly benefit from an international effort.

Nearly 80 years after the first rocket plane concept, and more than 50 years since research began on revolutionary air-breathing engines, it is time to open the age of hypersonic flight.

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## Honoring Nicolaus of Cusa: A Dialogue of Cultures

by Helga Zepp-LaRouche

**Editors' note:** *This speech was delivered at a conference of the Schiller Institute in Bad Schwalbach, Germany on May 6, 2001, as a contribution to the 600th birthday of Cardinal Nicolaus of Cusa. The speech is a historical first, in that it presents the development of the nation-state, as it originates in Cusa's revolutionary work. Mrs. Zepp-LaRouche's analysis is informed by the work of the late Baron Friedrich von der Heydte, but takes a different emphasis: the importance of the Fifteenth-Century Golden Renaissance in the emergence of the nation-state.*

It is an extraordinary joy for me to speak about my good friend, Nicolaus of Cusa. And, given the fact that it is his birthday somewhere between April and June, he will be 600 years old. And I really mean the joy of a friend having a birthday, because when a friend has a birthday, you realize that without this individual, the world would be so much poorer. And I hope that with my remarks I will interest you in studying Nicolaus of Cusa, his ideas and concepts, so that he becomes one of your dear friends, too, if he is not so already.

The reason why this particular man is so extraordinarily important is, because it was his ideas which gave the beautiful, Italian Renaissance—the Golden Renaissance of Florence—an even higher expression, because he was the towering genius among all the many geniuses who came together at that point. And it was this unbelievable, fantastic explosion of human creativity expressed in this Renaissance, which succeeded in overcoming the Dark Age of the Fourteenth Century. And it is more urgent than ever before, to study the example of the Golden Renaissance, to find the clues to how we can overcome the Dark Age of today.

As during Nicolaus's time, when the issue of peace was

of the highest actuality, so today we have terrible wars raging in Africa, in the Middle East, in the Balkans, but also within nations, like Colombia, Indonesia, and many other countries. The image of man, which Nicolaus so beautifully defined, is once again in shambles; and when the British press talks about “culling people” in the context of the next global flu epidemic, being the equivalent of hoof and mouth disease for human beings, you can see what the value of human life is today. As in Cusa's time, the challenges of these new diseases are such that a new scientific revolution is required. But, also, the issues which concerned him—namely, what should be the principles according to which countries, nations, and peoples relate to each other?—are of the utmost importance today.

To answer all of these questions, one of the most important struggles to understand, both then and now, is the conflict between those, on the one hand, who contributed to the emergence of the sovereign nation-state, through fundamental changes in world outlook during the transition from the Thirteenth to the Fourteenth Centuries, and especially in the Fifteenth Century and Nicolaus's contribution; and those on the other side, who wanted to go back to imperial structures of the period before that, such as the forces of globalization today. That globalization is a new version of the old Roman Empire, an Anglo-American version, which actually kills entire continents and turns the world into a global plantation, is now being seen by more and more people.

But, how precious the instrument of the sovereign nation-state actually is for the defense of the common good, and what enormous efforts it took, to arrive at the concepts of national sovereignty and a community of states based on international law—the knowledge of this has been thoroughly obscured by those who benefit from globalization, and who point to the nation-state as the source of all evil.



*Helga Zepp-LaRouche: “Can we not, for our own sakes, and as the most beautiful birthday present we could give to Nicolaus of Cusa for his 600th birthday, develop the same power of intellect, the same existential commitment and passion to great ideas?”*

What I want to do in this presentation, is to set the record straight, and completely agree with that genius of international law, the late Baron Friedrich von der Heydte, that the ideas of a community of states based on international law, are so very integral to European culture, that this culture cannot even be thought of, without them. Globalization directly threatens the very essence of European culture. Let me therefore present to you some of the ideas, which went into the emergence of the nation-state and the community of nations based on international law, and then show you, why the works of Nicolaus of Cusa meant a qualitative change in the tradition of all Platonic thinkers before him, and why his breakthrough of the *coincidentia oppositorum*, the thinking of the opposites in coincidence — which today is represented in a qualitatively enriched form by Lyndon LaRouche — is exactly the level of thinking necessary for a Renaissance today!

### **Birth of the Nation-State**

So, what steps were necessary, for the nation-state to come into being?

Dr. Sergei Glazyev spoke two days ago about world organizations, the IMF, World Bank, WTO;<sup>1</sup> and if, while I'm speaking, you think about the emergence of the nation-state, you can actually see that the effort to put these current instru-

1. Sergei Glazyev, “Reconstruction After the Financial Crash,” *EIR*, May 18, 2001.

ments of globalization in control of the world, is an effort to turn the clock back before A.D. 1000, 1100; actually, before the idea of sovereignty existed.

The Middle Ages in Europe were essentially dominated by two poles: the Holy Roman Empire, on the one hand, and the Papacy, on the other; but, despite changing rivalries, these were united in the concept of a universal, occidental Christianity, in which the philosophical idea of the “*reductio ad unum*,” the reduction of the multitude to unity, governed the political thinking of the time. For example, the “*Königsspiegel*” (“The King’s Mirror”) of Gottfried of Viterbo (1180) develops this universal idea of the Emperor, with all its tradition, in a straightforward way. Even if there were other, regional ruling structures from the Tenth to the Twelfth Centuries, one could not call these regional power formations, “states.”

It took the decisive change in political thinking, during the transition from the Thirteenth to the Fourteenth Centuries, for the different aspects of what eventually, with Nicolaus of Cusa, constituted the sovereign nation-state, to emerge.

Around the turn from the Thirteenth to the Fourteenth Century, the top of the old hierarchical order—the Empire, and the Church as a temporal power—lost influence, and power structures on a lower level were strengthened. Eventually, these no longer recognized any power, or decision-making authority, above them, arrogating to themselves the right to decide about the life and death of their subjects.

Thus, in the beginning, these regional ruling structures achieved a “status,” a state, *état*.

The Infante Peter of Aragon talks in his “Fürstenspiegel” (“Prince’s Mirror”) of 1355, of a “conservative status.” The same formulation is used in a letter by Petrarch to Francesco of Carrara, about the administration of the community. Also, English authors of the Fourteenth Century use the word “status” for “state.”

The only challenge to the universal hierarchical order of the Holy Roman Empire, was in the Tenth- and Eleventh-Century establishment of Norman monarchies on the outskirts of the Empire—in western France, England, Sicily, Russia, and Poland—which ignored the philosophy of the power of the Empire, and based themselves on a strong administration, their own nobility, a mercenary army, a jurisdiction, and a coherent financial and trade policy. The Norman historian Orderic Vitalis (1075-?1143), for example, did not entertain the idea in his work, that the Holy Roman Empire of his time continued the Roman Empire of the past, but assumed instead that it was the Normans who were the carriers of world historical development, for which divine Providence had selected them. This was a peripheral development, but it did not go unnoticed.

The two individuals who can be called the pioneers—not prophets, but pioneers—of the modern state, were John of Salisbury (1120-80) and Guillaume d’Auvergne (?1180-1249); their social teaching was, however, still based on a cosmological order. John of Salisbury wrote the so-called *Policraticus*, a work of state theory, “[a]bout the vain worries of the courtiers and the influence of the philosophers,” which is one of the few timeless works of state science. But the “*res publica*” is still, for him, embedded within a *spiritual* hierarchy. The same is true for Guillaume d’Auvergne, Bishop of Paris, who in 1235 wrote of the “state of the angels,” being a model for the commonwealth on Earth. These two books were the first social theory ever, and crucial for the new theory of the state in France, in which the tendency for a developing nation-state was most advanced.

The *Policraticus*, taught by the Cistercian monk Hélinant de Froidmont and Guillaume d’Auvergne, influenced Gilbert de Tournai, Thomas Aquinas, Bonaventure, and Aegidius Colonna of Rome, who wrote the first modern theory of the state.

John of Salisbury emphasized political justice, as being an important step in the evolution of political theory. Aegidius Colonna was the first to speak of political theory as an independent science, and he was the educator of Philip the Fair (1268-1314).

## Emerging National Sovereignty

So, the first sovereign nation-states emerged in England, with Henry II Plantagenet (1154-89); in France, with Louis IX (St. Louis) (1226-70); in Sicily, with Friedrich II Hohenstauffen (1212-50); and in Spain, with Ferdinand III (el

Santo), and his successor, Alfonso the Wise (1252-58).

These new state formations were all based on similar features. First, a clearly ordered jurisdiction. Second, a territorial structure according to jurisdictional districts. Third, the superiority of royal courts over those of the nobility and Church. Fourth, the strengthening of royal courts, and the issuance of new laws and institutions in a code promulgated in the king’s name.

In England, France, and Sicily, an order of financial administration developed parallel to the jurisdiction.

The result of these reforms in these four states was, that it was the new power structure which had control over life and death, it being exclusively in the hands of the leadership of the state, and no longer in the hands of the lesser nobility.

There was a consolidation of power internally, and at the same time, a declaration of sovereignty toward the external. What that meant was, first, not to recognize any higher Earthly power; second, the leadership of an emperor in his own territory; third, to be a coherent community.

This notion, not to recognize any higher Earthly power, suddenly became *the* leitmotif of the transition from the Thirteenth to the Fourteenth Centuries, and this became one of the most powerful ideas in the development of modern Europe!

At the beginning of the Fourteenth Century, in the fight between Pope Boniface VIII and Philip the Fair, this became the fighting slogan of the royalist party. It led to the summoning of the Estates-General in 1302, and the Act of 23 February, in which Philip declared his intention to disinherit his sons, if they were ever to recognize any higher authority in France than God.

Alfonso the Wise in Spain, and Frederick II in Sicily, adopted the same formulation.

In Sicily, interestingly enough, it was the father and brothers of Thomas Aquinas, who helped Frederick II found the Sicilian state. Thomas Aquinas developed this idea to a general theory.

A counter-tendency was the theory of the “Emperor status” of the Pope, as a temporal power. The main theoretician of this was Aegidius Colonna, and his ideas were taken up by Pope Boniface VIII, who expressed them in the Bull *Una Sancta*.

There is an anecdote told—I don’t know if it’s true, but the anecdote is told—that Boniface once climbed the stairs of a church in Rome, and shouted at people: “*Ego Caesar, ego Imperator!*” Which, obviously, was absolutely not the intention of what Popes are supposed to be.

On the other side of the conflict, you had the emerging national sovereignty, where, for the first time, a shift occurred, such that in the state, not only the interest of the king, but the common good, was a concern.

One step in this direction was the writing of Alfonso the Wise, that the king, as the representative of God, has to guarantee Justice and Truth for the people he governs.

The notion of sovereign equality was first mentioned by



the philosopher and poet Ramon Llull (Lullus) at the end of the Thirteenth Century. He also had the idea of a “*persona communa*,” in whom goodness, greatness, and stability for the community, are united. For Llull, however, in the Thirteenth Century, this *persona communa* was still the world Emperor.

Frederick II Hohenstauffen was the first to appeal to the reason of the rulers of the sovereign, *equal* states, instead of just demanding obedience of them.

A truly revolutionary breakthrough occurred, when the Dominican philosopher John Quidort of Paris elaborated the idea of a multitude of equal, independent states, and the idea, that there could be peace in the world only, if there were no Emperor. Only in a system of juridically equal states, each limited to its own territory, could there be peace and concordance. The drive for world dominion, the mere idea of being greater than others, necessarily brings non-peace, he wrote. This represented a decisive step in the evolution of the modern international law of peoples.

Quidort’s writings were ammunition in the fight of France against the demands of papal power. The then-famous lawyer Peter Dubois wrote in 1305 in a leaflet: “In my view, there is rarely a reasonable person, who would like to believe that, concerning temporal matters, there should be one single ruler in the whole world, who would govern everything, and to whom all ears would listen; because if you drive toward such a condition, there will be wars, riots, and fighting without end, and no one could suppress it, because there are too many people, too great distances and differentiations of the individual countries, which are too big, and the natural inclination of people for opposition and dissonances is too large.”

In this entire period, the unresolved tension between the empire and the emerging states was unresolved, and a “*concordantia discordantium*” was the essential conflict of the time. The best thinkers and most advanced kings of the Thirteenth and Fourteenth Centuries tried in vain to find a solution to overcome this tension.

The poet Dante is an illustration of Lyndon LaRouche’s argument, that the beautiful visions of poets are often the inspiration for the politicians; such was the vision in his *De Monarchia*, which portrayed the ideal of world community, where the deep longing for peace was realized.

It is interesting that, long before this, what Professor von der Heydte calls the “birth-hour of the modern nation-state,”<sup>2</sup> actually went through its labor pains. St. Augustine wrote in the *City of God*, that only an evil state would be imperialistic—a clear reference to the Roman Empire—and that well-meaning men would not derive happiness from the *size* of their empire. Because its vast extent, would only have grown because of its injustice, against which justified wars would have been fought; whereas, the empire would be small, if there were calm and peaceful neighbors. And thus, according

to Augustine, smaller states would be better than large, never-satisfied empires.

Extremely important for Alfonso the Wise, Llull, and Thomas Aquinas, was the question of justice in the state. Aquinas even said, that life in society cannot exist, if there is not someone on the top of the state, concerned with the *bonum commune*, the common good. And that is exactly what the problem is with globalization today—that at the top of these supranational institutions, they could not care less for the common good.

## The ‘Concordantia Catholica’ and Political Freedom

What inspired the different philosophers, poets, and state theoreticians who contributed to the idea of the international law of peoples, and of national sovereignty, was a passionate drive for peace; and, justice and love were regarded as the preconditions for peace. Especially today, when there is no peace in many areas of the world, when globalization causes wars and threatens a new, global Dark Age, it is of the utmost importance to understand, that *it was the desire for peace, which stood at the beginning of the development of national sovereignty and international law.*

The philosopher whose political theory represented a grand design for a functioning peace-order in the world, who resolved the “*concordantia discordantium*,” was Nicolaus of Cusa, the greatest thinker of the Fifteenth Century. His *Concordantia Catholica (Catholic Concordance)*, a paper written for the Council of Basel, not only contains, in Books I and II, ideas about the reform of the Church, but in Book III, an argument for the reform of the Holy Roman Empire. Nicolaus gives here, for the first time, a concrete institutional form to the constitutional demands on the ruler, which was a major step in the direction of modern constitutionalism, and even the separation of powers.

Completely new in Nicolaus’s approach, was the idea of natural freedom and equality, as the basis for participation in government. Here, we have the beginning of the political rights of all people!

Nicolaus writes in the *Concordantia*:

Therefore, since all are by nature free, every governance—whether it consists in a written law, or in living law in the person of a prince . . . can only come from the agreement and consent of the subjects. For, if men are by nature equal in power and equally free, the true, properly ordered authority of one common ruler, who is their equal in power, can only be constituted by the election and consent of the others, and law is also established by consent.

This was totally revolutionary—that the rulers and the governed are equal and equally free. And, at another place, he says, that what is true for the German, is also true for the

2. Baron Friedrich von der Heydte, *Die Geburtsstunde des souveränen Staates* (Regensburg, Germany: Druck und Verlag Josef Habel, 1952).

Ethiopian! Nicolaus really meant human rights as a universal principle.

In Book III, he writes:

Natural laws precede all human considerations, and provide the principle for them all. First, nature intends every kind of animal to preserve its physical existence and its life, to avoid what could be harmful, and to secure what is necessary to it. For the first requirement of essence is that it exist.

If one were to write a new constitution for a world of sovereign nation-states, this definition of Nicolaus's could go into it completely unchanged, because, first off, people have to exist.

He continues:

But, from the beginning, men have been endowed with reason, which distinguishes them from animals. They know, because of the existence of their reason, that association and sharing are most useful—indeed, necessary for their self-preservation, and to achieve the purpose of human existence.

And therefore, Cusa argues,

Human beings have built cities and adopted laws to preserve unity and harmony, and they established guardians of all of these laws, with the power necessary to provide for the public good.

Nicolaus then, in the clearest way, establishes the principle which separates the sovereign nation-state from the previous oligarchical forms of society, by defining the only legitimate source of power, as caring for the common good, to which all or a majority of people have to consent. He says:

All legitimate power arises from elective concordance and free submission. There is in the people a divine seed by virtue of their common equal birth and the equal natural rights of all men, so that the authority—which comes from God, as does man himself—is recognized as divine, when it arises from the common consent of the subjects. One, who is established in authority as representative of the will of all, may be called a public or common person, the father of all, ruling without haughtiness, or pride, in a lawful and legitimately established government.

While recognizing himself as a creature, as it were, of all of his subjects as a collectivity, let him act as their father, as individuals. That is the divinely ordained marital state of spiritual union based on a lasting harmony, by which a commonwealth is best guided in the fullness of peace toward the good of eternal bliss.

Now, is that not beautiful? I really enjoy reading this, to see that a constitution can be based on coherence with the common good, but that the ruler is also asked to act like a father to all, which obviously requires love.

Nicolaus then defines the representative system, in which the elected representatives enter a reciprocal legal relationship with both the government and the governed. He says:

For this purpose [the public welfare], the ruler should have the best qualified of his subjects chosen from all parts of his realm, to participate in a daily council with him. These counsellors ought to represent all the inhabitants of the realm. . . . These counsellors ought constantly to defend the good of the public which they represent, giving advice and serving as the appropriate means through which the king can govern and influence his subjects, and the subjects on proper occasion can influence him in return. The great strength of the kingdom comes from this daily council. The counsellors should be appointed to this task by agreement in a general meeting of the kingdom, and they should be publicly bound legally by oath to speak out openly for the public good.

Now, you heard yesterday in the panel on the fight for D.C. General Hospital, a living example, if all the citizens would publicly speak out for the common good as it was done by Charlene Gordon or by Dr. Alim Muhamad, then the state would function; and that is exactly what we have to accomplish.

Nicolaus wrote this groundbreaking work in 1433, and it took another 343 years, until these ideas of a representative system as the *only* practical way to defend the inalienable rights of the individual, were formulated in the American Declaration of Independence and the American Constitution.

But, for Nicolaus, this was only his first major work; his real breakthrough was still to come.

## Gifts of the Italian Renaissance

That Nicolaus was educated by the Brothers of the Common Life is quite probable, although it cannot be securely established. A great deal is known about his relationship to the pinnacle of the Italian Renaissance, which both influenced him, just as he inspired the best thinkers, philosophers, statesmen, and Popes, with his groundbreaking philosophical method, which was, on the one hand, in the Platonic tradition, but which also added a spectacular new dimension to the history of philosophical thought.

Nicolaus studied from 1417 to 1423 in Padua, so he was there when he was between 18 and 24 years old. Already, here, he came in contact with the most precious tradition of European civilization, which had been revived in Italy with Dante, Petrarch, and Boccaccio, who had started a *de facto* war against the dogmatic, scholastic teaching which domi-



Benozzo Gozzoli,  
*"Journey of the Magi"*  
 (detail). The painting  
 portrays the arrival of  
 delegations of religious  
 leaders, poets,  
 philosophers, and  
 statesmen to the Council  
 of Florence.

nated much of the academic life of Europe, by consciously reviving Plato and Classical Greek thinking.

Petrarch pointed out, that Plato's teachings were coherent with Christianity, while Aristotle's were not; he also attacked the influence of Averroës. Coluccio Salutati (1331-1406), who knew Petrarch, was, like all humanists, an avid collector of manuscripts; he became chancellor of Florence in 1375, the year of Boccaccio's death. Leonardo Bruni, who translated several of Plato's writings, and was, from 1427 onward, the chancellor of this city, and Poggio Bracciolini, who was chancellor from 1415 to 1422, were both pupils of Salutati, and represented the continuation of the Platonist, anti-Aristotelian tradition. Bracciolini had known Cosimo de Medici since the Council of Constance; Cosimo had also befriended Nicolaus there.

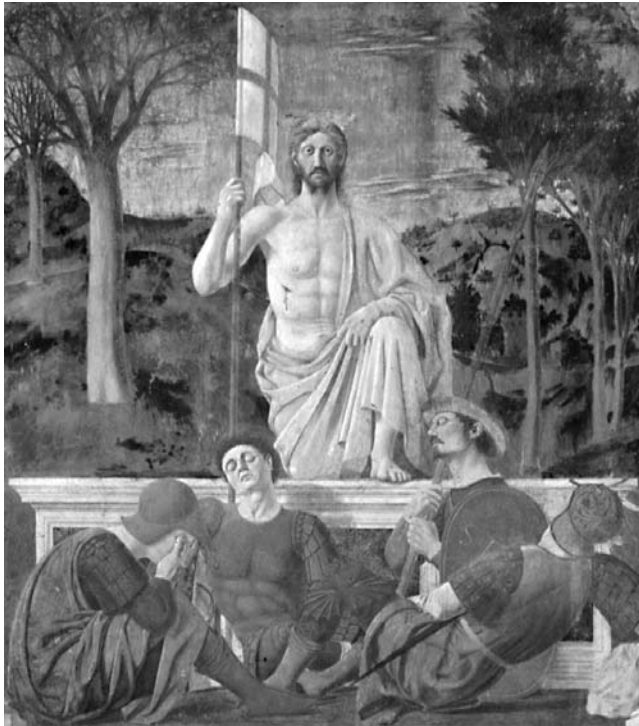
Another group of people, with whom Nicolaus was in contact during his studies in Padua, were his close friend Giuliano Cesarini, Ambrogio Traversari, and Aeneas Silvius Piccolomini, later Pope Pius II, all of whom were in this same tradition of Dante, Petrarch, and Boccaccio.

In Padua, Nicolaus also started his lifelong friendship with Paolo dal Pozzo Toscanelli (1397-1482), who wrote the famous letter to Fernão Martins, where he argued, that one could reach China and India by the sea route going west—which later was used by Columbus, and led to his discovery of the Americas. Through him, Nicolaus had also close con-

tact to the great artists Leon Battista Alberti and Filippo Brunelleschi.

The translations of Bruni, Traversari, and others, of Plato and Aristotle, had already provoked profound debates about the Good, the value of poetry, and about the nature of the community, which represented the intellectual environment during Nicolaus's studies in Padua, which he clearly developed to a higher level in his *Concordantia Catholica*. But, from 1437 onward, Nicolaus, mediated by his friend Cesarini, took over important functions in the Vatican, and from this moment on, the history of Nicolaus, that of the Renaissance Popes, and the cultural Renaissance, became extremely closely intertwined. Already in 1437, Nicolaus travelled to Byzantium, where apart from his diplomatic mission to accompany and bring back the delegation of 700 representatives of the Orthodox Church, including the Byzantine Emperor and the Patriarch, he was successful in finding the documents proving that the formulation of the "*Filioque*"—namely, that the Spirit emanates equally from the Father and the Son—had already been part of the Creed in the early councils. As we have published, this proof played a very important role in the unification of the Church in the Councils of Ferrara and Florence.

Nicolaus had the closest contact with the 83-year-old Georgios Gemistos Plethon, who accompanied the Byzantine Emperor as an adviser. Plethon at that point knew the entirety



*The cultural environment in which Cusa lived and worked included the flourishing of such artists as Piero della Francesca, who was in Florence after 1439. Here, his “The Resurrection of Christ.”*

of Plato, and naturally Proclus, and as a statesman in his own right, he intended a Renaissance based on Plato for Greece. In 1439, while in Florence, he wrote a sharp critique of Aristotle: Aristotle had misunderstood the Platonic ideas, he had denied God’s creation of the world, and the existence of Providence, as well as the immortality of the soul, he had undermined ethics, and his theory was irreconcilable with Christianity.

Plethon, and Bessarion, the Archbishop of Nicea who also wrote polemically against Aristotle, sparked total excitement about Plato in Ferrara, and it was especially the famous doctor Ugo Benzi from Siena, who was teaching in Padua during Nicolaus’s stay there, organized these debates. Cesarini, to whom Nicolaus had dedicated the *Docta Ignorantia* (*Learned Ignorance*), was the host of many of these lectures about Plato, which excited one of his listeners, Cosimo de Medici, in such a way, that he decided to found a Platonic Academy in Florence, and asked Plethon to translate the entire corpus of Plato.

Nicolaus also had direct contact with Cosimo de Medici, and Petrus Leonius (Pierleoni) from Spoleto, who was the personal doctor of Lorenzo de Medici, collected several of Cusa’s writings and circulated them further.

Just to illustrate the unbelievable intellectual and cultural environment in which Nicolaus worked: He had close contact with Tommaso Parentocelli, later Pope Nicolaus V and the

founder of the Vatican library, and Aeneas Sylvius Piccolomini, later Pope Pius II, and also Niccolò Albergati; he saw the works of Alberti, Fra Angelico, Donatello, Piero della Francesca, and Paolo Ucello, who had finished his frescos in Santa Maria Novella in 1430, where Masaccio had completed his “Trinity” fresco, painted in perspective form, in 1427.

Piero della Francesca was in Florence from 1439 on. Ghiberti created the bronze doors to the Baptistry in Florence, his “Gates of Paradise.” Brunelleschi, in 1417, had created the first model of the cupola for the dome of Florence Cathedral, which was completed in 1437, and already in 1429 he had made new constructions of San Lorenzo and the Pazzi Chapel in San Spirito.

Since the Italian, and especially, Florentine, Renaissance is a prime model, to study how a civilization can overcome a Dark Age, it is useful to look at how the different influences came together. Dante, Petrarch, and Boccaccio’s influence created the foundation. From the beginning of the Fifteenth Century, several great artists and philosophers created a new humanist movement. But it was the Councils of Ferrara and Florence, especially the contact with the Greek Platonic scholars, which gave this new movement its decisive boost.

### **The ‘Coincidence of Opposites’**

This was the intellectual and cultural environment in which Nicolaus of Cusa made a conceptual breakthrough. He himself writes, that on the way back from Constantinople in 1437-1438, he experienced an enlightenment, which allowed him to see all problems in a completely different light.

This was his unique “coincidence philosophy.” He repeatedly stressed, that he was teaching something which had never been thought before. He insisted, that not one philosopher before him recognized the method of thinking embedded in the *coincidentia oppositorum*. Aristotle had put forward the idea, that contradictory statements could not be truthful at the same time. In a letter of Sept. 14, 1453, Nicolaus wrote, that the disallowance of contradictory statements had been the common axiom of all philosophy; Aristotle had said so merely in the most explicit form. All the philosophers had failed, the “great Dionysius” being the only exception, in a couple of places.

If one takes the totality of Nicolaus’s attacks on Aristotle together, there isn’t much left of him. Nicolaus reduces him—the absolute master in the teachings of the scholastics in almost all universities—to someone who has the wrong method, who cannot find anything, while restlessly running back and forth, incapable of understanding Platonic ideas.

In the “Apologia Docta Ignorantia,” a defense of his *Docta Ignorantia* against the Heidelberg professor Johannes Wenck, who had accused him of pantheism, heresy, and confusion, Cusa writes:

Nowadays, the Aristotelian tendency dominates, which finds the coincidence of opposites, which one has to



*The Cathedral of Florence. Brunelleschi's dome was completed in 1437, a year before the Council of Florence began.*

acknowledge to find the ascent toward mystical theology, to be a heresy.<sup>3</sup>

To those trained in this school, this approach seems to be totally nonsensical. They refuse it, as something completely opposite to their intentions. Therefore, it would be close to a miracle—as well as it would be a complete transformation of the school—if they were to abandon Aristotle, and reach a higher level.

Nicolaus then quotes Hieronymus quoting Philo, in basically making the point that logic, the Aristotelian method of thinking, is no better than the understanding (*ratio*) of an animal. Because, all understanding beings, humans and animals, are able to draw conclusions:

The methodological approach [i.e., the Aristotelian level of understanding—HZL] is necessarily limited between the starting point and the final point, and these opposing opposites we call contradictions. Therefore, for the methodological proceeding thinking, the goals are opposite and separate.

Therefore, on the level of understanding, the extremes are separated, like the notion of the circle, which says that the center cannot coincide with the circumference, because the distance from the center point to the circumference is always the same.

But, on the level of the reasonable mind, who sees

---

3. The idea of mysticism during Cusa's time, did not mean what it means today; it merely meant a complete devotion to the truth—HZL.

that, within unity, number, within the point, the line, and in the center, the circle is folded in, the convergence of unity and multiplicity, point and line, center and circumference, are reached in the vision of the mind, without methodological back and forth: That, you could see in the book "*De Coniecturis*" ("On Conjectures"), where I showed, that God is even above the coincidence of the contradictory opposites, because, according to Dionysius, he is the opposite of opposites.

It is not very respectful, that Nicolaus talks here about the "methodological back and forth" of the Aristotelians! And what does he mean by their "intentions"?

Then Nicolaus continues:

After these words, the master reminded me to note, that learned ignorance, like a high tower, brings everyone to the level of vision. Because he, who is standing up there, has an overview of everything, for which the one moving over the field, looking for different traces, is searching; he also sees, how far the one searching, is getting closer or further away from what he is looking for. In this way, learned ignorance, which belongs to the domain of the reasonable mind, judges the methodological approach of the thought process of the understanding.

The metaphor of the tower in which reason is self-conscious about itself, the searcher, and that which is searched, is a pedagogical device to help the mind think in an elevated

way, from above.

Another device is in *De Beryllo (On Beryllus)*, the idea that “coincidence thinking” is like a lens, through which one can see that which was previously invisible. “Coincidence thinking” is not what is seen, it is the method of thinking.

In *De Beryllo*, Nicolaus describes the sensuous world as a book written for us, even created for us, in such a way, that we can understand it from the way our cognition works. Nicolaus develops a truly subjective, cognitive approach here.

Other thinkers before Nicolaus had conceived the idea of a unity which precedes all contradictory statements. What makes “coincidence thinking” and the metaphor of beryllus as a lens different, is to show, how contradicting substantial causes coexist in a principled connectedness, before they separate into their differentiation.

If we have the beryllus, we see the opposites “*in principio convexio*,” before they exist in their duality. In the rectilinear, the Minimum of the acute angle, and the Maximum of the obtuse angle, coincide; before they separate into their contradictoriness, they are together in the rectilinear.

As we will see, this is no academic exercise; rather, Nicolaus is developing a method of thinking here, which has the most fundamental significance for the solution of political and religious problems. And, because Aristotle does not have a beryllus, he cannot think in an efficient way!

In the *Beryllus*, Cusa escalates his attacks on Aristotle, even though he—Aristotle, that is—had talked about a third principle of natural occurrences, namely, the “*steresis*,” the “*privatio*” or “*Beraubung*.” But this had been merely an empty construct, it had not explained anything, only the absence of something. And, after Aristotle had introduced this worthless explanation, says Nicolaus, his scientific research got stymied. So Nicolaus concludes, that Aristotle therefore no longer has any significance for contemporary scientific studies! Which, at that point, was an absolutely, truly revolutionary statement.

There is also a very specific evolutionary conception that Nicolaus’s “coincidence thinking” has for the evolution of the universe, which emphasizes its unity. But, in a radical difference to absolute unity and “biggest-ness” (“*maximitas*,” which is God), the “*unitas universi*” is a “contracted multitude” (“*unitas contracta*”), the incarnation of “unified multitude” (“*maximum contractum*”).

In this universe, there exists a hierarchical order of higher and lower species, which develop into each other for multiple individual differentiations, but which are nevertheless each separated by a “species gap.” Nicolaus says, that no animal, by itself, can become reasonable. But, if some animal were educatable in such a way (*capax*), that it could develop insight into the insight of man, and would prove this through its actions, then it would no longer be just an animal.

Nicolaus says, that no individual of any kind, so long as it is no more than an individual of its kind, has actualized the

maximum perfection of its capacity. For man, this means that he has to be “snatched up,” and mixed with the spiritual nature. Analogously, the inorganic is in relation to the plant, and the vegetative to the animal-like. The potentiality of the lower only realizes its perfect fulfillment through its introduction into a higher principle of being.

But the fascinating thing is that, what the late Professor Haubst calls the “biogenetic law of evolution,” the “maximization principle” of Cusa, does not work from below upwards. Evolution is not understood as starting with the most primitive forms, to then become more differentiated, which is what today’s mechanistic theory of evolution suggests, but it occurs from above. In *De Mente (On Mind)*, Nicolaus develops that God’s knowledge only descends downward into the nature of the mind; further down in the scale of things, it only descends through the mind. “*Mens*,” the mind, is the image of God, but at the same time, the original image of all successive creatures.

This puts man in an extraordinary position in the universe: The world-creating mind—God—has only one avenue to the world, the human mind! This is not only a theory of cognition, this is a theory of world formation, of genesis, in which the mind has an irreplaceable mediative role! This is exactly the same idea, as when LaRouche says, that the universe “obeys” the cognitive powers of the mind!

Professor Haubst even reads Cusa in this way, that for Nicolaus, the universe finds its fulfillment of meaning only in the designation of man. In that sense, for the universe, man is irreplaceable. The universe needs man to have meaning. Without man, the universe would be only a torso. If the universe is not merely to end somehow, its sense designation and perfection can only be the divinely creative activity of the human mind.

In *De Mente*, Nicolaus writes, that number is a coincidence of unity and multiplicity. Here, we see that he does not restrict “coincidence thinking” to theological questions. These numbers are constitutive, because the eternal mind has created the world in a number-like way, as a composer composes. It is mind, as mind, which creates number, and everything else. The world is the music of the eternal mind, which causes proportions, and therefore the beauty of the things of the world. We recognize an idea here, which we find again in Kepler.

In *De Mente*, Cusa describes the infinite perfectability of the mind, which creates motions bringing order into the world, and in this way finds out its own laws of cognition.

As I said, this method of thinking, “from above,” from the “*coincidentia oppositorum*,” is a universal methodological concept, applicable to all aspects of life. The most far-reaching discussion of this idea we find in *De Visione Dei (On the Vision of God)*, a book written for the monks of Tegernsee, who were his close friends. It is probably the most intimate of all of Cusa’s writings. Plato had made the argument that, in order to be truly free and philosophize, you have to be

among friends, because if you are together with people who are not your friends, you cannot speak freely, you have self-protection and guard yourself, and that blocks the ability of the mind to really come to the truth. So Nicolaus wrote this book *De Visione Dei* for his friends, the monks, and it clearly represents his innermost thoughts. Just because it was so intimate and loving, this book was already in the Fifteenth Century, one of the most read of his writings—it reminds me very much of the spiritual exercises of the Pope, described by the Vietnamese Bishop Nguyen Van Thuan. It is about the question, how to train the mind to think from the level of the highest truth. In this case, he uses the notion that God, the “opposite of opposites,” is “behind the wall” of the *coincidentia oppositorum*; that you have to elevate your mind to that divine level, to be able to tackle all problems from the highest level, descending.

Complementing *De Visione Dei*, one must see another of his books, *De Pace Fidei (On the Peace of Faith)*, written in the same year, 1453. Here you can see, that “coincidence thinking” is not some esoteric, far-away or mystical (in the modern sense) way of dreaming, but has the most dramatic political implications. For, on May 29, 1453, Sultan Mohamed II, who was known as “the Conquerer,” had his most spectacular success: the takeover of Constantinople.

The West saw the fall of Constantinople as a total threat. Even the humanist Aeneas Silvius Piccolomini wrote to Pope Nicholas V, saying his hand trembled while writing these words, and he could not speak for the pain: “What a misery for Christendom! The fountain of the Muses has dried out. This was the second death of Homer and Plato.” Reactions to the reports of what happened in Constantinople were those of terror.

Let me begin with a quote from the Cusa scholar Erich Meuthen, where he reports how descriptions of the fall of Constantinople were received in the West:

First of all: Horror about the carnage. The West’s image of the Turk was painted as a shrill mixture of blood-thirst, bestial cruelty, and perversion. The reports from Constantinople corresponded to what was considered to be certain anyway, yes, it could be aggravated: Blood was flooding the ground, as if it had rained, like water in the streets, blood was flowing. Children had been killed before the eyes of their parents, noble men slaughtered like animals, priest mutilated, monks tortured to death, holy virgins raped, mothers and daughters dishonored. It is reported that Mohamed the Conquerer forced the Emperor’s daughter in his bed on the night of his victory. He wishes to convert her to his belief. She stands firm. Now, he drags her to the Hagia Sophia, toward a statue of the Madonna, which is used as a chopping block for executions. He shows her, how Christians are being beheaded here, rips her clothes off, and orders the girl

to be beheaded on top of the Madonna, and sends her head to Emperor Constantine.

Desecration of man and God in one. Churches are vandalized, altars profaned, reliquaries dispersed to the winds, the Holy of the Holies desecrated, . . .

and so on.

This happened in the Fifteenth Century, but it is happening today in the Middle East and many other places, in Africa, in the Balkans. And just now, just to help you to celebrate the birthday of Nicolaus, the Pope went on this truly historic mission to the Middle East, and two days ago he made a statement, and he said: Look, I ask for forgiveness for the crimes and the cruelties committed by the Crusaders in the Thirteenth Century. Which I think is a truly noble gesture, that he is almost on a personal mission to counter what is being done by Bush and Sharon, to bring peace to the Middle East, to make an effort to overcome this terrible danger of war, of which he is absolutely aware. Today, he’s going to a mosque, which houses the tomb of John the Baptist. It’s the first time that a Pope has ever gone to a mosque. So, you know, this is not theoretical, academic stuff from many centuries away; this has the highest political significance, if we want to find peace.

Now, modern historians refute these horror stories, and say that Mohamed II did not intend to destroy the city. On the contrary, they say that he reconstructed public buildings, and that he brought groups of Muslims, Christians, and Jews into the city for resettlement, and sponsored the arts and the sciences. That may be historically true; I only mention this quotation, to show you that these horror stories were the image the West had at the time of what had happened.

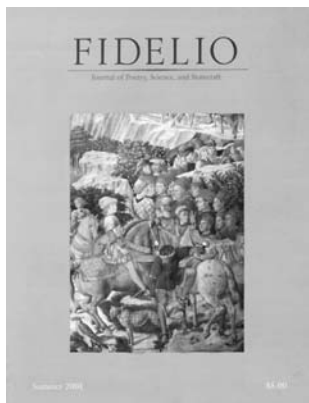
It is all the more amazing, to see the elevated, lofty view which Nicolaus presents in *De Pace Fidei*, about the peace of belief, of faith, knowing it was written under the impression of the terrible reports I mention above.

Nicolaus begins *De Pace Fidei* with the following words:

News of the atrocities which have recently been perpetrated by the Turkish king in Constantinople and have now been divulged, has so inflamed a man, who once saw that region, with zeal for God, that amongst many sighs he asked the Creator of all things if in His kindness He might moderate the persecution, which raged more than usual on account of diverse religious rites. Then it occurred that after several days—indeed on account of lengthy, continuous meditation—a vision was manifested to the zealous man, from which he concluded that it would be possible, through the experience of a few wise men who are well acquainted with all the diverse practices which are observed in religions across the world, to find a unique and propitious concordance, and through this to constitute a perpetual peace in religion upon the appropriate and true course.

## A Symposium on Cusa

The Summer 2001 edition of *Fidelio* magazine, the quarterly journal of the Schiller Institute, features a “Symposium on the 600th Anniversary of the Birth of Cardinal Nicolaus of Cusa.” It includes this speech by Helga Zepp-LaRouche, as well as “Nicolaus of Cusa’s ‘On the Quadrature of the Circle,’” by William F. Wertz, Jr.; “Nicolaus of Cusa Moved the Earth,” by Bruce Director; “A Great Man of Ecumenicism,” by Frauke Richter,” and a translation of Cusa’s “On Searching for God.” Subscriptions are available for \$20 from the Schiller Institute, Inc., P.O. Box 20244, Washington, D.C. 20041-0244. The Institute’s website is [www.schillerinstitute.org](http://www.schillerinstitute.org).



Cusa then has representatives of 17 religions and countries participate in a dialogue with the “divine Word,” asking for help, because, they say, “this rivalry is on account of You, Whom alone all venerate in all that they seem to adore.”

So, these representatives of 17 religions and countries go to God and say, Look, we are only killing each other because of You, because we all think that we do Your work. Please help us to overcome this terrible contradiction.

Interestingly, in the beginning of the dialogue, Nicolaus presents a no-illusions view about the oligarchical power structures of his time. One should consider, he says, that most human beings are forced to spend their lives in misery and great strain. On top of this, they live in slavish dependency upon their rulers. Therefore, almost none of them has the leisure to make use of his freedom of will, and arrive at consciousness of Himself. Worries about the physical condition and services they have to perform distract them too much. Therefore, they do not get to search for the hidden God. But, if a union of wise men, coming from all the different religions, were to come together, it would be easy to find a solution.

The approach Nicolaus then develops, really reflects the “vision from above.” He says, that religious warfare is due to some hitherto undiscovered flaws in the self-understanding of the religions. One mistake had been not to differentiate

between the prophet, and God Himself; secondly, they had mixed up traditions to which they were accustomed, with the Truth.

So, basically, the differences exist merely in rites, and not in what is essential.

Now, this is a truly mind-boggling approach, because, who could possibly argue, that the prophets were on the same level as God? So, if you say that the differences are only because of the different circumstances of the different prophets, who are not identical to God, and that the different traditions are not the same thing as the Truth, it is obviously easy to find a solution.

Then, the oldest of the participating philosophers, a Greek, asks: But, how should we bring the manifold of religions to one unity, since our people have defended their religion with blood, and they hardly will be willing to accept a new, unified religion?

The divine Word answers: You should not introduce a new religion. But, you should yourselves comprehend, and then show to the peoples, that the true religion is presupposed *before* all other religions. The unity is *before* the separation occurs.

Since the divine Word is talking to the wise men as philosophers, they can all agree, that there is only one wisdom. He does not talk to them as representatives of different religions, and therefore he can reach them on the level of reason, on a different level.

The peace-bringing new unity of religion is not—Nicolaus is very emphatic on this—some synthetic new belief, but what reason tells all who become conscious of its premises. Thus, the Greek philosopher reacts excitedly about the “*spiritual rationalis*,” which is capable of “*capax artitium mirabilium*”—the ability of the mind to participate in the most beautiful creations of art—and what follows is a hymn on the perfectability of the human spirit. If this spirit is oriented to wisdom, then man gets closer and closer to it. We never reach absolute wisdom, but we approximate it more and more. It tastes, as well, like a sweetness, more and more like eternal nourishment.

So, unity is guaranteed, when the orientation of the mind toward wisdom and truth is recognized as primary and basic. Then, the participation mediates between the One and the Many. Sometimes, it is only the experience of a great catastrophe, as was the perception of the fall of Constantinople in the West, and as is the threatening perspective of a generalized war in the Middle East today, which shocks people into seriously thinking of an alternative. If there is then an appeal to an alternative, and wise men and women to take the initiative, the catastrophe may be avoided.

In *De docta ignorantia* (*On Learned Ignorance*), he speaks of the “*spiritus universorum*,” the spirit of universal-ity, which is efficient in every aspect of creation. Religions or nations, or peoples, are elements of differentiation, but “the totality [the universe—HZZ], as the most perfect of the order



according to its nature, is presupposed to everything, so that everything can be in everything.” This is Cusa’s famous formulation, “*Quodlibet in Quolibet*.”

Concerning the political order, this means, that the multitude of peoples can be integrated without a violation of their specific identity, because the totality of the order is already given before.

Further insight into the relation between the One and the Many in Cusa’s notion, is that every human being is a microcosm — Dr. Alim talked yesterday about D.C. General Hospital as a microcosm, which is absolutely true — which means, that he has not just a place in the universe, the macrocosm, but he contains the entire cosmos in himself in a complicated way.

Every person is therefore the whole universe in the small.

Therefore, any “peace-order” cannot be based on some secondary consideration, but it can only exist, if each microcosm has the chance to develop its fullest potential, which it can only do, if *all* microcosms develop in a maximum way. This has tremendous implications for the relations among human beings, among nations, and among peoples. A peace-order of sovereign nations can only exist, if each one is allowed to develop in the best possible way, which means that the common good is taken care of in the optimal way, so that all of the citizens can prosper and their talents flourish. Only if each microcosm understands that it is in its best self-interest, for all other microcosms to develop in the best way, only if each nation and each people desires the best development for all others, can concordance exist in the macrocosm, in the world as a whole.

This is why “peace negotiations” which focus only on matters of conflict at the level of the understanding — so-called “political solutions” — which Cusa would call the Aristotelian way of running back and forth (one could say, he’s almost talking about an Aristotelian shuttle diplomacy), do not work. One has to start with “coincidence thinking,” the agreement of minds concerning the final goal of mankind as a whole, which is self-perfection, ennoblement, and increase in the general population potential, as the condition for the continued existence for generations to come (naturally, the construction of the Eurasian Land-Bridge today, as a cornerstone for a global reconstruction, is an expression of such a final goal of mankind as a whole) — these philosophical questions must be there at the beginning, as a pre-condition for a functioning peace-order in the world. And this is why the ideas of Nicolaus are the most modern ideas I can think of, among all previous thinkers.

What is needed for this today, to heal the wounds of all the tortured people in Africa, in the Balkans, in the Middle East and other areas in the world, is that the focus be on the “*spiritus universonum*”; but also on a limitless cultural optimism, as expressed, for example, in Nicolaus’s sermon for Epiphany Day, which he delivered in 1454 in Brixen, and which has been called, correctly, a hymn to civilization, which

praises the free and mechanical arts and sciences, as the great gift to mankind, which must be shared by all, so that the development of no one is unnecessarily delayed. At the end of the experiment of the Layman with the scale, he even says that every new discovery must be given over to an international pool, to which every people should have access, so that no one’s development is unnecessarily delayed.

Nicolaus was convinced, that this was the only human way of thinking, and I fully agree with him. In 1459, he wrote, that the human soul is substantially superior to all otherness. It can eliminate all otherness, because it has the non-other image of everything. If the soul thinks in this way, it is in “*intertemporal tempus*,” he says, in timeless time. This is what LaRouche calls the “simultaneity of eternity”!

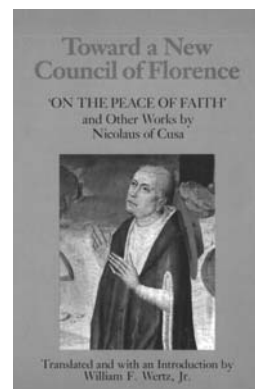
Today, the idea of a community of sovereign nations, based on the common good of all, and based on the international law of peoples, has become a life-and-death issue for the entire human civilization. Can we not, for our own sakes, and as the most beautiful birthday present we could give to Nicolaus of Cusa for his 600th birthday, develop the same power of intellect, the same existential commitment and passion to great ideas? If I look around in this room, I see representatives from all corners of the world. Let us be joyful about the multitude of cultural differentiation and beauty, because we are *One*, before we are *Many*.

## Toward a New Council of Florence

### ‘On the Peace of Faith’ and Other Works by Nicolaus of Cusa

Translations of seminal writings of the 15th-century Roman Catholic Cardinal Nicolaus of Cusa, who, through his work and writings, contributed more than anyone else to the launching of the European Golden Renaissance. The title of the book, *Toward a New Council of Florence*, expresses our purpose in publishing it: to spark a new Renaissance today.

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## Sharon Fails in U.S. Visit To Win Bush Blessing for War

by Jeffrey Steinberg

On June 23, on the eve of Israeli Prime Minister Ariel Sharon's arrival in the United States, Democratic Presidential pre-candidate Lyndon LaRouche called on President Bush to join European and other leaders in blocking a Sharon-provoked Mideast war that would surely result in the destruction of the state of Israel. In a statement (see page 47), LaRouche emphasized that "Bush's action to block such an effect, might not be sufficient by itself; but, were he to take such action, he would have a decisive margin of support for the same effort within Europe, and elsewhere."

While Israel has a decisive advantage over the Palestinians and their Arab neighbors, in conventional force and nuclear, biological, and chemical weapons, Israel is incapable of defeating the kind of irregular warfare the Palestinians, with Arab backing, are prepared to wage—in the Occupied Territories, and inside Israel, where more than 25% of the population are Israeli Arabs. "Israel," LaRouche wrote, "could not outlive a protracted state of general chaos accompanied by irregular warfare, in the Middle East region."

LaRouche added that any failure on the part of President Bush to deliver this message to Sharon, with the appropriate pungency and force, would have devastating consequences for the Bush Administration itself.

The LaRouche statement was widely circulated among U.S. government officials, the entire U.S. Congress, and the majority of foreign diplomats, posted in Washington, D.C., New York, and foreign capitals worldwide.

### Disagreements Surface

President Bush did indeed hold several hours of meetings with Sharon in the White House June 26, and even the news coverage of the session, in U.S. and Israeli media, confirmed that there were sharp disagreements between the two men over the issue of Palestinian compliance with the cease-fire, organized earlier this month by CIA director George Tenet.

Bush emphasized the serious efforts by Chairman Arafat and the Palestinian Authority to curtail violence, to which Sharon countered that he would accept nothing short of a total cessation of all individual acts of violence—an impossible demand.

*Ha'aretz*, on June 28, revealed that Sharon had walked into the White House with a working document, aimed at "tying the President to a joint strategy," centered on the idea "that Yasser Arafat is the problem, not the solution." The *Jerusalem Post*, the same day, reported that Sharon had brought Bush a map of his proposed "solution" to the Palestinian problem—a collection of separate Palestinian "bantustan" enclaves, surrounded by Israeli territory, comprising under 40% of the West Bank.

The clearest indication that Sharon did not get his way during the Washington meetings, was the hysterical reaction from some of Sharon's leading U.S. media apologists, following the Oval Office session. The *New York Times*'s William Safire ranted on June 28 that Bush had soft-pedalled on Arafat. Sidney Zion, columnist for Rupert Murdoch's *New York Post*, wrote that "George W. Bush mugged Ariel Sharon in the Oval Office on Monday," and warned, ominously, that, the next time a terrorist attack, such like the June 1 Tel Aviv disco suicide bombing, occurs, Sharon will strike back for all it's worth, and "even a White House mugging won't stop him then."

*Ma'ariv* correspondent Hemi Shalev was quoted in the *New York Times* June 28, under the headline, "Shock Wave in Israel Over Bush Comment." He wrote, "Sharon expected strokes and coddling. Instead he got a humiliating public blow from the President."

### A Policy Shift

Immediately after his own meeting with Sharon, Secretary of State Colin Powell departed for the Mideast, where he met with Egyptian President Mubarak, Jordan's King Abdul-

lah II, Palestinian Authority head Yasser Arafat, Israeli Foreign Minister Shimon Peres, President Moshe Katsav, and Prime Minister Ariel Sharon. En route back to the United States, Powell made a stop-over in France, where he met with Saudi Crown Prince Abdallah.

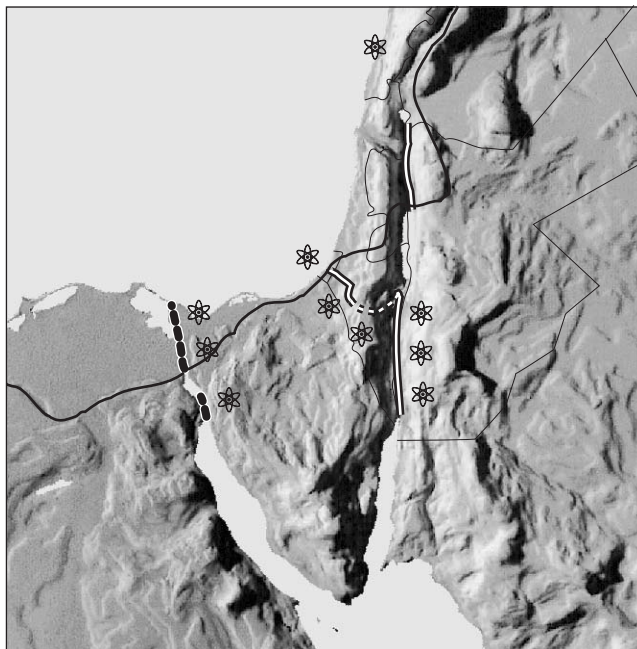
At the conclusion of his meetings in Israel, Secretary Powell announced that a precise timetable had been agreed upon, for the implementation of the Mitchell Commission recommendations. Powell and Sharon both confirmed that, following one week of a cessation of all violence, both sides would begin a six-week period of cease-fire and "confidence-building measures." Among those demanded by the Mitchell Commission, was the freezing of all Israeli settlement expansion, which has been a critical Palestinian demand.

More dramatic than the announcement of a timetable for moving the cease-fire and peace effort forward, was Powell's statement in support of an outside monitoring group, to abet the peace process. Up until the Powell trip to the Mideast, the Bush Administration had been adamant that they would not support such a peace force, because the Israeli government opposed the idea, and, therefore, it was not feasible.

During his June 28 joint press conference with Chairman Arafat in Ramallah, Powell had emphasized the U.S. Administration's unequivocal support for the Mitchell Commission, "from an unconditional cessation of the violence, to the confidence-building measures ultimately leading to negotiations on final status, on the provisions of UN Resolutions 242 and 338." He added, "I also assured the Chairman that we will solve this as a package—no part of the Mitchell Committee Report is to be separated from any other part. . . . Not a word of the Mitchell report is to be changed. The United States will be working diligently to make sure that the Mitchell report is implemented in accordance with its tone as well as in accordance with the spirit of the Report as prepared by Senator Mitchell and his colleagues."

Then came the exchange on a monitoring group. A reporter asked Powell, "Mr. Secretary, the Chairman just suggested a monitoring group, if I understood, that might include the United States and European Union. The Israelis have always voiced opposition to this. What merit do you see in this proposal?" Powell replied: "I think as we get into the confidence-building phase, there will be a need for monitors and observers to see what's happening on the ground, to serve as interlocutors to go to points of friction and make an independent observation of what has happened. Now, what the nature of that monitoring or observer regime might look like, who might be members of it, we have not yet come to any conclusions on that. But I think there is clear understanding of the need for some kind of monitoring observer function performed by some group." Later in the day, when asked about the Powell statement on the observer group, White House spokesman Ari Fleischer attempted to downplay it, claiming that the United States had supported such a scheme ever since the Wye Plantation summit, and that Powell had not put forward any change in U.S. policy.

## 'The Oasis Plan'



*If war is averted, the basis for durable peace is water and economic development. LaRouche's "Oasis Plan" idea, to build "Med-Dead" and "Red-Dead" Sea canals and nuclear desalination plants along them, has been echoed in the past by many Israeli and Arab sources, including Jordan's Prince Hassan.*

Sharon's willingness to comply with the Powell-brokered framework, which he purportedly accepted, is dubious, at best. He remains committed to the idea that Arafat is "a terrorist," and therefore Sharon unconditionally refuses to negotiate in good faith with the Palestinian Authority. Sources in Washington have emphasized to *EIR* that Sharon will seek to give the appearance of cooperating with the peace efforts, while buying time to continue to expand the settlements in the West Bank, creating a *fait accompli* on the ground.

Without the unequivocal backing from the Bush White House for his next-phase escalation, Sharon must now decide whether he is willing to further jeopardize relations with the Bush Administration, by taking unilateral action.

Sources in Washington and Israel report that LaRouche's June 23 statement, emphasizing the danger of an Israel destroyed by a Sharon flight-forward attack on the Palestinians, expressed a view widely endorsed by leading Israeli military circles, including some active-duty military leaders normally closely associated with Sharon. An internal opposition to Sharon's madness, particularly among senior Israeli military planners, could prove another crucial stumbling bloc, in the way of a war drive by the "Butcher of Lebanon."

## War Criminal Sharon?

As *EIR* reported last week, Western European pressure against Sharon is also contributing to the war-avoidance ef-

fort. On June 17, BBC "Panorama" aired an hour-long exposé of Sharon's role in the massacre of 800 unarmed Palestinians in the Sabra and Shatila refugee camps in Lebanon in 1982.

The devastating exposé featured lengthy statements by Morris Draper, President Ronald Reagan's special emissary to Lebanon, who held Sharon (then Israel's Minister of Defense) personally responsible for the massacre. Simultaneous with the "Panorama" exposé, a group of Palestinians who survived the Sabra and Shatila massacres filed a war-crimes complaint against Sharon in a Belgian court. That case is under review.

Washington sources confirmed to this author that, at the time of the massacre, some prominent officials in the Reagan Administration were pressing to bar Sharon from entering the United States. That was averted by Sharon's forced resignation from office.

## Sen. Mitchell Delivers Message to Washington

by Michele Steinberg

On June 25, one day before Israeli Prime Minister Ariel Sharon arrived in Washington, former U.S. Sen. George Mitchell, who headed the commission founded at Sharm el-Sheikh, Egypt, on the causes of Israeli-Palestinian violence, warned that either the recommendations of the commission must be adopted by Israel and the Palestinian leadership, and pursued by the United States, or the "alternative is . . . unthinkable." Mitchell had invited former Sen. Warren Rudman, the other American who served on the five-person commission, to join him at the press briefing. The presence of Rudman, a prominent Republican, was an important signal that the efforts from the United States to stop the drive to Middle East war, must be bipartisan.

Mitchell made one of the most important statements during the question period. It concerned a White House visit by Palestinian Authority President Yassir Arafat, and follows immediately below.

**Moderator:** Prime Minister Sharon from Israel is going to return to Washington . . . his second official visit. But the Bush Administration has yet to meet with the Palestinian leader Arafat. Do you think the U.S. should invite Mr. Arafat to come and speak with him soon?

**Mitchell:** Yes, I do. And I think that is the intention of the administration at the appropriate time. I think it would be presumptuous of us to attempt to dictate to the administration . . . in this public forum on when the best time would be. . . . But I believe that it should be, and I expect that it will be, at

the appropriate time.

*From Mitchell's formal remarks:*

Last October, the leaders of the government of Israel, the Palestinian Authority, the United Nations, the European Union, and the governments of Egypt, Jordan, and the United States, met in a summit at Sharm el-Sheikh in Egypt. They agreed that an international committee should be formed to look into the then-recent outbreak of violence between Israelis and Palestinians. In November . . . President Clinton asked us to serve on the committee, along with the former President of Turkey, the Minister of Foreign Affairs of Norway, and the European Union's High Representative for Foreign and Security Policy.

In January . . . Secretary of State Colin Powell, acting on behalf of the Bush Administration, advised us of his support for the continued work of the committee.

Throughout our inquiry, we made it clear to . . . Israel and the Palestinian Authority that we were dependent upon their cooperation, and that if either permanently withheld its support, we would terminate our activities. . . . They chose to support our work.

As we said in our report, a cessation of violence cannot be sustained for long without movement on the further steps. . . . The restoration of trust is essential. We recommend several steps to this end. Given the high level of hostility and mistrust, the timing and sequence of these steps are obviously crucial. This can be decided only by the parties. We urge them to do so promptly.

The Palestinian Authority should make clear, through concrete action, to Palestinians and Israelis alike that terrorism is reprehensible and unacceptable, and . . . make a 100% effort to prevent terrorist operations and to punish perpetrators. . . .

The government of Israel should freeze all settlement activity, including the natural growth of existing settlements. [It] should ensure that the Israeli Defense Force adopts and enforces policies and procedures encouraging non-lethal responses to unarmed demonstrators. . . .

The Palestinian Authority should prevent gunmen from using Palestinian populated areas to fire upon Israeli populated areas and Israeli Defense Force positions. . . .

The government of Israel should lift closures, transfer to the Palestinian Authority all tax revenues owed, and permit Palestinians who had been employed in Israel to return to their jobs, and should ensure that security forces and settlers refrain from the destruction of homes and roads, as well as trees and other agricultural property in Palestinian areas. We acknowledge the government of Israel's position that actions of this nature have been taken for security reasons; nevertheless, the economic effects will persist for years. . . .

Finally, we recommend the parties find a way back to the negotiating table. A halt to the violence, resumption of security cooperation, and steps to restore trust *cannot long be sustained* without serious negotiations.

# Why Israel Would Now Lose a New Middle East War

by Lyndon H. LaRouche, Jr.

June 23, 2001

If Prime Minister Ariel Sharon were to use his scheduled meeting with President George W. Bush, as a license to unleash new levels of warfare in the Middle East, the virtually inevitable outcome would be the ultimate extinction of the state of Israel. This is my strategic estimate, and that of many important strategic thinkers in Europe. It is also the fear expressed by a growing number of influentials and others, walking in the footsteps of the martyred Prime Minister Rabin, inside Israel itself. Bush's action to block such an effect, might not be sufficient by itself; but, were he to take such action, he would have a decisive margin of support for the same effort within Europe, and elsewhere.

Obviously, Israel has the military means to win a so-called conventional, or nuclear war, in the Middle East, but only if the conflict were limited to regular warfare. Even in the not-unlikely prospect that Sharon's likely extremist successors would launch nuclear warfare, that would not save Israel, but ensure its earlier disintegration.

The danger to Israel, were it to launch such a war, would remind strategists of the way in which guerrilla warfare against Napoleon's forces in Spain, created the "second front" at Napoleon's back in the west, which facilitated his crushing defeat in the east. Israel could not outlive a protracted state of general chaos accompanied by irregular warfare, in the Middle East region. Such states of "unconventional warfare" can not be resolved by purely "conventional means." This danger becomes most acute when irregular warfare comes into being in the form of religious warfare. As religious and kindred forms of ethnic warfare practiced by Hitler, so, religious warfare of the type still being proposed by Zbigniew Brzezinski, Samuel P. Huntington, and their circles, is the most deadly and wicked threat to civilization among all modes of warfare. It is a holocaust which enflames the forest in all directions, once the torch is thrown.

Can such a slow-burn obliteration of the state of Israel be prevented? It is the general opinion, around much of the world, that the only force likely to bring a stop to Sharon's escalation, would be action from President George W. Bush.

If President Bush were to fail to warn Sharon and Sharon's backers in the circles of the *Washington Post's* Katie Graham, against any launching of expanded military operations in the Middle East region, Bush's failure to intervene against Sharon's imminent launching of escalated warfare, and to intervene in the most forceful and effective way, would virtually ensure that the entire Middle East, and much more, blows up in the Bush Administration's face. Under conditions of an onrushing world-wide financial collapse, such an eruption of chaos in the Middle East would have incalculable qualities of chain-reaction effects world-wide.

If Bush would act now, before Sharon returns to Israel from his new U.S. visit, he would be assured of effective assistance from continental Europe, and others. Inside the U.S., especially in the Congress, there must be the widest possible mobilization of bi-partisan action to persuade the President to adopt and implement such a war-blocking strategic assessment.

## The Treaty of Westphalia as Precedent

No competent historian or other strategic analyst, either in Europe or the U.S., will deny that, since Sharon's sponsorship of the provocation against the site of Jerusalem's Dome of the Rock, the present situation in the Middle East has been degenerating, largely through Sharon's actions, into a generalized religious war, which threatens to spread early and widely, into the Middle East as a whole.

The precedent to be remembered is the way in which Europe as a whole was plunged into what some British historians have once named a virtual "little dark age," through the religious wars of the interval 1511-1648. In such a situation today, the precedent of the 1648 Treaty of Westphalia, is the only sane policy to be projected by the U.S., that in concert with our partners in Europe.

We must remember, that the assassination of the Wallenstein who was seeking a peaceful solution with Sweden's Gustavus Adolphus, resulted in a prolongation of the ongoing religious war more horrible than anything of the preceding period.

Today, for the Middle East, the only available short-term solution, is a revival of the Oslo Accords, but, this time, without World Bank and other sabotage allowed to prevent the launching of the general development of basic economic infrastructure which provides the only concrete basis for initiating a durable peace among the peoples of the region as a whole.

It is time when all responsible officials in the U.S.A. and Europe, will be studying, and embracing the model of the Treaty of Westphalia as the model for the policies of the U.S.A., Europe, and others toward the present threat of a prolonged, virtual new dark age throughout the Middle East as a whole, and who knows what might lie beyond that. As for Israel, we must save it from the follies of Sharon, even despite its present government.

# Hey You Liars, Who Is Lyndon LaRouche, Really?

*The following statement was issued on June 27 by EIR.*

On June 14, the parliament in the state of Victoria, Australia, passed a piece of legislation that would have made Adolf Hitler blush. The alleged purpose of the “Racial and Religious Tolerance Bill” is to protect religious and racial minorities from “vilification”; in fact, its chief sponsors, the Anti-Defamation Commission (ADC) of B’nai B’rith, have publicly and repeatedly stated, that its real purpose is to subject the Australian associates of U.S. 2004 Presidential pre-candidate Lyndon LaRouche, the Citizens Electoral Council (who are based in Victoria), to heavy fines and/or imprisonment.

Despite fierce popular opposition, the draconian bill was rammed through by Australia’s anglophile political and financial establishment, which dominates the ADC board, including such ADC board members as former Governors General Sir Zelman Cowen and Sir Ninian Stephen, and former Prime Ministers Malcolm Fraser and Bob Hawke.

The ADC, in league with what is fairly described as Australia’s Murdoch press, unleashed a torrent of wild, defamatory attacks on LaRouche, both to help pass the bill, and to attempt to paint LaRouche’s associates as fair game for its “anti-racist,” police-state sanctions. In light of the fact that the hyperventilated lunacy about LaRouche has been sufficient to launch an entire fleet of hot air balloons, we ask the Australian influentials who sponsored this bill, and the accompanying media diatribes against LaRouche: “Chums, are you really so ignorant, that you do not know the following, virtually all of which has been on the public record for years?”

1. On the written record of his forecasts, LaRouche is the world’s most successful long-range forecaster of the past 35 years. For instance, the world is now living through his “Ninth Forecast,” issued in the June 24, 1994 issue of *Executive Intelligence Review*: “The presently existing global financial and monetary system will disintegrate during the near term. . . . That collapse into disintegration is inevitable, because it could not be stopped now by anything but the politically improbable decision by leading governments to put the relevant financial and monetary institutions into bankruptcy reorganization.”

Then, in June 1997, LaRouche forecast, “Sometime very

soon, between now and the end of the year, possibly in the month of August—more probably, *no later than October*, but certainly by around the end of the year—this world is going to go through one or two of the greatest shocks, financial shocks of the century.”

For those of you with short memories, not only did the “Asia crisis” hit in that year, but, on Oct. 23 1997, the Hong Kong market collapsed by 10.41%, followed by the largest-ever collapse in the New York Stock Exchange on “Black Monday,” October 27. Currencies and markets plunged in South and East Asia almost daily for the rest of the year, until even the world’s establishment press began talking of the likelihood of a “global financial meltdown.”

From the time of his 1994 “Ninth Forecast” through the “Y2K crisis” and into the present, LaRouche has issued devastating exposes, carried almost weekly in *EIR*, of the wild, hyperinflationary pump-priming carried out by Chairman Alan “Greenspin”’s Federal Reserve and related institutions, in a frantic effort to temporarily postpone the bursting of what LaRouche has documented to be the “greatest financial bubble in history.”

2. Your beloved International Monetary System is now disintegrating, precisely as LaRouche said it would. Perhaps you have noticed some of the following:

- Led by the meltdown of the “New Economy,” over \$10 trillion has evaporated from world financial exchanges over the last year, as the Bank for International Settlements chronicled in its June 2001 report;

- Record numbers of U.S. firms, in the nation which has been the world’s “importer of last resort,” are either going bankrupt, or are announcing record losses in 2001, each worse than the last, such as the recent announcement by Nortel, the world’s largest maker of telecommunications equipment (which is Canada-based, but has many of its production facilities in the U.S.). Nortel will take a staggering \$19.2 billion loss for the second quarter alone, losses which Greenspin’s infinite series of rate cuts are powerless to stop;

- The “developing sector debt crisis,” as evidenced in such nations as Turkey, Argentina, Brazil, and Indonesia, is now worse than ever, despite hundreds of billions in IMF “bailouts” over the last two decades.

3. LaRouche was the author of what President Ronald Reagan outlined on March 23, 1983 as the U.S. Strategic Defense Initiative (SDI). LaRouche forecast at the time, that if the Soviet Union turned down the Reagan-LaRouche offer to share the technology, to initiate the greatest scientific and technological boom in history, that the economy of the Soviet Union would collapse within five years. It took six.

4. Apart from what is fairly described as the Murdoch press, and other relevant lying scoundrels in Australia, LaRouche’s only enemies are those dirty elements of the Anglo-American establishment and their lackeys, which in-

clude figures such as Henry A. Kissinger, New York banker John Train, CIA counterintelligence chief James J. Angleton (deceased), AFL-CIO International Department official Jay Lovestone (deceased), and the senior George Bush. The documented record of 30 years demonstrates the level of skullduggery and dirty tricks that the establishment has used in an attempt to stop LaRouche.

According to its own documents, the U.S. Federal Bureau of Investigation in November 1973 was collaborating with the Communist Party U.S.A. in efforts to “eliminate” LaRouche as a political figure. This FBI/CPUSA collaboration spawned the same defamations now regurgitated by the Murdoch press in Australia. In January-February 1974, the *New York Times* provided a defamatory shield for the documented FBI/CPUSA efforts to assassinate LaRouche. On Sept. 24, 1976, Lazard Freres’ *Washington Post* made a celebrated policy statement through its editorial page editor, Stephen Rosenfeld, to major U.S. media, that they should either defame LaRouche, or not cover him at all.

A new escalation of the “Get LaRouche” effort occurred in 1982, when Henry A. Kissinger personally contacted then-FBI Director William Webster, demanding that actions, “legal and otherwise,” be taken to stop LaRouche’s burgeoning political influence. Kissinger’s request was ultimately channelled by *Washington Post* attorney Edward Bennett Williams to the President’s Foreign Intelligence Advisory Board (PFIAB) in January 1983. PFIAB authorized covert actions against LaRouche, under Executive Order 12333, coordinated, at the White House, by the Special Situation Group headed by then-Vice-President George Bush. (This was the same apparatus exposed for running the illegal drugs-for-weapons ring associated with the so-called Iran/Contra affair.)

Former U.S. Attorney General Ramsey Clark characterized this “Get LaRouche” effort as “representing a broader range of deliberate cunning and systematic misconduct over a longer period of time, utilizing the power of the Federal government, than any other prosecution by the U.S. government in my time or knowledge.”

The E.O. 12333 operations involved an international defamation campaign run collaboratively by the U.S. Department of Justice, Department of State, the *Washington Post*, AP, NBC-TV, the Anti-Defamation League of B’nai B’rith, and intelligence agencies of the former East Germany and Soviet Union. A part of this was the disreputable Dennis King on whom the Murdoch press and the ADC in Australia have recently relied. King, a Maoist proponent of legalizing drugs, who initially made a living as a plagiarizer, was picked up by Roy Cohn, the New York organized crime lawyer who gained prominence as the controller of the notorious Sen. Joe McCarthy. Cohn used King in 1979 to pen a series of libels that were published in a New York City throwaway newspaper, *Our Town*, published by one of his

mob-connected clients. LaRouche was then making his first run for President on the Democratic ticket. King’s libels were subsequently repeated in the *New York Times*, whose reporters had already admitted their intention to defame candidate LaRouche for the purpose of instigating a fraudulent prosecution of him.

For purposes of the 1983 Executive Order 12333 drive against LaRouche, Dennis King was again used by the dirtiest elements of the U.S. intelligence community. Detailed evidence submitted to the U.S. Court of Appeals for the Fourth Circuit and King’s own admissions, show that his defamatory tracts against LaRouche were funded totally by billionaire Richard Mellon Scaife and the establishment’s Smith Richardson Foundation, as part of a plan of defamatory attacks intended to launch a frame-up prosecution. These plans were launched in a series of salons at the New York apartment of financier John Train. (Scaife and Smith Richardson played a similar prominent role in the dirty media and intelligence operations directed at U.S. President Bill Clinton.)

As a result, LaRouche was subjected to two fraudulent trials, the first of which was so blatantly riddled with government misconduct that it ended in a mistrial. The presiding Federal judge accused the U.S. Department of Justice of engaging in “systemic prosecutorial misconduct,” and the jury announced that they would have voted “not guilty,” had the trial proceeded.

Failing in their first attempt to imprison LaRouche, Justice Department officials concocted new charges against him. The second case was tried within three weeks of indictment, a judicial railroad, which was conducted in the U.S. government’s favorite venue, the U.S. District Court for the Eastern District of Virginia (aka the “rocket docket”). The 13 fraud charges in this case were all based upon the U.S. government’s fraudulent bankruptcy of publishing firms associated with LaRouche, a government gambit which was later ruled by a Federal judge to be a “fraud upon the court.”

The evidence is clear, that virtually every allegation made in attempted defamation of LaRouche in the Australian press, is the fruit of willfully reckless disregard for readily available facts. Thus, chums of the Australian establishment, you have whacked up a piece of legislation to fraudulently persecute a class of persons. Do you think no one in East or Southeast Asia, or in Oceania, where your flunkies regularly troop around offering pious advice on “human rights,” will notice what you have done? Nor that you—the great democrats!—also passed a bill in late 2000, the Defense Legislation Amendment (Aid to Civilian Authorities) Act 2000, which, for the first time in Australian history, permits your army to shoot unarmed Australian civilians, at will?

Therefore, chums, for the violation of the moral law you have perpetrated, we recommend you plead illiteracy, and throw yourselves on the mercy of the court.

## Economic Cracks Expand Rapidly

*But, when LaRouche proposes solutions to the collapse, the establishment whines that he is “anti-Semitic.”*

Over the last several months, Australia has been rocked by a series of major corporate collapses. In April, the huge HIH Insurance company went under, owing \$4 billion, in the largest company failure in Australian history. That has sent shock waves throughout the insurance business, and caused the federal government of Prime Minister John Howard a major political headache, as well. Not only has Howard been forced to come up with a \$640 million rescue package (highly inadequate to cover \$4 billion in claims), but the sheer size of the collapse has forced him to announce a “royal commission” inquiry into the failure—Australia’s highest form of judicial review. The government is trying to pin the collapse solely on “mismanagement” by HIH’s principals, rather than admit it for what it is—a symptom of the economic crisis the government’s own globalist policies have helped create.

No sooner had HIH blown up, than the One.Tel telecommunications firm, one of the shining stars of the late-1990s Internet bubble, crashed. One.Tel owed more than \$1 billion to creditors, including \$650 million to Lucent Technologies, itself very shaky, on top of its announced first-quarter loss of \$3.7 billion.

One.Tel’s collapse cost thousands of jobs and hit some of Australia’s richest people very hard. Billionaire media mogul Kerry Packer (who had already lost \$2 billion in other ventures in the past year), and expatriate billionaire media mogul Rupert Murdoch, lost more than \$1 billion between them. Their sons and heirs, James Packer and Lachlan Murdoch,

also face potential civil and criminal charges for their role as One.Tel company directors, if an Australian Securities and Investment Commission investigation finds that the board of directors allowed the firm to trade while insolvent.

Other indications of collapse are breaking out all over the place. Coles Myer, Australia’s biggest retailer, which commands 18% of the entire Australian retail market, issued a 15% downgrade on its profit forecast, and its market value immediately plunged by \$1.2 billion. Telstra, Australia’s partially privatized state telecommunications company, lost 19% of its market value in just one week to June 19, because of a combination of the crash in telecommunications stocks worldwide, and its own profit downgrades. The shares bottomed out at 26% below the price at which the federal government sold them in 1996 and 1998 to millions of “mom and pop” investors, many of whom who had been lured into the market for the first time by the hype surrounding Telstra’s partial privatization.

In other collapse indicators, new housing construction in the first quarter slumped to its lowest level in 18 years, down 40% from a year earlier. Skilled vacancies for the quarter were down 25.4%, and vacancies for construction trades were down 81% on the previous year. And, there was a 33% surge in business bankruptcies, on top of already record levels from previous years. Also very telling, studies by independent experts released in June estimate that Australia’s unemployment rate, officially 7-8%, is actually 10-14%, when various statistical tricks

are factored out (such as not counting people who have given up looking for work), and 20%, when underemployment is counted in.

This background of financial crisis sets the stage for some bizarre political developments. It is extremely well known in Australian political circles, that one individual has long forecast this collapse, and precisely what to do about it: Lyndon H. LaRouche, Jr. While other stocks crash, LaRouche’s “stock” is soaring, a fact which has Australia’s establishment apoplectic. In a desperate attempt to wipe out his growing influence, and denigrate his Australian associates in the Citizens Electoral Council (CEC), the Murdoch press and the Anti-Defamation Commission (ADC) have ludicrously branded LaRouche’s “New Bretton Woods” proposal as “anti-Semitic,” as in a June 26 column in Murdoch’s *Courier Mail*, entitled “Katter’s Name on ‘Jew Plot’ Petition.” This piece of buffoonery attempted to brand federal MP Bob Katter as anti-Semitic, or perhaps mentally unbalanced, for signing the petition of the Ad Hoc Committee for a New Bretton Woods, along with thousands of other political leaders worldwide.

If anyone is mentally unhinged, it is Murdoch and the ADC, as witnessed by this looney-tunes description of the New Bretton Woods in the *Courier Mail*: “The Citizens Electoral Council petition calls for a new economic policy U.S. extremist Lyndon LaRouche wants to use to counter a so-called Jewish conspiracy.”

In a related move, federal MP Michael Danby on June 12 called for a federal investigation of the CEC, squawking that LaRouche’s associates are “anti-Semitic.” He let the cat out of the bag about his real concerns, however, when he moaned that the CEC’s “anti-globalization message” appeals to “older voters.”



# Indonesia's President Wahid Embraces The Dog That Bit Him

by Michael O. Billington

Indonesia's besieged President Abdurrahman Wahid, facing probable impeachment proceedings in August, has reached out for help to precisely those international institutions and British Commonwealth nations which have driven Indonesia into the current economic and social crisis.

Apparently believing that the International Monetary Fund (IMF) will come to his aid if he capitulates to its demands, in June Wahid removed his leading economics minister, Rizal Ramli, who had been waging a rear-guard defense of the nation's sovereignty against the IMF, replacing him with a former IMF employee, who promptly agreed to all IMF conditionalities at issue. At the same time, Wahid announced that he would travel to Australia and New Zealand—a trip that has been planned, but postponed several times, because of the fierce resentment within Indonesia over New Zealand and Australia's role in the separation of East Timor, and their continued support for subversive movements in other parts of the country, especially Irian Jaya. If Wahid believes that Indonesia will benefit from asking for protection from the same forces that nearly destroyed the country over the past three years, his near physical blindness has been overshadowed by his political blindness.

## A Changed Military

Wahid's biggest internal problem comes from the fact that he tried, but failed, to get the military to approve a declaration of emergency. The President contends that the impeachment process, as it is being conducted, is unconstitutional, warranting such a declaration of emergency, which would allow him to dismiss the Parliament and end the impeachment process. The constitutional issues are, in fact, quite complex. However, in a sign of the dramatic transformation which has taken place within the military itself, the military chiefs refused to take advantage of an opportunity to assert military control, and informed the President that the constitutional process must be carried out through the Parliament and the courts, not by emergency rule. The unity and patriotism of the military have served to hold the nation together in the face of the unconscionable policies coming from Washington, which are leaving this nation of more than 200 million people dangling in the wind through an effective economic and mili-



*Indonesian  
President  
Abdurrahman  
Wahid*

tary boycott. It also set the stage for Wahid's desperate turn toward the IMF and the British Commonwealth.

Not only is Indonesia facing economic dissolution in the unfolding global depression, but there is a growing military threat as well. The Australian government last year confirmed its role as the local gendarme for the Anglo-American financial institutions, by ordering a reorganization of its military forces, to prepare for more operations like that of the invasion and occupation of the Indonesian province of East Timor in 1999, under the auspices of the United Nations. That this military reorganization is a threat to Indonesia's very existence was confirmed in late June, when a report was published in the *Contemporary Journal of Southeast Asia* by David Dickens, the head of New Zealand's Center for Strategic Studies.

Dickens revealed that the entire Australian Defense Force had been on full alert throughout the East Timor operation, supposedly because of "harassment" by the Indonesian Navy and Air Force, which was observing the invasion force in an "aggressive" manner. Dickens reports that Australia prepared its long-range F-111 bomber force to hit Indonesian targets across the country, including the capital of Jakarta. Such a revelation at this time is read in Indonesia as an announcement that Australia is fully prepared for further military interventions into their country, up to and including a "Gulf War"-style assault.

## The U.S. Role

The United States, rather than providing protection against any such threat, has encouraged it. The legacy of former U.S. Secretary of State Madeleine Albright is felt deeply in Indonesia, since the United States cut off most military assistance in the mid-1990s, and further tightened the screws after the East Timor fiasco. Former longtime U.S. Defense Attaché to Indonesia, Col. John Haseman (ret.), told a June seminar at the U.S.-Indonesia Society in Washington, that the

United States had shot itself in the foot with the aid boycott, because, unlike the current military leadership, none of the up-and-coming generals had received training in the United States, and therefore they were largely unknown to the U.S. diplomatic corps. Haseman said that, contrary to Western press accounts of the situation in Indonesia, the current military leadership is showing considerable responsibility and professionalism, and that this is the primary institution that can hold the nation together through the current crisis. Asked by his contacts in Indonesia if the Bush Administration would take a more supportive posture toward their country, Haseman said that there was virtually no chance. In fact, the Bush Administration publicly asserted in February that it was looking to Australia to take the point in regard to the Indonesian crisis.

Further, the Bush Administration, while rushing headlong into provoking war in the Middle East and the Balkans, is also precipitating a confrontation with China and chaos in Indonesia. The new U.S. unilateral belligerence has led even America's closest allies in Europe to publicly warn of the danger of the Bush Administration's recklessness.

In keeping with the new military doctrine being formulated at the White House, Gen. Charles Robertson, Chief of the U.S. Mobility Command, called the situation in Indonesia a "new challenge," and recommended an expanded U.S. military presence in Australia, New Zealand, Thailand, and the Indian Ocean. He also announced that a planned security summit between the United States and Australia has been moved up to late July or early August. At the same time, Singapore and Australia held a Joint Ministerial Meeting, which concluded that Indonesia is their number-one concern for the near term. Singapore Foreign Affairs Minister Professor Jayakumar also reiterated Singapore's earlier offer to the United States to use Singapore as a military base.

The emerging nationalist leaders in Indonesia will require their own international connections to counter this IMF/military campaign against their sovereignty and development. The newly established Shanghai Cooperation Organization, which embraces China, Russia, and four Central Asian nations, is already discussing the possibilities of alliances with the nations of South, Southeast, and East Asia, uniting much of the Eurasian continent for both military and economic development and cooperation. Thai Deputy Prime Minister Chavalit Yongchaiyudh was in China in late June, to discuss precisely that. At the same time, the ten members of the Association of Southeast Asian Nations, together with China, Japan, and South Korea (ASEAN-Plus-3), are now collaborating in defending their currencies against speculative attacks, and are discussing the formation of an Asian Monetary Fund, independent of the IMF, to finance real development.

While the internal crisis rages within Indonesia, its national leaders are also celebrating the 100th birthday of their great founding father, Sukarno, who was committed to internationalism as a necessary part of true sovereignty—a lesson more true today than ever before.

## Thailand Works for Development Across Asia

by Ron Castonguay

Thailand's Prime Minister Thaksin Shinawatra recently made diplomatic visits to neighboring Laos, Cambodia, and Myanmar, succeeding in his intent to reduce tensions, and increasing economic cooperation among these nations of continental Southeast Asia. This "engagement" policy with nations often attacked abroad as "human rights violators," represents a clear recognition that only economic development and collaboration can create the conditions required for advances in social justice. Thaksin combined mutually beneficial economic incentives with straightforward, but respectful, diplomatic discussion to accomplish his mission.

Thaksin's visits had a common theme, exemplified by plans for the east-west, cross-Southeast Asia highway, which will run from Da Nang, Vietnam, through Laos and Thailand, to Myanmar's capital, Yangon. His first stop, in Laos, also resulted in agreements on tariff reductions for 40 Laotian products, and he discussed plans for the anti-drug summit of the "Golden Triangle" nations to be hosted soon by China in Kunming. The Thai Prime Minister, however, was not able to satisfy the request for Thailand to purchase more power from a new hydroelectric plant in Laos; Thai electric power consumption is still below the levels of the pre-1997 "boom" period.

A similar but wider range of agreements was made with Cambodia, including tariff reductions on 23 products, common work on border infrastructure, and Thai assistance to remove landmines on the Cambodian-Vietnamese border. Important progress was made in resolving the long-simmering disputes about territorial claims between Cambodia and Thailand in the Gulf of Thailand. Resolution of these claims is expected to lead immediately to cooperative joint exploitation of these waters, both in terms of fisheries and underwater hydrocarbon deposits. Inland, progress was achieved in firming up the development plans for the Mekong Summit (Thailand, Laos, Cambodia, Myanmar, and Vietnam, later China), to improve tourism, and more importantly, infrastructure, on this vast river basin.

### Improving Ties With Myanmar

Relations with Thailand's western neighbor, Myanmar, have been extremely strained. Since the administration of Premier Chuan Leekpai, who never deigned, on human rights grounds, to visit Myanmar, Thai-Myanmar relations have

been on a downward course, with nasty exchanges of words and bullets.

Myanmar and Thailand have had disagreements over drug trafficking, border issues, and the Chuan government's support for UN and Western attacks on Myanmar's labor policies. A series of border clashes, mostly along the northern part of the 1,500 mile Thai-Myanmar border, followed. Some clashes were serious enough to cause deaths on both sides.

Certain factions in both countries encouraged the clashes. Thailand's Third Army (North) commander Lt. Gen. Wattanachai Chaimuanwong's provocative words and actions against Myanmar were played up heavily in the anti-Myanmar Thai press. In Myanmar, the situation was far more confused, because the regions in question are not directly controlled by Yangon, but by various ethnic narco-armies, of which the United Wa State Army (UWSA), a main producer of methamphetamines in the Golden Triangle, is the most noteworthy. The Myanmar military junta is accused by its detractors of providing protection for the UWSA.

Soon after taking office, Thai Defense Minister and Deputy Premier Chavalit Yongchaiyudh, who, in a previous incarnation as Prime Minister, was the last to visit Myanmar, attempted to stop the clashes and curtail General Wattanachai's actions and public denunciations against the Myanmar government and military. This took some time, and increasingly strong language from Chavalit, but by mid-May, Wattanachai was publicly indicating regret, and soon thereafter his diatribes disappeared from the press altogether. Simultaneously, Prime Minister Thaksin was cooling down the Thai press and smoothing relations with Myanmar. The process was facilitated by the successful conclusion of Chinese Premier Zhu Rongji's mid-May trip to Thailand.

Thus, when Thaksin arrived in Yangon, he received red-carpet treatment, with a 19-gun salute as well. Whereas, months earlier, Thai-Myanmar relations were nearly in a state of undeclared war, Thaksin could, at his departure, pledge: "Not a single gunshot [will] be exchanged between Thai and Burmese forces along the border during [my] tenure as leader"—and be believable. Numerous confidence-building measures were announced during the trip, including the establishment of a Bangkok-Yangon telephone "hot line," the opening of a border crossing from the Myanmar side, and increased anti-drug cooperation, including that envisioned in the Kunming meeting. Yangon tendered an invitation for the Thai King and Queen to visit, an important gesture, because several articles in the Myanmar *New Light* had been taken by Thailand as slandering the 19th-Century Thai Kings Rama IV and Rama V, and thus Thai royalty in general.

Numerous economic measures were announced. As with Laos and Cambodia, the measures focussed on increasing trade by lowering tariffs on Myanmar's products, and building cross-border infrastructure, in this case a road between Tavoy, Myanmar and Kanchanaburi, Thailand, providing an outlet for central Thailand to the Andaman Sea.

## Thailand and the Shanghai Process

While Thaksin was completing his trip, Defense Minister Chavalit, accompanied by his chief adviser, Gen. Pat Akkanibut, and several leading businessmen, travelled to China. They were hosted by the Chinese military, but their itinerary included meetings with President Jiang Zemin and Prime Minister Zhu Rongji.

Military and security topics were the main points of discussion, including the U.S. spy plane incident, regional military cooperation, and Bush's National Missile Defense plan. Arrangements were worked on for the repair and maintenance of older Chinese-built weapons in the Thai arsenal. There were no immediate deals for Thai military purchases from China, but Chavalit made a strong statement to the effect that other factors, i.e., economic and political cooperation, were more important than military factors alone in deciding on military purchases.

Before starting his trip, according to the *Bangkok Post*, "General Chavalit said he particularly wanted to speak to the Chinese defense minister about the possibility the new regional grouping [the Shanghai Cooperative Organization] could eventually expand to become a new security bloc." This expanding grouping, including China, Russia, and four of the Central Asia Islamic nations (and, perhaps, later, India), are central to the development of the Eurasian Land-Bridge.

The Chinese thanked Thailand for its stance on such issues as Taiwan and the Falungong cult, congratulated it on its new-found good relations with Myanmar, and, as a parting gesture, promised to send two pandas to Thailand.

Prime Minister Thaksin's diplomatic successes have played well in Thailand, despite the warnings and criticism he received from the press and non-governmental organizations, especially around the Myanmar trip. The Thai population seems pleased to have a government that is trying to actually do something, and is meeting with success.

This is much needed, since the Thai economy is in decline, largely because of the collapse of exports to the United States, Japan, and other advanced sector economies. The successful diplomacy also bolsters Thaksin's chance of obtaining a favorable outcome in his ongoing trial for concealing assets during his short tenure as a junior minister in a previous administration. If convicted, and depending on how the sentence is interpreted, he could be barred from participating in politics for five years. No matter the outcome of the trial (due to end in early July), Thaksin has begun to put together a government that has a purpose, and the beginnings of some momentum in the right direction.

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# India-Russia Relations Touch New Heights

by Ramtanu Maitra

The June 12 testing of a supersonic, medium-range cruise missile—the outcome of a secret, joint research program—is a prime example of the heightened level of collaboration between India and Russia. Although the erstwhile Soviet Union had contributed significantly to India's heavy industries' development during the Cold War in the 1950s and '60s, particularly since the early 1970s, arms and other barter deals highlighted Indo-Soviet relations.

But what emerged amid the post-Cold War relations is that India is no longer simply a buyer of Russian hardware, and Russia no longer a seller, but both are now engaged jointly in developing new technologies. According to the Washington-based *Defense News*, the accord signed in 1998 by New Delhi and Moscow seeks to develop technologies that Western countries will not sell to either of them. Given Russia's technological capabilities and India's manpower, this development may turn out to be of great strategic significance.

The cruise missile, dubbed the PJ-10, was tested in India's east coast in front of more than 50 Russian scientists. India's Defense and External Affairs Minister Jaswant Singh, who was present at the test-site, described the event as a "landmark in technology partnership."

The PJ-10, with a range of 280 kilometers, has many attractive features. It can be launched from land by a mobile launcher, or from a ship, submarine, or aircraft to target warships at very long distances. The missile offers two main advantages: It is highly accurate, and can be guided to its target with the help of an onboard computer. But unlike several other cruise missiles, it travels at supersonic speed in a sea-skimming profile. Because of its high speed, provided by its two-stage engines, it can defeat most ship-borne anti-missile defenses, greatly adding to its strike-power. The missile will be inducted simultaneously into the Indian and Russian arsenals within the next two years.

## Breakthrough in Relations

The development of PJ-10 is one example of the level at which the technology cooperation between India and Russia is progressing. More important, Indo-Russian cooperation has moved quickly to become a strategic partnership. These breakthroughs in relations came about through a series of high-level meetings that took place early this year.

In January, a host of agreements were reached at the sev-

enth meeting of the Indo-Russian inter-governmental commission for trade, economic, scientific, and cultural cooperation to reinforce relations in diverse fields of economic activities. The Indian side was represented by Finance Minister Yashwant Sinha, while Russia was led by Deputy Prime Minister Ilya Klebanov.

Concern was expressed by both sides over the slow growth in trade and commerce between the two countries. Trade has remained at less than \$2 billion annually. It was decided at that meeting that one way to enhance trade is through "nuclear cooperation with India, even if it meant reviewing Russia's commitments under the international export controls." In other words, Russia, a signatory to the Nuclear Non-Proliferation Treaty (NPT), would like to export nuclear reactors for power generation in India, a non-signatory to the NPT. That means that Russia would be withdrawing from the Nuclear Suppliers Group's stipulations, if the Group's restrictions on the cooperation for peaceful use of nuclear energy were not modified. Russia has not gone to that extent, yet. But, it has indicated to New Delhi that it would do so, if and when need arises.

Also, early this year, Russia supplied nuclear fuel to the Tarapur power reactors in India. The move drew the wrath of Washington. The U.S. State Department went on record, saying, "The Russian Federation has shipped nuclear fuel to the Tarapur power reactors in India in violation of Russia's non-proliferation commitments." State Department spokesman Philip Reeker said, "Although Tarapur reactors are under International Atomic Energy Agency [IAEA] safeguards, India does not have such safeguards on all of its facilities and is indeed pursuing a nuclear weapons program." As a member of the 39-nation Nuclear Suppliers Group, Russia is committed not to engage in nuclear cooperation with any country that does not have comprehensive IAEA safeguards on its nuclear facilities, Reeker said. Russia, however, has ignored Washington's complaints.

## Fighters and Submarines

The second most important breakthrough in relations took place early in June, when Jaswant Singh attended the first inter-governmental meeting on Military and Technical Cooperation (MTC), in Moscow. During his talks, India endorsed a Russian proposal for joint development and production of a fifth-generation fighter plane to replace the SU-30 MKI. The Russian media also reported that India might buy two Project 09710 nuclear submarines, whose construction had been halted in Russia because of lack of funding. The subs can carry 28 cruise missiles with nuclear or conventional warheads with a range of 3,000 km. If the report turns out to be accurate, these submarines will provide India a decided military-strategic edge.

There exists more than one report which suggests that the submarine deal is real. But, selling nuclear submarines to

India would violate the NPT and the Strategic Arms Limitation (START-II) Treaty. Independent reports indicate that the issue was discussed in the course of recent Moscow negotiations between Adm. Vladimir Kuroyedov, in charge of the Russian Navy, and an Indian military delegation headed by naval chief Adm. Sushil Kumar. Needless to say, nuclear submarines fitted with nuclear warheads would provide India the advantage of enhancing the “uncertainty factor” in the jigsaw puzzle of nuclear warfare.

During then-Russian Prime Minister Yevgeni Primakov’s visit to Delhi in December 1998, seven agreements were signed between India and Russia. The document on long-term military-technical cooperation till the year 2010, however, was the key one. On a visit to New Delhi in March 1999, then-Russian Defense Minister Igor D. Sergeev and his Indian counterpart, George Fernandes, signed a military cooperation agreement to train Indian defense personnel in Russian military academies. The long-term bilateral defense cooperation program will cover such new areas as naval nuclear technologies and antiballistic-missile defense systems. The long-term MTC will enhance the joint R&D capabilities of both countries in the production of new weapon systems.

On Dec. 27, 2000, India and Russia signed the single largest arms deal: The SU-30 MKIs will be manufactured in India with Russian assistance. This means complete transfer of technology to India. This Indo-Russian Sukhoi deal is the single largest deal ever signed by Russia with any foreign country. Under it, 150 SU-30 MKIs will be manufactured in India, including indigenous production of all the components over next two decades. The SU-30 MKI will have onboard avionics and other support systems developed by India, and also, equipment from countries including France, Israel, South Africa, and the United Kingdom.

Asia is now the most important destination of Russian weapons and MTC. Russia has developed extensive MTC with several major Asian countries, along with arms export, licensed production, servicing of old and new arms and equipment, and training personnel. China and India are the two most prominent countries that have this type of cooperation with Russia.

### **Russia’s India Policy**

Two other developments in Indo-Russian relations draw observers’ attention. In June, chief of the international relations department of the Russian Atomic Energy Ministry, Mikhail Ryzhov, told reporters in Moscow that “after the nuclear test by India and Pakistan, a very unnatural situation has emerged, and recognition of nuclear status to New Delhi and Islamabad is inevitable.” When asked whether Moscow would back India’s entry into the official group of nuclear weapons states, Ryzhov said, “The decision has to be taken by the politicians,” and “when it would be taken, I cannot say, but it is inevitable.”

Ryzhov pointed out that though former President Boris Yeltsin had said that Indians “let down” Russia by carrying out the Pokhran II nuclear tests in 1998, the Russian experts were “aware that India was working on its nuclear weapons program and the government of India had made it clear to the world that it was keeping its nuclear option open.” Ryzhov’s statement cleared the fog created by Yeltsin at the time.

It is also important to note that despite joining the other permanent members of the UN Security Council in *pro forma* expressions of concern over India’s 1998 nuclear tests and in calling for India’s adherence to the NPT and the Comprehensive Test Ban Treaty, Russia, unlike Western nations and Japan and China, has ensured that the tests and their sequel do not affect its long-term strategic relationship with India, which has been built up painstakingly over the years.

The other development of note is the detailed discussions between India and Russia on the internal situation in Taliban-controlled Afghanistan at a meeting of the Joint Working Group (JWG) on Afghanistan, in Moscow on June 25-26. Foreign Secretary Chokila Iyer led the Indian side. This is the second meeting of the JWG and is of particular importance, since it was held right after the Shanghai Five had met to discuss the Central Asian security situation and formed the Shanghai Cooperation Organization. It means that Russia is actively interested in bringing India into a role in the Central Asian scene. Cooperation to fight extremism originating in the Taliban-controlled parts of Afghanistan, is, according to Moscow, perhaps the most logical way to get India involved. Reports also indicate that the Russian hosts filled in the Indian team about the outcome of recent talks between Presidents Vladimir Putin and George W. Bush.

Earlier, Jaswant Singh had held talks in Moscow on the struggle against international terrorism. “I have no doubt where Russia stands on the Taliban,” the Indian Minister told reporters, reminding them that Russia, together with India and other countries, had co-sponsored UN Security Council Resolution 1333 censuring the Taliban. “The question of Russia recognizing the Taliban as the legitimate government of Afghanistan simply does not arise. My colleague [Defense Minister] Sergei Ivanov, today very candidly and clearly spoke of the dangers that this kind of fundamentalism and terrorism poses to the entire region,” Jaswant Singh said.

### **Crossed Wires on Missile Defense**

Last Spring, President Bush proposed development of a missile defense shield against “rogue states” and abrogation of the Anti-Ballistic Missile (ABM) Treaty. The proposal met with a swift and unexpected endorsement from New Delhi, but faced strong opposition from Beijing and Moscow. While Russia was more concerned about the unilateral proposal to abrogate the ABM Treaty than the missile defense proposal, China, on the other hand, was more concerned about the shield itself. Russia believes, and rightly so, that the technology to

develop a foolproof missile defense shield does not exist. On the other hand, the surprising Indian response promptly drew a visit to New Delhi by U.S. Deputy Secretary of State Richard Armitage. This worried both Beijing and Moscow.

Within a few days, Russian Defense Minister Ivanov came to Delhi to meet Indian Prime Minister Atal Behari Vajpayee and Jaswant Singh. Within a day following Ivanov's arrival, India began to shift its stated position on Bush's missile defense proposal. At a joint conference in Delhi, Jaswant Singh admitted that a unilateral abrogation of the ABM Treaty is unacceptable, and therefore, Washington must work with Moscow to formulate the abrogation process.

Subsequently, Jaswant Singh went to Moscow to attend the inter-governmental meeting of the MTC. There, too, he agreed to the Russian viewpoint on missile defense, and said, "If this treaty is unilaterally abrogated, abridged, or adjusted, this will lead to greater uncertainty instead of promoting a new and more cooperative security framework." This is exactly the formulation Moscow wanted, and by accepting Moscow's formulation, New Delhi made it clear that Russian strategic interests are deeply intertwined with those of India.

Moscow, in return, has assured India that it will present all relevant facts and figures which will conclusively prove that the missile defense system, as proposed by President Bush, would jeopardize world security greatly. Meanwhile, India has asked Russia to prepare a feasibility study for the air defense system over India.

## Germany Heading for Political Turbulence

by Rainer Apel

A year ago, when Germans were preparing for the Summer holiday season, the economic and social situation of their country was portrayed as generally fine, by the government and the mass media. There were unmistakable crisis symptoms that warned of coming troubles on the German financial market, but the government managed to almost silence critics of its *laissez-faire* policy of inaction. Chancellor Gerhard Schröder overdid it, however, when already at the end of July 2000, he published his rosy "mid-term report," although the first half of his term did not end before the end of October. All of that was designed to calm people down, to let them dwell in illusions as they were going into the holidays.

All of that dreamworld ended abruptly, when in early

September, a strike wave erupted—not in Germany, but in France—against speculative petroleum price increases. Within a week or two, all of Europe, including Germany, was swept by this strike wave, and Schröder's government all of a sudden was looking at big trouble.

What helped the government repair some of the political damage, however, was a trick with the labor market statistics: Introducing a new accounting method, the Federal labor office had begun to also count the newly insured part-time jobs, so that total employment "improved" from 34 million to 38 million. Therefore, the 4 million jobless of late Autumn and Winter 2000 looked less dangerous, if measured against the figure of 38 million, instead of only 34 million. However, this trick will not work again this year, because, meanwhile, people are asking why the jobless rate didn't come down even in the late Spring and Summer. And, there are now daily news headlines that pose the question: "Are we going into a recession?"

The scene is different from that of last year: Now, the news dailies are filled with alarming reports about profit warnings of leading companies, and with forecasts and announcements of new job losses. This year, Germans are going into Summer vacation knowing that by the time they return home, the situation will have turned even worse. With no real jobs being created, reports, such as the one in the German media on June 22 and 23, are telling them that, at minimum, another quarter-million jobs will be axed, including 120,000 in the crafts, 60,000 in construction, and 30,000 in trade and commerce. The jobs that will be axed in the auto-making sector and in transport technologies, because of decreasing sales, were mentioned the following week.

Confronted with this reporting of reality by the media, the Chancellor reacted with embarrassment, complaining—assisted by his cabinet ministers of finance and economics—that the economic situation was being "talked down," that there is no need for any emergency action by the government, that a "policy of the calm hand" is, allegedly, the best way to handle the situation. Faced with forecasts that the jobless figures will definitely be higher than 4 million by late Autumn and Winter, Chancellor Schröder hates being reminded these days, that when he took office in late October 1998, he loudly proclaimed that he would reduce unemployment by 50%. It was at 4 million when he took office, and it is still at 4 million, now—and the government is heading for national elections in 15 months.

The worsening labor market situation also translates into a drastic loss of voter confidence in the capability of this government to handle the crisis. According to the latest poll by the Emnid institute, only 26% of voters now think the governing Social Democrats of Chancellor Schröder can deal with the situation, whereas 44% think the opposition Christian Democrats are more competent. The ratio was 38% versus 28%, respectively, last December.

## Signs of Panic

In an attempt to preempt news headlines on June 26 about an unprecedented wave of new corporate bankruptcies, notably in the construction sector of eastern Germany, Chancellor Schröder announced on June 25 that he was thinking of a special government support program, in the range of 1 billion deutschemarks (roughly \$500 million), for the construction sector in Germany's eastern states, and that he would make it official during his coming Summer tour there. Maybe because he received some calls from the big private banks that this announcement created the impression of a Chancellor becoming panicked, the next day Schröder retracted the plan, emphasizing that this was no conjunctural incentives program, but only one among several options.

Schröder fell back into more propaganda, but the difference from last year, is that the media are no longer supporting him. Hardly had Schröder returned to his "business as usual" talk, than some German wires began reporting about a secret meeting in Brussels a few days before, between EU Commission President Romano Prodi and top managers of several European countries. During that meeting, Prodi came under attack by some managers for not doing enough to prevent a major monetary crisis in the European Union during the

transition, at the beginning of the coming year, from the national EU currencies to the new all-European currency, the euro. Prodi was also accused, as were most of the EU member governments, of downplaying all problems connected to the euro. Prodi admitted to the managers that he did have several surveys on his desk, and that some of them even warned, for example, that 40% of those who held German marks outside Germany, would rather change their marks into dollars, instead of the euro, come January. Prodi said that he shared some experts' concern that of DM 280 billion held in non-German accounts, DM 100 billion would flow into the dollar, and weaken the euro even more.

For the German government, this leak from Brussels was most unwelcome, as it corresponds to widespread fears among the Germans that the transition from mark to euro means trouble. Promptly, the head of the German central bank, Ernst Welteke, rushed to assure the public that there is no need to worry, that people would have enough time to change their marks into euros, early next year, that there was no reason for panic.

All of that was covered broadly by the German media; numerous dailies had this leak-denial exchange on their front pages, and this flurry is probably the last real news that Germans will receive before disappearing abroad for Summer vacations. The next real news about Germany will be on their breakfast tables in about four or six weeks, and it will be worse news. Chancellor Schröder's private wish to have a calm Autumn, may not be fulfilled.

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## Bulgaria Loses Its Elections

by Alexander Hartmann

The June 17 Parliamentary elections in Bulgaria produced a landslide victory for the National Movement Simeon II (NMS), which got close to 43% of the vote nationally, and won 120 of 240 seats in the Parliament. The Union of Democratic Forces (UDF), led by incumbent Prime Minister Ivan Kostov, came in second with about 18%, narrowly ahead of the Socialist Coalition for Bulgaria (CfB), with 17%. The fourth party gaining seats in the Parliament was the ethnic Turk Movement for Rights and Freedom (DPS), with close to 8% and 21 seats. The NMS will now form a coalition government, with the DPS as a likely, and the UDF as a possible, partner. The CfB will stay in opposition.

The NMS was founded on April 6, and is led by "Tsar"

Simeon II. Simeon is a scion of the same house of Saxe-Coburg-Gotha that spawned the present British and Belgian royal dynasties, and he has been Tsar of Bulgaria before: He, or rather, his guardians, ruled during 1943-46, when the Communists deposed the nine-year-old monarch.

### **The Snake Oil Tsar**

Simeon was elected on a platform promising everything to everyone, including a pledge to fix all the country's problems within 800 days.

The average income, he said, shall rise from 240 lev (roughly \$100) to 400 lev per month, especially benefitting small pensioners and public employees. Small businesses have been promised zero-interest loans. At the same time, he promised to sharply reduce public debt.

But, because anyone in his right mind could plainly see that only a charlatan would promise all this, that was not really why he was elected. In fact, he won the elections by default—the electorate dis-elected the established parties, and he was there to benefit.

In the last decade, about 1 million out of 9 million Bulgarians have left the country, while the average income is \$100 per month. Unemployment is at about 20%. Prime Minister Kostov's reform policies have reduced Bulgarians' standard of living. After the elections, he acknowledged: "We wanted the voters to pay a higher price than they were prepared to pay."

People felt betrayed. They charge that everyone in the present government is corrupt; but, in fact, this corruption is imposed by the "international financial institutions." It is they who insist on the policies of looting in Bulgaria, like in any other developing country. The corruption of the governments is mainly that they go along with such policies, to gain access to NATO and/or the European Union.

It is these feelings that Simeon exploited to get elected. "He is rich, so he does not need to steal from you," was his unofficial election slogan. Simeon and his campaign managers succeeded in creating mass hysteria, similar to when a snake oil salesman comes to town, while in fact, Simeon was promising more of the same medicine that caused the sickness.

If anyone doubts this, a look at his economic team is sufficient. It is a collection of Bulgarian expatriate yuppies in their early 30s, who, until a few weeks ago, worked for such "prestigious" and "patriotic" institutions as Lazard Frères, PriceWaterhouseCoopers, and Merrill Lynch, and who are probably just too young to remember the abysmal failure of Jeffrey Sachs' "shock therapy" in other Eastern European countries—because that is exactly what they are proposing. They know perfectly what has to be done to pacify the "international investors," and that is what they will do.

Upon news of Simeon's victory, banks such as Deutsche Bank announced they expect Bulgaria's credit rating to be

raised—a sure sign, that the looting community is satisfied it will get its booty.

### **Vain Royalist Hopes**

Another group pleased by Simeon's victory are the members and fans of the Western European royalties. As could be seen by the flood of articles, especially in the British press, pushing Simeon since April 6, they saw King Simeon's campaign as the vanguard of royalist forces in the Balkans, to restore not only the monarchies in Bulgaria, Romania, Yugoslavia, Montenegro, and Albania, but also, to shore up the flagging royals in western and northern Europe as well. This became clear in an article on Simeon in the London *Economist*, which listed the many "ethically challenged" among the royals' next generation, concluding: "Why, ask Norwegians, have a royal family if it behaves like an ordinary one?"

The same is true for the other western European monarchies as well. Indeed, the Windsors have been just as desperate to get Simeon elected as the poor Bulgarian voters.

But, as one analyst put it: "Most Bulgarians decided to run away from problems. If Simeon II does not deliver on his promises, voters will be disappointed. If he does deliver, he will cause economic collapse."

In fact, if he delivers on his promise to the international financial community, he will cause even more economic destruction to Bulgaria. Or, as London's *Independent* (the exception to the general press line) put it: "One of the disadvantages of his role is that, to be really convincing, you have to be dead," citing the examples of King Arthur, Charlemagne, and "Sebatian of Portugal, who died in battle in 1578, and whom 'Sebatianists' still await" his return.

And that is why Simeon's electoral success may very well turn out to be a pyrrhic victory for the House of Windsor and its kin. If the policies of Simeon's economic advisers prevail, and the Bulgarian economy collapses accordingly, monarchism will very soon acquire an ugly name in Bulgaria and elsewhere in the Balkans—and this may turn out to be the last royalist experiment the peoples of the Balkans will try, with a concomitant backfire effect on all the other monarchies in Europe.

### **The Balkans Powderkeg**

Unfortunately, it is likely, under these conditions, that Bulgaria will socially explode, because after a disappointment, there usually comes rage, especially if people feel helpless. As in other Balkan hot-spots that have already exploded, it is likely that this explosion will be shaped along ethnic fault lines: 10% of Bulgaria's population are ethnic Turks, who are economically even much worse off than ethnic Bulgarians, with unemployment rates twice the national average. Thus, Simeon's election victory may very well serve to ignite another powderkeg in the Balkans.

Indeed, Bulgaria has just lost its election.



# Peru Is Reading 'Dark Truth' About Soros

by EIR Staff

The Presidential elections in Peru ended June 3 with the victory of Alejandro Toledo. It is now more urgent than ever to clarify that sordid matter of the million-dollar "donation" of mega-speculator and international drug legalizer George Soros to the President-elect, supposedly to help him organize "the resistance" to overthrow the Fujimori government, with his "March from the Four Corners" in July 2000.

For this, *EIR's* new book, *The Dark Truth About George Soros*, published in Peru in May, is required reading.

While Toledo formally won the Presidency, the truth is, that Soros, and the Anglo-American Establishment that sponsors Toledo, were the ones who actually won. Soros' money was not only crucial for the "March of the Four Corners," and Toledo's subsequent election campaign, but it also has given Soros direct participation in Toledo's cabinet. The superminister of Economics and Finance, Pedro Pablo Kuczynski, was, for years, the direct representative of Soros' financial interests in Peru, and it was PPK (as Kuczynski is known) who led Soros by the hand during his 1994 visit to the country.

Soros' philanthropic support to Peruvian "democracy" served to undermine national institutions. While Soros was giving money to Toledo on the one hand, on the other he also financed the chief non-governmental organization (NGO) election watchdog, Transparencia. Transparencia's president, Salomón Lerner, admitted this to former President Alan García, Toledo's opponent for the Presidency in the June 3 second-round vote. Transparencia was the NGO through which "the hemispheric community" (with the United States at its head) channeled its "economic aid," ostensibly earmarked for guarding the honesty of the so-called democratic transition in Peru. In fact, this NGO operated as the entity in charge of arbitrating the entire Peruvian electoral process, to the point that the Organization of American States gave Transparencia the power to validate whether the official electoral results were fraudulent, by how they conformed to the "quick count" results announced by Transparencia right after the election! Transparencia's results, at every point, carried more weight with "the hemispheric community," than that of the National Elections Council of Peru.

The repercussions of the publication of *The Dark Truth About George Soros* have just begun to be felt. In fact, since its publication, there is not a single national political figure who has not read the book, and references to the book, both

direct and indirect, in the midst of the electoral debate, have been extensive. Indeed, in the second week of May, one of the country's most widely read weeklies, *Gente*, published a prominent two-page commentary about *The Dark Truth*, which it described as mandatory reading. This controversial book is also being sold through a national chain of newspaper and magazine vendors, at great popular demand.

Nor has the election silenced its impact. On June 9, *Expreso*, one of the country's largest-circulation dailies, published a column by Andrés Bedoya Ugarteche, tearing into what Soros' "globalization of addiction" project means for Peru, and recommending that Peruvians buy the book, to find out who Soros is and what he does. "I promise you, you'll be horrified. By comparison, Al Capone was a streetcar pick-pocket."

## Receiving Money From a Pirate

As Luis Ernesto Vásquez writes in his introduction to *The Dark Truth About George Soros*, "if the delivery of \$1 million by Hungarian-born mega-speculator and Anglo-American drug legalizer George Soros, to Presidential candidate Alejandro Toledo, is not fully investigated, the entire [government] campaign to 'moralize' the country, no matter how many anti-corruption commissions are installed, will remain a crude, farsical lie, whose purpose has nothing to do with moralizing Peru.

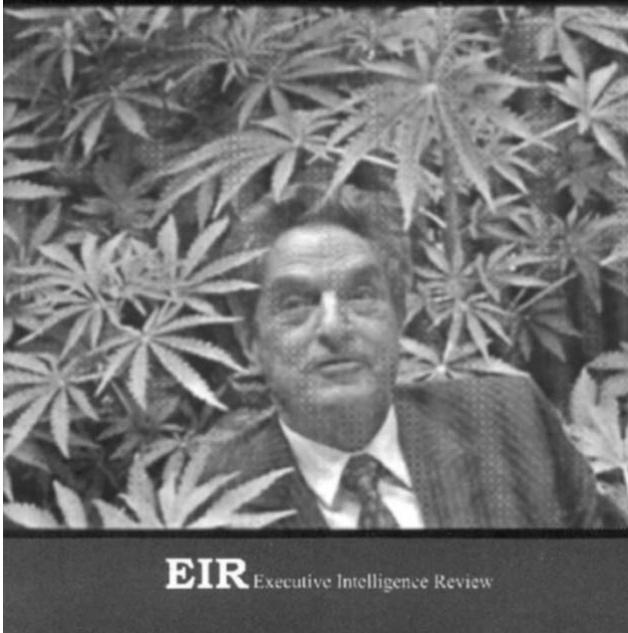
"This investigation must include every person involved in the deed, which we consider totally immoral, and, especially, Diego García Sayán, the current Justice Minister, who not only has a long-standing relationship with Soros but who, according to the Peruvian press itself, was the one to introduce Soros to Toledo, and it appears was also present in Warsaw when Soros gave Toledo the \$1 million. Because receiving money from Soros, as Lyndon LaRouche has said, is like receiving money from a swindler, a pirate, a parasite who works his money where narco-dollars are laundered, something which he would see legalized."

Vásquez writes: "We Peruvians want to know what it is that Soros asked for in return, under cover of 'encouraging democracy.'

"It is very ingenuous to suppose that the \$1 million was merely intended to pave the way for his future investments in Peru; these are already extensive, above all in gold mining, and in speculation and making an easy profit. It is more logical to conclude that behind his supposed philanthropy is a project to legalize the production and consumption of drugs in Peru, and in the world. . . . Soros himself sponsored, in 1998, an open letter to UN Secretary General Kofi Annan, which argued in favor of drug legalization. Along with Soros' signature, the letter was signed by more than 500 'personalities,' 19 of them Peruvian, all backing drug legalization. Among these, we find none other than current Justice Minister Diego García Sayán and Prime Minister Javier Pérez de Cuéllar."

In *The Dark Truth About George Soros*, Sara Madueño,

# La oscura Verdad sobre GEORGE SOROS



*Exposing the role of George Soros in the drug-legalization effort is the Spanish-language book released by EIR, "The Shadowy Truth About George Soros."*

who edited this book, presents us with the history of this sinister person. In the first chapter, we are presented with George Soros, the international mega-speculator. The second chapter documents Soros' trajectory as the commander of drug legalization. The third chapter exposes Soros as the protector of the human rights of the narco-terrorists, through his allegedly pro-human-rights NGOs, such as Human Rights Watch.

## International Investigations

Regarding "George Soros, the mega-speculator," we learn that Soros is a *golem* made in Great Britain, to promote an "open society," not only for the markets, but where the concept of the sovereign nation-state is so conditioned that it becomes a mere formality; an open society which advocates the destruction of the nation-state. Here we find full documentation of Soros as a shadowy and unscrupulous international speculator, who is currently under official investigation in at least three countries, for having launched financial warfare

against those nations. The book documents the case of Malaysia, for example, a country which has prohibited Soros from carrying out any kind of economic activity there, and which has threatened his immediate arrest should he set foot there. Malaysian Prime Minister Dr. Mahathir bin Mohamad has not spared words in publicly exposing the voracious speculative appetites of Soros and his allies, who have earned millions speculating against, and destabilizing, Malaysia and its currency.

Another case reviewed by the book is that of Italy. On Jan. 27, 1997, the daily *Corriere della Sera* published a full-page article on the "Soros connection" in the economic and political life of Italy. Author Ivo Caizzi stresses that the actual criminal investigation of Soros was initiated by the International Civil Rights Movement—Solidarity, which in Italy supports Lyndon LaRouche. He writes that "the two investigations were headed by Rome and Naples prosecutors. Both investigations concentrated on the same attack against the lira, in September 1992, when international banks and speculators—as in the case of the famous George Soros—managed to steal \$48 billion from the Banca d'Italia's monetary reserves."

Soros had problems with the authorities in Croatia, as well. On Dec. 9, 1996, in a speech to the leaders of the Croatian ruling party, the late President Franjo Tudjman accused Soros and his hosts of having "created a state within the state, to destabilize Croatia." Tudjman detailed how London and its allies planned the destruction of Croatia, and helped to form opposition groups both within and outside the country. With his Open Society group, Tudjman said, Soros contributed to the international campaign to discredit Croatia, while he sent a great deal of money into Croatia, to finance political activities and garner the broadest influence in the media and cultural world.

*The Dark Truth about George Soros* gives special attention to his speculative activities in Ibero-America. Several important *EIR* investigations are detailed in the book, documenting how Soros has been buying up Ibero-America "piece by piece." These pieces include vast agricultural lands in Argentina and Uruguay; real estate dealings in, for example, Argentina and Mexico; large retail chains in several countries; and, multimillion-dollar incursions into mining, above all of precious metals, in countries including Peru and Ecuador.

*The Dark Truth* says, regarding Soros' gold interests in Peru: "By 1996, the Yanacocha mine had become the largest gold mining operation in all of Ibero-America, and it is 51% owned by Newmont Mining, of . . . George Soros. He got involved in Yanacocha in 1993, in association with the Buenaventura company, whose primary stockholder, Alberto Benavides de la Quintana, presided over the Coordinating Commission on privatization for the state companies. Soros had bought and sold several Peruvian companies, but in 1997, he announced that he was looking for a local partner, 'to acquire

cheap companies.’ It now appears that the ‘local’ investor chosen by Soros to expand his holdings in Peru is Parque Arauco, of the SAID Group of Chile.”

Soros has not been immune to scandal in Peru. In September 1993, in the midst of the war against narco-terrorism, George’s brother Paul Soros took out a full-page advertisement in the *New York Times*, which presented Peru with an ultimatum. The government of Peru, said the ad, must dismantle its Armed Forces, in order to restore “investor confidence in democracy.” Said Soros: “When one can be certain that it [military influence on the government] is truly ended, investment values will rise 30, 40, even 50%. In Latin America, whenever the army as an institution is part of the power structure, all investments are discounted, because it introduces an element of instability. As an investor, one likes stability.” A short time later, Paul Soros undertook a joint investment with the Ecuadoran Army, precisely in the border area where the Peru-Ecuador conflict exploded into war in January 1995.

### Drug-Legalizing ‘Philanthropy’

Soros’ “philanthropic” support for global drug legalization is the subject of an extensive chapter, and his campaign has been denounced in the United States by former Drug Enforcement Administration chief Tom Constantine and President Bill Clinton’s White House anti-drug policy adviser, Gen. Barry McCaffrey (ret.). As the introduction to the book notes, on Dec. 2, 1996, then-DEA chief Constantine testified before a U.S. Senate committee that George Soros was the primary financier of campaigns in the states of Arizona and California in favor of drug legalization. Constantine said that Soros “gave hundreds of thousands of dollars in California . . . and perhaps double that in Arizona.” Constantine also cited statements that “Soros finances various foundations with hundreds of thousands, if not millions, of dollars,” which, according to the source cited by Constantine, come “from the drug trade.” In the same hearing, McCaffrey confirmed that Soros “participated extensively in the financing of these campaigns” to legalize drugs.

In its Feb. 3, 1997 issue, dedicated to the theme of marijuana legalization, *Newsweek* magazine included an article entitled “The Money Machine: Why Multimillionaire George Soros Is Trying To End the War on Drugs as We Know It.” According to *Newsweek*, Soros says he does not agree with “the totalitarian mentality here [in the United States] regarding the war on drugs. I have dedicated myself to fight this mentality in other countries, and I have decided to dedicate myself to this here.” In an article in the Feb. 2, 1997 *Washington Post*, Soros the “philanthropist” insists that prohibiting drugs is “totalitarian,” and that he supports drug legalization because he wants a totally “open society.”

“Is this society, open to drugs, what the one-worldist promoters of Soros want for Peru? This is something that we Peruvian patriots must not permit,” the book’s introduction concludes.

## Russian ‘Media Freedom’: Flight of the ‘Bergoose’

by Konstantin Cherenmykh

*Rep. Tom Lantos (D-Calif.) introduced a resolution into the U.S. House of Representatives on May 8, demanding Russia’s suspension from membership in the G-8 organization of leading industrial nations, until its government “restores press freedoms and respect for human rights.” As the chief example of a “free press” suppressed in Russia, Lantos cited Vladimir Gusinsky’s NTV, which was forced into bankruptcy for non-payment of its debts to the state-run natural gas concern Gazprom. Its former owner was arrested, once in Moscow and once in Spain. The profile of Gusinsky’s political and business interests, including what NTV broadcasts, has little to do with the matter of a free press—as our correspondent comments from St. Petersburg.*

The inventors of the electric lightbulb, the cinema camera, and the CRT tube contributed their discoveries to a civilization, which no longer exists. That was the civilization of intellectual courage, scientific insight, and a powerful impetus toward a breakthrough to a future where universal education, and therefore a high level of morality, are the rule—in accord with the heavenly destiny of man. The historically optimistic spirit of that Time of Discoveries, about which I know with some precision from my own grandmother, born in 1897, suggested that technological progress was supposed to perfect the human soul, and to promote victory over the atavistic, merely biological properties of human beings, once and forever.

Those enthusiasts of human reason, if they were miraculously awakened from their eternal sleep today, would be most amazed and terrified at our present global civilization, probably perceiving it as a medieval kingdom, populated with young brainless beasts and egocentric hypochondriacs. What would probably be most painful for them, is to see their glorious inventions being used today for a purpose opposed to their own, not for educating, but for stupefying, depraving, and dooming the population.

They would immediately realize that the international mass media have been transformed from a machine of education into a machine of seduction and perversion, propagating a degraded image of man as merely a species of beast. They would realize that this transformation, as well as the reversal of the economic development paradigm, came about through a banal oligarchical plot, in which the mass media were de-

played as the strategic stronghold of resistance against progress. Television, as a weapon of mass destruction, is used on the front lines of the battle against everything human on this planet.

For an unbiased witness from another universe, watching the Earth's civilization through a distortion-free optical device, it would be most obvious that during the last decade of the 20th Century, the major battle on our planet was waged chiefly with TV as the means of mass destruction, designed to establish an allegedly superior globalized world order. The weapon was aimed especially at those parts of the Earth, not yet involved in the globalized system, which is supposed to extinguish any notion of the nation-state, and any concept of national identity or the cultural destiny of a nation, with its sovereign history and sovereign set of values. Through a good space telescope, a decent observer from outside would discern an enormous crowd of brainless dupes, under the control of the oligarchy-owned machine of mass destruction.

### Fraudulent 'Enlightenment'

A typical representative of the dupes of this would-be more advanced world order, once proudly showed me his calling card, which identified him as a functionary of a "religious" task force called, literally, "Invasion Into the Darkness." His calling card depicted the map of my homeland in pitch black, while a medieval knight, striking at the very heart of Russia with his sword, sparked a tiny bit of light on this spot. To me and millions of other Russians, who view the culture we were raised in as the birthplace of the most advanced discoveries in science, technology, art, poetry, and music, this sort of view appeared absolutely wild and ridiculous.

The person I met, however, was not supposed to listen to any counter-arguments, believing himself to be a modest herald of a noble mission to backward Eastern Europe, called upon to help launch a complete reconstruction of values, starting from zero. The message of these agitated, but not intellectually encumbered "knights" of the new world order, was that Russians should assume themselves as "zero," an underdeveloped *tabula rasa*, on which new words should be written in a rough translation from the American English of a simplified pocket-version of the Bible, in order to produce a "spiritual change" in the Russian mentality.

In practice, here is what this looked like. On June 12 of last year (the artificial holiday of Russian "Independence Day," introduced by Boris Yeltsin), the citizens of St. Petersburg had the chance to see about a hundred people, dressed in bright cucumber and tomato-colored sports jackets, with a multitude of cucumber and tomato-colored balloons in their hands, jumping around in a kind of hypnotic ecstasy outside the Young Spectators' theater. They had two slogans on the balloons: "Christ died for your sake!" on one side, and "Thank

God!" on the other. At the sight of this exotic festivity, any Russian with a normal secondary education — whether a devout Communist or a profound anti-Communist — would experience a sort of physical disgust, immediately concluding that the event was being staged rather for the sake of Satan, than for the sake of Christ. He would cross himself and pass by, with a strange feeling in his "underdeveloped" mind, that something was really wrong in the brains of those teachers, who had arrived here to preach human rights and democracy. The Russian's initial disappointment in the self-styled knights of spiritual liberation, amplified by purely aesthetical revulsion, then gave way to a feeling of being profoundly culturally humiliated.

### The Trouble with Talking Heads

In October 1993, I arrived in the village where my mother-in-law lives, still reeling from the military operation, carried out by our "democratic" President against the democratic Parliament of Russia. My mother-in-law listened to me and said, "I'll tell you why Yeltsin won, and not Khasbulatov." She meant the Speaker of the just-disbanded Parliament. "Khasbulatov just could not win —"

"Because he is a Chechen?"

"No."

"Because he finally teamed up with the Communists?"

"No. Because he talked too round, and too much." (The southern, non-Muscovite accent is distinguished by its round, resonant vowels in Russian.)

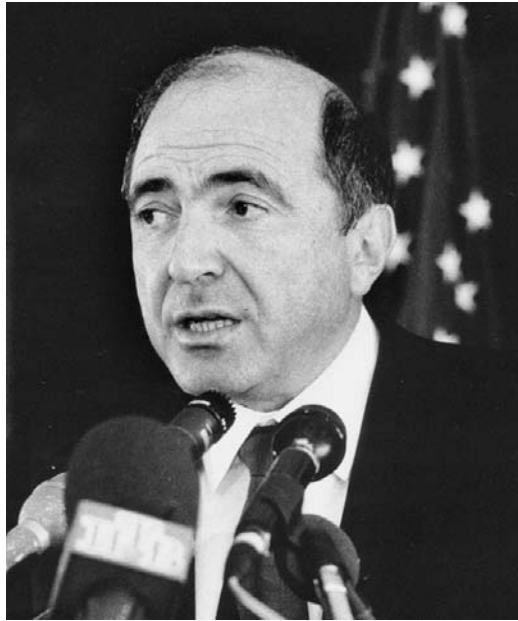
Back in Moscow, an informed, urbane, and refined intellectual offered another explanation of the same events. "You see," he said, "there was just a rivalry of two banks: Kredobank, associated with Khasbulatov, and Most Bank, associated with the Moscow bureaucracy. The competition was about who would be the first to introduce a Eurocard. So, Most Bank has won —"

"And Yeltsin?"

"And Yeltsin has lost a lot of his popularity. So, the next battle will take place between Most and Yeltsin —"

A year later, in 1994, "Black Tuesday" collapsed the ruble, impoverishing millions and bringing enormous fortunes to a number of banks, which were tipped off in advance. Those events sparked the clash between the Moscow bureaucracy clan, and Boris Yeltsin's team.

Ever since that time, two masterminds and two mouthpieces of the two sides, named Boris Berezovsky and Vladimir Gusinsky, have been talking, talking, and talking, addressing not each other, but all Russians, and simultaneously, the West — for both power clans wanted to demonstrate both their concern for the population and the loyalty of their top figures to the international "Christ-has-died-thank-God" idol of the mass media. During this years-long effort, the two mouthpieces, running the two major TV channels, ORT (owned by Berezovsky) and NTV (property, until recently,



*"The Bergoose." Two now-fled rival oligarchs, who enriched themselves in the 1990s frenzy of privatization and looting of Russia: Vladimir Gusinsky (left), general director of the Russian Most group, and banker Boris Berezovsky.*

of Gusinsky), their own complicated personal relations notwithstanding, have unified in the perception of most Russians, into a two-headed creature. Call it the Bergoose, if you will.

This creature, although undoubtedly well educated and rhetorically perfect, has not realized, with all its brains, that its endless self-advertisement has produced an almost clinical allergy among Russians: not only to the contents of the permanent blah-blah-blah — reflecting a strange two-headed sympathy toward Chechen separatist warlords and their foreign sponsors — but to its didactic style of addressing the supposedly underdeveloped and uneducated Russians.

The TV talking heads' habit of demonstrating superiority over the "crowd" of ordinary Russians, was once ridiculed by *Versiya* weekly, which featured Berezovsky in the clothes of a medieval duke. He looked very natural — evidently thanks to his experience as founder of a House of Fashion in London, providing clothes for Her Majesty's servants, where he had the chance to try on all sorts of ancient oligarchic attire.

A little bit of self-criticism, from deep within the Bergoose brains, forced each head, for a certain time, to speak through its own mouthpiece — Berezovsky through Sergei Dorenko, and Gusinsky through Yevgeni Kiselyov (the anchormen for ORT and NTV, respectively). The thoroughly tasked and excessively paid puppets functioned well enough, when they were attacking each other. As soon as the new state power made a decision to close the puppet theater, the puppets became disoriented: One left the scene, banging the door, while the other went on talking, talking, and talking about the human rights of Master Goose, until Goose's Siamese twin,

Master Ber, invited him to his own TV channel, from whence the same hissing can be heard till now, but not so loud as before.

### **Where Does Gazprom's 'Blue Stream' Lead?**

If Moscow Mayor Yuri Luzhkov, the top figure of the powerful Moscow clan of Russian bureaucracy that patronized NTV in its early days, has merged his "Fatherland" movement with President Vladimir Putin's supporters in the election force "Unity," then perhaps the oligarchy's need to keep the two-headed circus geek act running has vanished (public demand having vanished long before). The tireless knights of the globalist public opinion-making, however, keep battering away in the Western mass media at the tragic death of media freedom in Russia.

Meanwhile, my eight-year-old daughter, about whose state of mind those gloomy knights are supposed to be so worried — a child, born in the post-Soviet time and not taught by either schoolteachers or myself to be blindly obedient to the political authorities — asks me during Gusinsky's media campaign, "Why doesn't the government shut down this 'Puppets' program [NTV's take-off on the British satire 'Spitting Image']? They make fun of our President. I don't like it."

Out of the mouths of babes. Even a child of eight sees something unnatural and disgusting in the attempts by the Fourth Estate to prove its superiority over the President, who was elected by the people.

Or, are the international protectors of the precious Bergoose species unaware of the nature of the beast they are so concerned about? Don't tell lies, gentlemen!

As far back as the Summer of 1994, the *Wall Street Jour-*

*nal-Europe* published an investigation into the origin of Gusinsky's Most Bank, and the particular role of Gen. Filipp Bobkov, ex-head of the infamous "political" directorate of the U.S.S.R. KGB, in setting up the joint Russian-U.S. "Infex" (Information Export) company, which later became Most. The article dwelt upon the typical racketeer methods used by Most's security forces, and the patronage this company used to enjoy from a number of state officials.

From the Internet publications of the Freelance Bureau, anyone may easily find out the origin of the Most Group's immense fortunes; how much Gusinsky's "independent" structures illegally received from their supporters in the Moscow bureaucracy; how much, therefore, Gusinsky and his companions owe to ordinary Muscovites; and, that a significant part of these fortunes was invested in luxurious villas designed for a select number of NTV journalists, thus keeping them on a short leash of obedience to Master Goose. The list of Most's real estate includes also the mansions of two top figures from Gazprom—although this, certainly, does not quite explain why the Russian gas monopoly earmarked huge loans for Gusinsky's NTV. Especially considering the great advantages obtained by Gusinsky's Most Group from the hands of one-time Finance Minister Boris Fyodorov, known as the man who developed a sophisticated model of asset-stripping Gazprom!

Andrei Sotnik, the economics expert at *Moskovskie Novosti*, was so kind as to explain why Gazprom poured over a billion dollars (according to President Putin's statement) into the bottomless pocket of Gusinsky's NTV. Apparently intending to help Gusinsky, Sotnik warned Russian prosecutors that the international influence of the Most Group will be vitally important for the success of Gazprom's Russian-Turkish gas pipeline project, known as "Blue Stream," especially if it is to be extended to Israel. Sotnik wrote:

"For those who are not informed: Vladimir Gusinsky is one of the few Russian businessmen (if not the only one), who is developing business in Israel on the highest level, meeting the international norms of business ethics. The undoubted success of Most Group includes establishing close economic relations with Yaakov Kedmi, Sholom Danckner (Dor Energy), and companies such as Investec Clali Bank Ltd., Bank Hamizrach Nominees Ltd. (Holland), Bank Hapoalim Nominees Ltd., Bank Hapoalim Trust Co. Ltd., Terminus Holdings B.V., Matav, Maariv Holdings Ltd., Israel Land Development Media Ltd., Maariv-Modin Publishing House Ltd., Most Communications Ltd., Danmost Ltd., etc. And through these companies, Most Group was establishing civilized business with representatives of families of Rothschild, Nimrodi, and other world-famous businessmen. Some of these companies are directly involved in the Blue Stream project, especially in the delivery of natural gas to Israel. The importance of Most's participation, for its partners in the Blue Stream, may be illustrated with the fact that Gazprom, the initiator of the Stream, recently paid Most's

debt of \$211 million to Crédit Suisse Financial Products. . . . The events in Moscow [Gusinsky's prosecution] directly undercut the interests of Russian business and the Russian government."

The Russian reader is supposed to conclude from Sotnik's article, that if anybody tries to touch Vladimir Gusinsky—no matter what kind of pro-separatist propaganda and anti-cultural productions he provides—Gazprom will lose its precious, unique, and strategically crucial possibility to extend a natural gas pipeline to Israel (as if this small country were able to consume more gas than all of Europe), and will upset the great Yaakov Nimrodi, the Iran-Contra financier, who has done plenty to keep Israel's relations with Iran in very bad shape. Or, and perhaps this is the really crucial point, the failure of this contract could improve Russia's relations with Iran!

I am really grateful to the *Moskovskie Novosti* author, who so simply explained that the real importance of Master Goose is related primarily to international geopolitical games, in which the Middle East is doomed to permanent tensions between Israel and Iran, Iran and Iraq, Iran and Turkey, Iran and Russia, Russia and Israel, and so forth. Maybe my conclusion sounds naive, compared with the sophisticated interpretations of a Tom Lantos (who had an opportunity to shake hands with Filipp Bobkov at the founding assembly of the Russian Jewish Congress in 1995). But to my mind, the terms of cooperation, dictated to Gazprom by Gusinsky's Media Most, Danckner's Dor Energy, Rothschild-Nimrodi-Kedmi and others, are not profitable at all. Just from the standpoint of the very free-market ideology, which the medieval knights of freedom and human rights (for particular swindlers) promote in Russia.

### **The Distorting Mirror**

The President of Russia has not followed the popular public will, which was expressed by my daughter. He merely made clear in public that the Bergoose is not supposed to enjoy any kind of special protection from the law, and thus allowed Gazprom to demand its debts from Gusinsky's Media Most. In the aftermath, Gusinsky would make his bid to be regarded as "Prisoner No. 1," although he spent just two days in privileged conditions of custody, while the Spanish courts kindly protected him from an Interpol warrant. Still, the hullabaloo around his persecution reached the level of the campaigns in support of Academician Sakharov, with the difference that his company could counter-campaign with extraordinary might, accusing the Information Minister of attempting to meddle in a private debt case, while the Prosecutor General was declared guilty, from Gusinsky's villa in Sotogrande, Spain, of having a flat in Moscow.

The second mastermind of political intrigue, Berezovsky, instead of returning to his tailor business for Her Majesty's servants, preferred to travel to the United States, leaving his Moscow partners in trouble. Then, he descended upon Gusin-

sky's "exile" villa in Spain, with a noble proposal of assistance, hardly able to conceal the triumph of his long-expected superiority between the two of them.

The two dismantled media dukes realize well enough that their chosen career of dissident is nothing special, and that the privileges available in Washington cannot be compared with the status of top power-brokers they enjoyed in Moscow. No longer pecking at each other, the two heads of the Bergoose creature are now filling the air with a human rights groan in unison. Not that their groaning and hissing brings them more public support. They see the possibility of a political comeback in Russia slipping away. They realize that they are being rejected by Russian culture itself, as an incompatible transplant—just like the "Christ-died-thank-God" worshippers from charismatic Biblical missions.

The concerted groan sounds sincere and natural—unlike the concerted grumble from international mass media, which reiterate the clichés of human-rights-protection rhetoric with the same false and automatized intonation as those Soviet Communist Party members from a textile factory, who were deployed by the Khrushchov leadership to condemn the writings of Boris Pasternak.

"I haven't read Pasternak but I strongly condemn *Doctor Zhivago* as an anti-Soviet novel. . . ."

"I haven't watched NTV, I haven't counted its debts, I am unaware of its connections, but I strongly condemn Putin for oppressing the free media. . . ."

For almost a year, this chorus of the obedient oligarchical media knights, still neglecting the real tragedies of millions of human beings, the unseen tears of innocent victims of starvation, slaughter, and epidemics, has been obsessively focused on the issue of "the endangered freedom of the mass media in Russia." They have sucked this item as hard as a congenital idiot sucks his toe, or rather more like a serious hysteric imitating an idiot (a disorder described in psychiatry as the Ganser syndrome), who possesses "selective sight," thanks to which everything not desired by or of no concern to his precious ego, is literally erased from his view of the world.

While the orchestra plays funeral music for the sorry fate of "freedom of self-expression," the subject of the whole affair, Vladimir Gusinsky, is conveniently hovering in the clouds of his worldwide glory. From the pedestal of a self-styled martyr, the fat and rosy tycoon, at his leisure in luxury at the Sotogrande villa, commands his obedient slaves to file international complaints against the naughty dictator Putin, demanding a Nuremberg trial against him. The real martyrs of World War II must be rolling in their graves, as the two days of his cozy incarceration in Moscow in Summer 2000, with a personal TV and a personal toilet, are compared with their years of sufferings in Nazi concentration camps.

From the standpoint of reason, a person who uses his broadcast media to justify armed separatist warfare, should not be glorified. From the particular standpoint of a reasoning Russian, a person who promotes opening the Pandora's box

of the Caucasus, may be even more responsible for the related bloodshed, than its direct participants. From the particular standpoint of a reasoning Jewish person, a Jew who justifies Islamic terrorism is a most degenerate type of a pervert, who should be treated with complete boycott, not deserving even a handshake.

Normal Russians, including normal Russian Jews, regard the oligarchs, and the media tycoons among them, as a community with no ethnic or national identity at all, the ethnic issues they exploit being mere speculation on the feelings of other people. Therefore, Gusinsky's position as a vice president of the World Jewish Congress is not viewed as justification for his actions, nor as a certificate of special immunity, even by top Russian business figures of Jewish origin.

The raw result of the whole scandal around the arrest, flight, arrest, release, and other adventures of the Bergoose species, and the related attempt to organize public unrest about it, is only to have torn the last clothes from the would-be teachers of democracy and human rights. It has exposed them as a rather narrow-minded type of creature, while disclosing the survival potential of the Russian authorities and the Russian business community to build its strategy on real national priorities, rather than the private and geopolitical business of the oligarchic community.

## GENOCIDE RUSSIA AND THE NEW WORLD ORDER

**Russia in the 1990s:** "The rate of annual population loss has been more than double the rate of loss during the period of Stalinist repression and mass famine in the first half of the 1930s . . . There has been nothing like this in the thousand-year history of Russia."

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# Death Penalty: Foes Launch New Offensive in Strasbourg

by Mark Burdman

On June 21-23, the First World Congress Against the Death Penalty was held in Strasbourg, in eastern France. Bringing together activists against this bestial practice from around the world, the events included speeches made, and initiatives taken, at the assembly hall of the Council of Europe, and a vigil and a silent march, in the city. Immediately following, the Parliamentary Assembly of the Council of Europe, grouping together hundreds of Parliamentarians from the 40 or so European member-countries of the Council, gathered, also in Strasbourg, for its plenary beginning June 25, at which opposition to the death penalty was a main subject under discussion.

While several of the 87 countries in the world that still practice state-administered executions were targets of criticism, the main thrust of attacks at the Congress was against the death penalty in the United States, because the United States presumes to speak most loudly for “the values of the free world,” yet persists in this barbarism. This reflected a growing mood of outrage against the United States, at a time when the man who oversaw more executions while Governor of Texas than any other Governor in the United States, occupies the White House. The sentiment was enormously exacerbated, by the fact that the U.S. government had carried out two executions, the first Federal executions in a generation, just days before the Congress began. When President George W. Bush visited Europe in mid-June, he ran into numerous protests, by demonstrators accusing him of being “The Executioner.”

The mood of outrage was expressed most poignantly, by representatives from the United States itself. These included one man, Kerry Max Cook, who had unjustly served 22 years on Death Row, and who narrowly escaped death. He related his harrowing experiences, to an audience that was moved to the point of tears.

## High-Level Support

The Strasbourg Congress was organized by an institution called “Together Against the Death Penalty” (*Ensemble Contre la Peine de Mort*,” with the French acronym ECPM). The ECPM was launched in October 2000 by Michel Taube, who had co-authored a book, *Open Letter to the Americans for the Abolition of the Death Penalty*. Taube is currently the ECPM’s president.

Sponsorship for the Congress was given by Nicole

Fontaine, president of the European Parliament; Raymond Forni, president of the French National Assembly; and Robert Badinter, former French Justice Minister. It received official support from the Parliaments of France, Germany, Italy, Portugal, and Belgium.

Participants included Parliamentarians, including from countries that still practice the death penalty, such as Japan and various countries in South America and Africa, although no U.S. Senator or Representative was present. The Vatican was represented by a delegation led by Msgr. Paul Gallagher, and presented a Papal statement, calling for abolition of the death penalty worldwide (see *Documentation*).

Participants also included jurists, and activists from a number of human rights organizations, both those that deal specifically with death penalty and penal reform, and those more generally involved in human rights, including Amnesty International, the International Federation for the Rights of Man, and the League for Human Rights.

Statements of formal support were sent by both French Prime Minister Lionel Jospin and President Jacques Chirac. Jospin proclaimed: “The fight for the universal abolition of the death penalty is essential for our civilization, which should not respond to crime with barbarism.”

A statement was submitted by Cambodian Prince Norodom Ranariddh, stating that Cambodia’s support for abolishing the death penalty is so strong, that the country even refuses to execute leaders of the mass-murderous Khmer Rouge. There were also statements from the Presidents of Ukraine, Chile, and Ivory Coast, promising that their nations would formally abolish the death penalty.

## ‘It Is a Miracle That I Am Here’

Perhaps the most moving moment at the Congress, was the speech by Kerry Max Cook, on June 21. Receiving a standing ovation as he went to the podium, he began, by saying how happy he was “to have been able to come to Strasbourg, to tell my story to the entire world.”

In 1977, Cook had been falsely found guilty, of the rape and murder of a young woman, with whom he had had a brief relationship. Black and poor, he was not able to pay for a competent lawyer, “in a country where only the poor are hit by the death penalty. . . . We have no rich white people in Texas Death Row. If you are poor, black, or of a minority, and you don’t have the money to pay for an attorney,



ney, you suffer the death penalty.”

In contrast, since the murdered woman was an “eminent citizen” of Texas, her family had considerable sums of money, and could get the best legal aid. The state prosecutor, he charged, “was seeking to get elected by winning the case.” The police concocted what was claimed to be “proof” of his guilt, while the doctor legally responsible for the autopsy, falsified evidence, to make it conform to the police investigation. A prisoner invented the claim, that Cook had confessed to him, that he had killed the woman.

Cook’s jail cell was so small, that “I could touch the four walls when I was in the middle of the room, and the toilets occupied 90% of the space.” Life on Death Row was a daily “battle for survival,” as he was regularly being raped, by other prisoners and by prison guards. While he was in detention, no less than 141 persons from Death Row were executed. “It is a miracle that I am here,” he told the Congress.

Happily, a group of university students became interested in his case, and collected money to pay a lawyer. Eventually, DNA samples were tested, and Cook was proven innocent, and released.

Another case, that of Michael Pardue of Alabama, who was eventually released in 1997, was described by his French lawyer, Thomas Lejeune.

Further insights into the United States legal system were presented by one of the sons of the late Ethel and Julius Rosenberg, who were executed in the early 1950s, at the height of the McCarthy period hysteria, for allegedly having spied for the Soviet Union. As was recently recounted in a German television documentary, the most intimate and harrowing details of their execution, after it had occurred, were broadcast to American television viewers, including how Ethel Rosenberg somehow survived electrocution, and then had to be strapped down again, and “killed a second time”!

In its coverage of the World Congress, the French daily *Le Monde* ran an accompanying article on June 22, detailing hopeful signs, that opposition to the death penalty is growing inside the United States.

### **Will the U.S. Abolish the Death Penalty?**

The World Congress in Strasbourg concluded, with a declaration by the presidents of 15 Parliaments or Assemblies from around the world, calling for an immediate moratorium on executions, followed by the abolition of the death penalty, over the coming period. These included Fontaine, president of the European Parliament; Forni, president of the French National Assembly; and Lord Russell-Johnston, president of the Parliamentary Assembly of the Council of Europe.

On June 25, the Parliamentary Assembly passed a resolution, affirming that the United States and Japan should have their observer status to the Council of Europe taken away, unless they make “significant progress” toward abolishing the death penalty, by 2003. This move follows the recent removal of the United States from the United Nations Human Rights

Commission, the which action had reflected growing international disgust at the death penalty and related violations of human rights, in the United States.

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## Documentation

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### Vatican Declaration Against Death Penalty

*The Holy See participated at the Strasbourg First World Congress on the Death Penalty, with a delegation led by Msgr. Paul Gallagher, special envoy to the Council of Europe, who presented the following declaration on June 21. The text was made available by the Vatican Information Service.*

The Holy See has consistently sought the abolition of the death penalty, and His Holiness Pope John Paul II has personally and indiscriminately appealed on numerous occasions in order that such sentences should be commuted to a lesser punishment, which may offer time and incentive for the reform of the guilty, hope to the innocent, and safeguard the well-being of civil society itself and of those individuals who, through no choice of theirs, have become deeply involved in the fate of those condemned to death.

The Pope had most earnestly hoped and prayed that a worldwide moratorium might have been among the spiritual and moral benefits of the Great Jubilee, which he proclaimed for the Year 2000, so that the dawn of the Third Millennium would have been remembered forever as the pivotal moment in history, when the community of nations finally recognized that it now possesses the means to defend itself, without recourse to punishments which are “cruel and unnecessary.” This hope remains strong, but it is unfulfilled, and yet there is encouragement in the growing awareness that “it is time to abolish the death penalty.”

It is surely more necessary than ever that the inalienable dignity of human life be universally respected and recognized for its immeasurable value. The Holy See has engaged itself in the pursuit of the abolition of capital punishment as an integral part of the defense of human life at every stage of its development, and does so in defiance of an assertion of a culture of death.

Where the death penalty is a sign of desperation, civil society is invited to assert its belief in a justice that salvages hope from the ruins of the evils which stalk our world. The universal abolition of the death penalty would be a courageous reaffirmation of the belief that humankind can be successful in dealing with criminality and of our refusal to succumb to despair before such forces, and as such it would regenerate new hope in our very humanity.

## D.C. General ‘Body Count’ Is Taken to Congress

by Edward Spannaus

Body bags, representing the 17 known victims of the closing of D.C. General Hospital—the last public hospital in the nation’s capital—were taken to Congress’s doorstep, by a June 28 rally and press conference held outside the House office buildings on Capitol Hill.

Meanwhile, Congress, blocked by the turnout “New Democrats,” grouped around the Democratic Party’s Gore wing, has refused to act to reverse the illegal privatization of D.C.’s public-health system. The demonstration’s spokesmen told Congress that “the blood of the victims is on your hands, and their bodies are on your doorstep.”

Lynne Speed, a leader of the Coalition to Save D.C. General, and of the LaRouche movement in the District of Columbia, read off the names of the victims and the circumstances under which they died, all attributable to the closing of D.C. General Hospital’s top-flight trauma center, and the closing of its emergency room to ambulance traffic, forcing emergency services personnel to negotiate their way to other more distant, and now very overcrowded hospitals in the District, or in neighboring Maryland.

### The Poison ‘Privatization Success Stories’

An *EIR* representative at the press conference denounced a fraudulent report being circulated around Congress by D.C. Mayor Anthony Williams, which cites the “success” of privatization of public hospitals in other cities. The Williams report is largely based on a study, conducted by the Urban Institute, of five cities where public hospitals were closed or privatized. In fact, the Urban Institute report lends no support whatsoever to the scheme being carried out in D.C., where the public hospital was closed without any replacement, and where indigent care was turned over to a private, for-profit “health-care” corporation. In the other cities for which proponents of privatization claimed a modicum of success—and even the Urban Institute admits that the future is uncertain for all of the priva-

tization efforts studied—the public hospital was replaced by a major not-for-profit teaching hospital, which had already been working with and staffing the public hospital.

Another city cited as a “success story” by oligarch Katharine Graham’s *Washington Post*, in a gloating feature on the closing of D.C. General published on June 24, is St. Louis. But state legislators in Missouri, when informed about the *Washington Post* story, expressed shock that the city’s disastrous experiment in privatization could be cited as a model. Missouri State Rep. Quincy Troupe said that citing St. Louis as a model is “throwing away a lantern, to chase the darkness.” And another Missouri legislator, Rep. Esther Haywood, said that she was “shocked and amazed that anyone could cite St. Louis as a model.”

The crisis unfolding in D.C., as a result of the dismantling of D.C. General Hospital, was also exposed in dramatic fashion at a day-long hearing held by the Washington, D.C. City Council on June 22.

Three days later, on June 25, the new management of D.C. General threw out its last patient, closing the 200-year-old institution as a full-service hospital. But, as the Council hearing and subsequent events have shown, the crisis created by the shutdown and privatization deal is not going away, and already, demands are being heard for reopening the hospital.

### City Council Hearings

D.C. Council members, all of whom had been backing away from the fight in recent weeks, were in unusually combative states of mind during the hearing, in which five Council members participated.

The hearing also featured testimony from two leaders of the District’s private hospitals, who testified that the private hospitals are being overwhelmed by overcrowded emergency rooms and a sharp increase in uninsured admissions.

LaRouche in 2004 Presidential campaign spokeswoman



Early in June, seven crosses were planted across from Washington's Financial Control Board office, to remind them of their victims in the closing of D.C. General Hospital. On June 28, the death count had grown, and 17 body bags were taken to Congress's doorstep.

Debra Hanania-Freeman and Coalition leader Lynne Speed, both gave testimony pointing out the genocidal nature of the entire operation. Along with others, they documented the rising death toll resulting from the Control Board's Nazi-like action.

To open the hearing, Councilman David Catania (R) presented a chart entitled "Rolling Emergency Room Blackouts" (Figure 1), showing a sharp increase in closing of emergency rooms (ERs) and reroutes after May 1. "If you happen to live near a hospital, and you have insurance, if you think you'll get treated at that hospital, you are wrong," Catania said. "This privatization has been conducted haphazardly, stupidly, and incorrectly. . . . We see ambulances roaming the city, going from one hospital to another. ERs are packed to the gills.

"Prior to this contract, if you were uninsured, you would be treated," Catania said. "There was a safety net. This contract has destroyed the safety net."

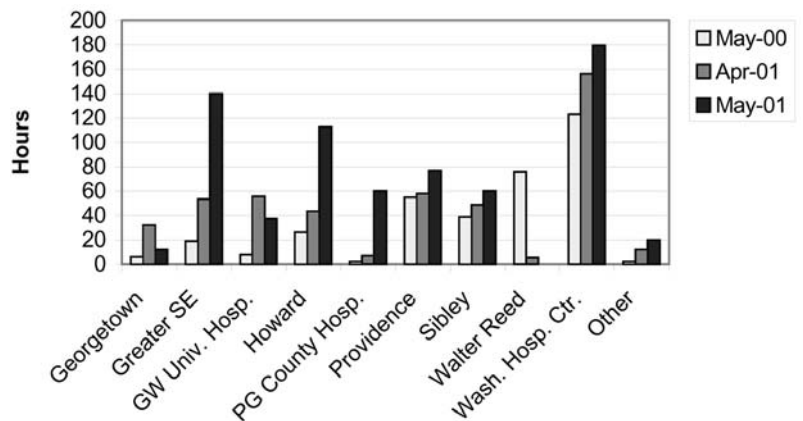
Council member Jim Graham (D) emphasized that under the previous public-health system, "No one was turned away." The working poor, the uninsured, and the underinsured were all served by D.C. General. "What's going to happen to these people?" he demanded to know.

### The Death Toll

A major focus of the eight-hour hearing was the death toll compiled by the Coalition to Save D.C. General Hospital. Council member Graham started his questioning of D.C. Health Director Ivan Walks, by saying he wanted to asked

FIGURE 1

### Rolling Emergency Room Blackouts



Statistics provided by DC Fire and Emergency Medical Services Dept.

about rising morbidity and mortality rates, and he read from a widely distributed flyer: "The death toll is rising as predicted by the D.C. City Council, medical professionals, and religious and community leaders, as a result of the dismantling of D.C. General Hospital. As many as 14 deaths, including one intra-uterine death, may have already occurred."

Walks, clearly rattled, responding by claiming that "that is an undocumented flyer put out by a group opposed [sic] to D.C. General." He warned Graham that "if those are facts that you're relying upon . . . that seems to be a very dangerous way for us to provide facts to the public."

Graham persisted, telling Walks that since the hearing

was being broadcast, he wanted Walks to indicate for the public record “whether there has been any death associated with the lack of services at this hospital.”

Walks answered: “We do not have any confirmed fact that supports an increase in deaths because of this transition. We don’t have one death that has been reported by *credible* sources that is linked to this transition.” He went on to claim that they had been “chasing rumors,” and that “there are people who are sitting alive watching on television and listening to the radio and reading the paper about how they died yesterday.”

During further questioning by Council member David Catania, Walks lied that it does not make any difference how long it takes to transport a severely injured or critically ill patient to an emergency room.

### ‘What Gas Ovens?’

During a recess in the hearing, *EIR*’s Edward Spannaus showed Walks the death toll list, and asked him to specify “Which of these people on this list are sitting around watching television?” Walks acted as if he had never seen the list (about which he had just testified!), and refused to answer when Coalition leader Lynne Speed questioned him. Walks refused even to discuss the issue, insisting that “it does not make a difference” how long it takes to get someone to a hospital.

Spannaus also showed the list to Walks’ assistant, Larry Siegel. “It’s bulls--t,” Siegel declared. “I don’t care what people in the hospital say. . . . It’s made up, made up.”

However, in a later panel of the hearing, testimony was presented, documenting numerous cases, some in vivid detail.

Dr. Michal A. Young, the former president of the Medical and Dental Staff at D.C. General (DCGH), testified that “patients are getting lost in the shuffle,” and that “several of the people that have died since April 30, received injury within minutes of DCGH, but were transported past DCGH because we were no longer allowed to take ambulance calls and they bled to death en route to other hospitals.”

She pointed out that there are about 200 patients a year who must be in the operating room within 5-10 minutes of their arrival, or they will die.

Dr. Young also detailed a number of cases where people were denied treatment under the new privatization arrangements, and where patients were turned away from the private hospitals which should pick up the slack.

Lynne Speed delivered dramatic and hard-hitting testimony on the body count, holding up a color picture of one of the victims, Eric Etheridge.

And Carolyn Curtis, a nurse at D.C. General, presented documentation on the sharp increase in the number of walk-in patients coming into D.C. General’s Emergency Room when ambulances were not permitted to come there. She also testified about the conditions in the Emergency Room while patients are awaiting transfer to Greater Southeast Hospital, and presented data from Police Department records on deaths

of homicide victims and the hospitals to which they were transported.

### Administrators Speak Up

Dr. James Howard, Medical Director of the Washington Hospital Center (WHC), testified as to a significant increase in Emergency Room arrivals and in-patient admissions, and he said that a significant proportion of the new patients at WHC report that they are former D.C. General patients.

Howard said that his Intensive Care Units are at full capacity, and that his clinics are being overrun. Our people “are being asked to do more with less. . . . My staff is at the breaking point,” he told the hearing, citing fatigue. “Three months ago, I predicted gridlock, and now, we are there.” He said that the overcrowding is affecting all aspects of the WHC, including aftercare. “We’re operating at a capacity which is beyond sustainable.”

Dr. Robert Malson, president of the D.C. Hospital Association, noted that he had reported last fall that the Association’s main concern was the ability of the private, acute-care hospitals to absorb all the patients served by D.C. General and the Public Benefit Corporation. “Now we are seeing overcrowded emergency rooms, with ambulance diversions and rerouting becoming routine,” Malson testified. He presented statistics on the increase in rerouting; the increase in utilization rates for all the other hospitals, as D.C. General closed; and the increase in uninsured patients being seen by the private hospitals.

### Privateers Demand Tax Exemption

An almost comical side-show to the current crisis took place on the morning of June 28, when a committee of the D.C. City Council held a hearing on the application of Greater Southeast Community Hospital and its sister Hadley Hospital for a 20-year exemption from District property and sales taxes—which would amount to a \$20 million subsidy over 20 years.

Greater Southeast is the hospital which is supposed to be taking over the functions—and the assets—of D.C. General, although in fact, it is turning patients away if they cannot pay, and it is sending patients whom it cannot or will not treat, to other private hospitals in the District—or even, in some cases, back to D.C. General!

Even though other private hospitals in the city pay taxes, Greater Southeast—a completely for-profit business corporation—is asking for an exemption. It also emerged during the hearing, that Greater Southeast and Hadley are both losing money, even though during the controversy over the privatization contract, the chief executive officer of Greater Southeast’s parent company (Doctors Community Healthcare Corp., DCHC) had claimed the corporation had “turned the corner” and was now profitable.

The Arizona-based DCHC is largely owned and financed by the National Century Financial Enterprises. Both it and NCFE have been sued for fraud and racketeering in a number

of jurisdictions. The pattern is that NCFE takes control of the assets of targeted hospitals, including their accounts receivable, while DCHC assumes the liabilities. Council member David Catania characterized this as “a classic Arizona Keating case”—referring to the “Keating Five” savings-and-loan scandal, in which, he said, the architects of that scandal were from the same location, Scottsdale, Arizona, where DCHC is headquartered.

The Financial Control Board and the Mayor had all the evidence of DCHC/NCFE’s financial instability and fraudulent practices before them, in the period leading up to the Control Board’s illegal ramming-through of the privatization contract on April 30. This is one more reason why the Control Board’s plan will fall apart, sooner or later.

It is largely out of fear that the entire plan will fall apart, and fear that they will be accused of undermining the new program, that members of the D.C. Council have been persuaded to support the tax-abatement rip-off. But on that score, former D.C. General employee and activist Carolyn Curtis, testifying at the June 28 hearing, said that it would be better to let the situation explode now, since lives are already being lost because of the privatization scheme now being carried out.

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## State Representatives

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# ‘Missouri Worst Model For D.C. Public Health’

*Missouri State Representatives Charles Quincy Troupe and Esther Haywood made these statements to the press of Washington, D.C. on June 28, concerning the public health crisis caused by nationwide closing of public hospitals.*

### Rep. Charles Quincy Troupe

Missouri State Rep. Charles Quincy Troupe, a 23-year legislator in the Missouri House of Representatives, and chairman of the Appropriations-Social Services Committee for the last nine years, originally wrote to Del. Eleanor Holmes Norton and the entire Congressional Black Caucus on May 29, asking that Congress act to secure access to health care for the poor, the indigent, and the uninsured, not only in Washington, D.C.,



but across the country. He listed five pages of hospital closures and loss of beds in Missouri, including all three St. Louis-area public hospitals.

“The question is, in looking at hospital closures nationally, it frightens me, because without the hospitals, there can be no access to health care, and if we allow the public hospitals to close, how do we demand care or quality health care from people who don’t look like you, people who don’t like you, or want to serve you in the first place? This is why many of the hospitals are moving out of the urban areas into the suburban communities. We must be very careful to not let it go unnoticed when a hospital closes anywhere that provides services to our people.”

After the *Washington Post*, on June 24, cited the privatization of health care in St. Louis as a model for the District, Representative Troupe responded to the capital press:

“Using St. Louis as an example is throwing away a lantern and chasing the darkness. If you use St. Louis as an example, St. Louis is an example that *no* city should follow. The *worst* thing that could happen to *any* city is to experience the kind of unnecessary death that is occurring in St. Louis due to the lack of primary and secondary health care and access to a quality, available, Level I trauma center. The time period for critical trauma is the first four to seven minutes, and now in St. Louis, there are 600,000 people who do not have access to a critical trauma unit. Over two-thirds of the 1st Congressional district do not have access to a Level I trauma center.

“We have already closed the three hospitals that provided care to the African American community in the city of St. Louis: Homer G. Phillips, City Hospital, and Regional. As African Americans have migrated to the county, now county hospitals are being closed in the county. Last year, Northeast BJC (Barnes-Jewish Hospital) closed its trauma unit. Today, it is announced in the *St. Louis Post* that another hospital is closing; the Obstetrics Department at Christian Hospital is now closing, and it is being moved to DePaul. They are paying the Sisters of Mercy \$400,000 to take over this hospital.”

### Rep. Esther Haywood

State Rep. Esther Haywood, also a Democratic state legislator from St. Louis, recently met, together with members of the Coalition to Save D.C. General, with the Missouri Congressional delegation and the Congressional Black Caucus, to urge Congress to stop the illegal actions of the Control Board. On June 28, she said:

“I completely concur with Representative Troupe. I am *shocked* and *amazed* that anyone would cite St. Louis as an example of what should be done with health care.

“There is *not one major medical facility left anywhere in the minority community—not one; everyone is at least 20 minutes away from a hospital.*

“We are in a crisis here in St. Louis. Now they are trying to shut down the Obstetrics Unit at DePaul—and force women to go all the way west to St. Louis County to deliver. The average young woman will have to travel 45 minutes to

one hour to deliver a baby—babies will be delivered on the highway—this means both mothers and babies may die. We are in a crisis, and this is devastating.”

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Dr. Michal A. Young

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## ‘Great Human Suffering’

*From the June 22 testimony of Dr. Michal A. Young, MD, FAAP, president of the Medical and Dental Staff of the former Public Benefit Corp., to the Human Services Subcommittee of the D.C. City Council.*

... The Control Board-led legislation of May 1 abolished the PBC. This left us unable to bill, our pharmaceutical licenses were void, all our vendors and contract agreements were void. . . .

Patients are getting lost in the shuffle—several of the people that have died since April 30, received injury within minutes of [D.C. General Hospital], but were transported past DCGH because we were no longer allowed to take ambulance calls and they bled to death en route to other hospitals. . . . [P]hysicians at DCGH . . . warned that approximately 200 patients arrive at our door annually who must be in the operating room within 5-10 minutes of their arrival or they would die. . . . [I]s it because they are poor and/or black that no one was listening and no one is doing anything about it now? GSCH [Greater Southeast Community Hospital] has never served as a verified trauma center and . . . has no intention of providing any level of trauma services to this community.

Hospital emergency rooms are backed up; ambulances are tied up waiting to put patients in the hospital areas. This decreases ambulance availability and further increases the already-long arrival times for ambulance services—now at 24 minutes. Patients wait in the emergency room of DCGH for 1-3 days for transfer and wait for more than 24 hours for admission at GSCH.

GSCH is in a remote corner of the District, accessible from a public standpoint only by a bus line. . . . Plans by the so-called Alliance to guarantee services to only those up to 200% above the poverty line basically deprives the working poor who are not insured or underinsured, of any guarantee of care and thus fragments the health-care safety net. For instance:

1. A 58-y.o. man fell down some stairs on 6/2/01. The day after the fall (6/3/01) he went to GSCH where he was seen and prescribed Flexiril [a muscle relaxant] and sent home. . . . He went back on 6/19/01 because of increasing neck pain and limitation of arm movement, and was told if he could not pay \$200 right then, that a provider could not see him. He was told to sign a yellow piece of paper, which he did. He did not

understand the document he signed. He came to DCGH 6/21/01. . . . The document from GSCH that he had signed implied that he had refused to be seen—he denies that, saying he just signed where he was told. Our examination and x-rays indicate that he has fractures of the bones in his neck C2, C5 & 6. We collared him and casted the collar to limit the movement of his neck, because further movement could cause dislocation which might result in paralysis with respiratory arrest. He was advised to return to GSCH for hospitalization and we attempted to arrange transfer. However, he said he had been there before and they did not care—so he was not interested in going right then, because he has a sick mother, and a sick granddaughter to take care of, and he left. . . .

2. Nine of the 30 patients seen by our orthopedic surgeon 6/11/01 needed to have surgery. These individuals have no insurance, are unemployed because of these injuries, and they need to have the surgery in order for them to be employable. GSCH has not identified any orthopedic surgeons to provide care. . . . The patients were shocked to discover no surgery could be done at DCGH. “That’s not what the mayor/public health director said—they said there would still be a hospital here.”

4. Woman with a breast mass needing a mammogram was turned away from GSCH; she went to [Howard University Hospital]; they sent her to DCGH. Our mammogram tech resigned several weeks ago. We suggested the woman to go [George Washington Hospital], since they are supposed to be part of this Alliance—she says she is confused about this; as of one week ago, she had yet to go.

5. Woman needing a breast biopsy was turned away from GSCH where she had been referred—no money.

6. There is still no plan for emergency care by pediatricians for children in the southern quadrants of this city. GSCH plans for children to be seen by internist, family practice, and physician’s assistant, as they are currently doing. . . . While [Children’s National Medical Center] is very concerned about this behind closed doors, and has bitterly complained about the condition critically and emergently ill children have come to them in from GSCH, they apparently lack the courage to speak up about this grave medical injustice. . . . Maybe it’s because these children are poor and largely black.

These . . . are not anecdotal, but are symbolic of the flawed arrangement masquerading as a health care program . . . [and] reflect the human suffering that will become more apparent if this madness continues. . . .

What is happening to public health in the capital of the most powerful nation on Earth is a frightening indicator for the way the rest of this country may be allowed to move. By allowing the Control Board to move forward with these arrangements, the Council of the District of Columbia and the Congress of America is turning its back on those, whom, by our largely Judeo-Christian foundation, we are charged to care for, specifically the widow, the orphan, the incarcerated and the poor. Such actions do not bode well for America’s future.

## ‘Do Not Oversee Death By Privatization’

*This was the testimony of Lynne Speed of the Schiller Institute, a leader of the Coalition to Save D.C. General Hospital, to the Washington D.C. City Council’s Health Committee, June 22.*

The illegal April 30th action by the D.C. Financial Control Board, when they exceeded their Congressional mandate and violated the Home Rule Statute by enacting legislation to privatize the District’s health system and the subsequent transition towards the complete dismantling of D.C. General Hospital—the only public hospital in our nation’s capital—has proven to be an unmitigated disaster. In the context of new epidemic diseases spreading worldwide, this threatens a national and global health-care catastrophe.

Here in the District, the results of these actions have been immediate and devastating. The tragic consequences of this policy were forecast by every major medical and health association locally and nationally, by the D.C. City Council, emergency medical technicians, religious and community leaders, elected officials around the country, and by the vast majority of area residents. This past February, after the initial cut-backs at D.C. General, Democratic presidential pre-candidate Lyndon LaRouche, Jr., warned that people would die as a result of this policy, and that the people behind the policy, like Katharine Graham and the Federal City Council, knew that this would lead to increased deaths. He advised leaders of the Coalition to Save D.C. General Hospital to “construct a list of the death count, that those behind this operation are responsible for, and keep building it up.”

### Sixteen Documented Deaths

We have been keeping that death count. A policy that willfully and deliberately leads to the deaths of numbers of individuals is properly called genocide, as that term was used at the trials of Nazi war criminals during the Nuremberg Tribunal. In just six weeks since this genocidal transition began, there have been at least 16 documented deaths, including one intrauterine death, that may have been caused by the closing of the Level One Trauma Unit and other medical services at D.C. General Hospital. I assure you, contrary to the lies of Dr. Walks (District Health Director), not one of these individuals is running around and watching TV. These cases have been gathered from police reports, paramedics, hospital workers, social workers, and the families and friends of the victims. Ambulances that have picked up people suffering from gunshots, stab wounds, and cardiac arrests, just minutes



*Mrs. Shirley Siegler, mother of Eric Etheridge, who died unnecessarily five days after the shutdown of D.C. General Hospital began, leading the June 6 “D-Day” march in Washington.*

away from D.C. General, have been forced to travel distances to other hospitals, in some cases as far away as Baltimore, Md. On arriving at the hospital, they are often forced to wait in an ambulance “line-up” before even entering hospital doors, and then required to wait even longer for treatment in overcrowded emergency rooms.

These victims are not just faceless numbers, they were real live human beings, like all of us here, just a few weeks ago, before this genocidal transition began. We are providing the Council with a full list of all the victims, but I wish to highlight a couple of the cases.

Freddie Aikens, 22 years old, was shot on the evening of May 28th, during a carnival, following an argument in the parking lot of RFK stadium, a breath away from D.C. General Hospital; but he had to be transported all the way to Howard University Hospital, where he died.

William Eric Etheridge, only 19 years old, a star athlete, pictured here with his trophies, was ready to enter college this fall. He was found suffering from gunshot wounds in the 300 block of Anacostia Road SE, five minutes from D.C. General. The paramedics initially took him to D.C. General, but the emergency room was closed to ambulance traffic, so he had to be taken all the way to Prince George’s County Hospital, where he died. This incident occurred May 5, just five fateful days after this genocidal transition began. Eric’s mother, Shirley Siegler, said to me, “I just keep thinking, maybe if this had occurred just five days earlier, before this change began, and he could have gotten quickly to D.C. General Hospital, that he might be alive today.”

The increase in mortality is just the tip of the iceberg; we are also compiling evidence of the dramatic increase in suffering and morbidity. We must have justice for Freddie and Eric and the other victims, whose lives might have been saved, if not for the illegal actions by the Control Board on April 30th. These actions, despite Delegate Norton’s protestations to the contrary, were the most egregious violation of

Home Rule imaginable, and a precedent for the destruction of all democratically elected institutions. Congress has the authority and obligation to rein in this Frankenstein monster, which they created. They must be caused to act on the evidence of this genocidal transition, by returning to the principle of protecting and promoting the General Welfare. You, the City Council, have the authority, the obligation, and the backing of the citizens, to demand that Congress act, to reverse these illegal actions, and put an end to this horrid system, that makes a mockery of health care. If Congressional hearings, such as this one today, were to be held on Capitol Hill, and the fraud of this system exposed, this nonsense could be ended.

Do not become collaborators in this genocide. An advisory commission, to oversee these deaths-by-privatization and other human rights violations under this new plan, will do nothing, except assist these passive executions. You do not appoint “a commission” to oversee concentration camps in Nazi Germany; you simply put an end to the system. To accept this as a “done deal,” even at this late date, is to accept a vast human carnage, a holocaust in the capital of the most powerful nation in the world. Justice can only be served for these victims, and for the hundreds of thousands of residents and visitors to our nation’s capital, by restoring D.C. General to a full service, fully-funded public hospital.

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## Interview: Esther Haywood

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# Health-Care Takedown Is ‘Ethnic Cleansing’

*Missouri State Rep. Esther Haywood (D-71st District), representing St. Louis County, Missouri, made a trip to Washington, D.C. in June, to join in the fight to save D.C. General Hospital. She spoke with Marianna Wertz on June 16.*

**EIR:** You were in Washington recently, for the campaign to save D.C. General Hospital. What do you believe is the importance of that fight?

**Haywood:** I have real problems with this shutdown, because I believe this is the beginning of a clinic approach to health care in this country, that they are going to be spearheading that from there. That’s



exactly what they want to put in there. They want to put in clinics and a whole lot of satellite areas, and people will go undiagnosed; it will be days before they see anybody. On top of that, usually they won’t be seen by a health-care professional. Many times, they are para-professionals, nurse’s aides, or whatever. That’s the case here in St. Louis. We have them in areas here, and I believe that many folks are dying because they’re misdiagnosed.

**EIR:** I’ve read a document, put together by Missouri State Rep. Charles Quincy Troupe (D-District 62), on the extent of closure of public and other hospitals in Missouri, which was disturbing.

**Haywood:** I’d like to see what you have. I can only speak to St. Louis County, where it started many years ago with the Homer G. Phillips closing in 1979. This hospital was the main source of training for every black professional who is over 50 years old today.

**EIR:** According to what I’m reading here, St. Louis in 1977 lost Booth Memorial; in 1978, lost North St. Louis General; then, Homer Phillips in 1979; Robert Koch Hospital in 1983; St. Mary on the Mount in 1985; Lindell Hospital in 1988. It goes on and on.

**Haywood:** A lot of these places I’m not even familiar with. Like Lindell, some of these are small units, and they close up those, and people don’t even recognize they’re gone. But the main ones, like Regency, ConnectCare—Regency is sitting over there with ten beds. That’s closed, as far as I’m concerned. Because it’s only open for overnight stay. If you come in as an emergency, they keep you overnight. So, they have ten beds for you.

**EIR:** That’s just like D.C. General.

**Haywood:** Absolutely. This has begun to be a trend across the country. If we don’t do something about it, if we just go through the motions and just plain ignore it—it’s right in our back door. It’s in yours today, but it’s certainly in mine tomorrow. It’s been there a long time, even if we don’t want to recognize it.

**EIR:** Do you hear complaints about these closings from your constituents?

**Haywood:** I do. I live in an area where the hospital did close: Normandy Community Health Care. They closed that hospital some years ago. When they closed that hospital, we were able to get the certificate of need back. We lost it. It may have been one of the only hospitals that has ever been able to get a certificate back, once they lost it. At this point, we’re struggling to hold onto it.

It’s a very difficult challenge for us in a minority area. You hear of this only in the black communities. None of this happens in the predominantly white areas. That’s where the new hospitals are being built. We also have a situation in St.



Louis, with a hospital called DePaul, a very fine facility here, and Christian Northwest, both of them are very fine hospitals, and they want to move all the babies from the area to what I call a baby factory, all the way out west, about 40 miles away. These girls who are going to have these babies, will probably have them on the highway trying to get to the hospital, because it's so far away.

**EIR:** Mr. LaRouche has charged that what's going on in these hospital closures in the largely African-American and Hispanic areas, is a form of genocide, or ethnic cleansing.

**Haywood:** Absolutely. I didn't say that, but that's the general idea.

**EIR:** Here in D.C., as you know, they want to close the hospital and build instead expensive condominiums and waterfront projects.

**Haywood:** And where do they want to put the uninsured and the homeless and the minorities?

**EIR:** Somewhere else.

**Haywood:** Have they designated a place?

**EIR:** No.

**Haywood:** There you go; no one does. None of these places have places in mind when they do it.

**EIR:** They just hope that these people will disappear.

**Haywood:** They hope they'll disappear, they'll find them somewhere corked out on the streets.

**EIR:** Is there anything more you wanted to say about the health crisis in St. Louis County?

**Haywood:** The big concern is, that — the reason they give us for this health-care crisis, is that there is no money. I'm there, looking at the situation, and I realize that our budget in the state of Missouri is limited this year, worse than it ever has been.

**EIR:** Because of the economic slowdown?

**Haywood:** Absolutely. There are a lot of things we need money for, and the only area that got full funding was education. Everything else got cut. We know we don't have a lot of money to work with, but certainly health care should be at the top of the burner between now and September. In the first week of September or so, the governor is going to call a special session, where we're going to come in and try to get prescription drug coverage for seniors through. We'll also meet to get transportation money through for the highways.

We did pass the women's initiative, in Missouri, where a woman can get an appointment with her gynecologist without having to go back to her primary care physician to get that done. But at this point, we're working against a lot of odds, because of the funding.

## Bush, U.S. Are Facing 'Death-Penalty Penalty'

by Marianna Wertz

International pressure against capital punishment in the United States is greater today than at any time in history, and is helping to spark a renewed fight against the death penalty in the United States itself, despite the Presidency of "Chief Executioner" George W. Bush (as Governor of Texas, Bush put a record 152 men and women to death)—or perhaps because of it. The Bush Administration's resumption of Federal executions, after a 38-year hiatus (Oklahoma bomber Timothy McVeigh was executed on June 11, and Texas drug-trafficker Juan Raul Garza was executed on June 19), sparked a European-wide wave of protests, which greeted Bush during his tour there, which began the day that McVeigh was executed. Later in June, the Council of Europe denounced the United States for this barbaric practice, which is banned throughout Europe as a fundamental human rights violation, and urged a worldwide moratorium on executions (see article in *International*).

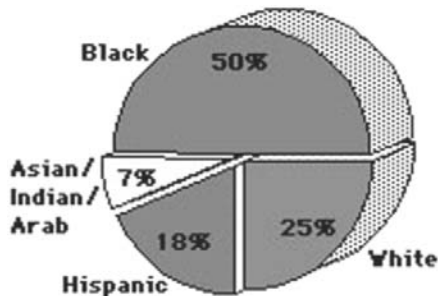
While a Federal moratorium or outright ban on executions are not likely in the current political climate, opponents of capital punishment are working feverishly to pass legislation which at least sets national standards to greatly restrict the practice. On June 27, the U.S. Senate Judiciary Committee, now headed by death penalty opponent Sen. Patrick J. Leahy (D-Vt.), held hearings on Leahy's proposed Innocence Protection Act, which has 222 co-sponsors, from both parties, in the House and Senate. The Innocence Protection Act, which failed to pass in last year's GOP-dominated Congress, would encourage states to provide good trial lawyers for defendants facing the death sentence, would afford Death Row inmates greater access to DNA testing, and would ensure that juries are aware that life without possibility of parole is an alternative to the death penalty in states where this is the law.

### Wrongful Convictions

At the hearing, a nonpartisan panel of judges, former prosecutors and victims advocates, members of the Committee to Prevent Wrongful Executions, presented its new 66-page report, calling on states and the U.S. Congress to pass the provisions of the Innocence Protection Act, and also to limit the death penalty to people who intended to kill; and to eliminate it for the retarded, juvenile killers and those who are liable simply because they participated in a felony, such as a

FIGURE 1

## Race of Defendants Approved for Federal Death Penalty Prosecution



Source: Committee to Prevent Wrongful Executions.

robbery, in which someone died.

One of the most powerful factors driving the fight against capital punishment in the United States is the huge number of wrongful convictions which have been uncovered in recent years, thanks to the work of The Innocence Project and similar organizations. Since 1973, ninety-six American Death Row inmates have been freed for reasons of innocence. Three of those released inmates attended or testified at the Senate Judiciary Committee hearing, including Earl Washington, Jr. of Virginia; Michael Ray Graham, Jr., a Louisiana inmate; and Kirk Bloodsworth, of Maryland, each of whom had served ten or more years in prison, despite their innocence.

The day before Bush arrived in Spain, on June 19, the 96th inmate to be released from Death Row, Joaquín Martínez, a Spanish national, had just arrived. Bush was greeted with a mass protest, called “The American Taliban” in picket signs, while Martínez got a hero’s welcome. Spanish Prime Minister José María Aznar (a staunch opponent of capital punishment) had led a drive to raise almost half a million dollars, from thousands of Spaniards, to help overturn Martínez’s fraudulent conviction in Gov. Jeb Bush’s Florida.

But those 96 are just the lucky ones. There are more than 3,700 men and women on Death Row today, the vast majority of whom are poor, had inadequate counsel, and no access to DNA testing.

On Federal Death Row, the statistics tell an even darker story (see **Figure 1**). Of the 19 remaining inmates, 14 are black, 2 are Hispanic, and only 3 are white. Of the 211 Federal death penalty prosecutions authorized by the U.S. Attorney General from 1988 to 2000, 75% have been against minorities, and nearly half were against African-Americans. Finally, the vast majority of all Federal death penalty prosecutions come from a handful of mostly Southern states.

The question of racial and geographic bias in Federal death penalty prosecutions was first raised in the waning days of the Clinton Administration, when the first execution date for Juan Raul Garza, an Hispanic from Texas, became immi-

nent. Clinton ordered the Department of Justice to undertake a Federal study of the issue, and a preliminary report was issued in September 2000. On Dec. 7, 2000, President Clinton stayed Garza’s execution again, after reviewing the preliminary report, because he concluded that “the examination of possible racial and regional bias should be completed before the United States goes forward with an execution in a case that may implicate the very questions raised by the Justice Department’s continuing study.” He called on the DOJ to conclude its further study by the end of April 2001.

Ultimately, Attorney General Janet Reno and others leading the study concluded that April was not a realistic deadline for a thorough study. In the stormy hearings on his confirmation, in January 2001, Attorney General John Ashcroft stated that evidence of racial disparities in the application of the Federal death penalty “troubles me deeply.” He expressed his approval of a “thorough study of the system.”

Then, on June 6, despite his confirmation testimony, Ashcroft released the “final” DOJ study, which, he claimed, showed “no evidence of racial bias in the administration of the Federal death penalty.” The main reason for the inordinate number of minorities on Federal Death Row, the study concluded, is because Federal prosecutors principally target drug gangs, who just happen to have a high percentage of black and Hispanic members. The study was released at that time in order to allow for the McVeigh execution, which took place five days later, with attendant media circus, and the Garza execution, 13 days later.

One week later, on June 13, after being roasted in Senate hearings by death-penalty opponent Sen. Russ Feingold (D-Wisc.), Ashcroft flip-flopped again, trotting out Deputy Attorney General Larry Thompson, the DOJ’s resident African-American, to proclaim that the DOJ would indeed undertake a “comprehensive” study of the Federal death penalty, to determine if the system is racially or geographically biased.

Of course, since Bush and Ashcroft oppose a moratorium on executions while the study proceeds, the remaining 19 Federal Death Row inmates may all be dead before its conclusion.

It’s high time for passage of the Innocence Protection Act, and, more importantly, for a Federal moratorium on executions. As Walter Schwimmer, Secretary General of the Council of Europe, told the council’s First World Congress Against the Death Penalty on June 21, if the death penalty were effective as an instrument to fight crime, “the United States would be a crime-free country.”

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# Is Sudan the New Iraq For Bush Administration?

by Scott Thompson

Through staff appointments and other actions, President George W. Bush seems to be preparing to treat the sovereign nation of Sudan it has treated Iraq. According to Nina Shea, Director of Freedom House's Center for Religious Freedom, quoted in the June 26 *Washington Times*, Sudan "is the litmus test for us on Bush foreign policy."

One of those Shea means by "us," is Elliott Abrams, who on June 25 left his position as president of the Ethics and Public Policy Center, to become Senior Director for Democracy, Human Rights, and International Operations on the National Security Council (NSC). There, Shea said, he will have a special portfolio on Sudan policy. There is a special irony to this appointment, as Independent Counsel Lawrence E. Walsh, in his 1993 *Final Report of the Independent Counsel for Iran/Contra Matters*, dedicated an entire chapter to how Abrams assisted the NSC's Lt. Col. Oliver North in many aspects of this scandal. On the Iran side, the scandal involved trading high-tech weapons for hostages, while on the "Nar-Contra" side, it involved trading arms for cocaine. He was let off the hook by President George Bush, Sr., who granted him an official pardon.

In an interview with this author, Shea named others in her orbit who had received appointments in the Bush Administration dealing with Sudan policy, while boasting of her long-term work to ignite, with the aid of Baroness Caroline Cox, Deputy Speaker of the British House of Lords, strategic action against Sudan. Baroness Cox's other hat, is as head of Christian Solidarity Worldwide (CSW), a far more militant splinter from Christian Solidarity International (CSI). CSW has branches in the British-American-Commonwealth (BAC) countries.

Upon splintering from CSI, Lady Cox's outfit lost its UN non-governmental organization (NGO) status, because the UN believed that by redeeming alleged "slaves" in southern Sudan, Lady Cox had in fact been encouraging the trade in "slaves." Perhaps more importantly, Lady Cox promoted the terrorist John Garang of the Sudanese People's Liberation Army (SPLA). Garang is the biggest slaver in southern Sudan, where he is waging an irregular war. But Lady Cox tried, unsuccessfully, to have him testify before the UN on alleged "human rights" abuses by the legitimate Sudanese government in Khartoum.

Together with Abrams, who was also Chairman of the U.S. Commission on International Religious Freedom, Shea

says she was part of a group known as The Sudan Campaign of Conscience Coalition (SCCC). "We took up Sudan as our first country, and then determined that it was the worst, most violent religious persecutor in the world. . . . So, Elliott's well versed on that."

Another member of Shea's minestrone network on Sudan policy is John Bolton, new Undersecretary of State for Security Affairs in the State Department. He also has Sudan in his portfolio. A third appointee from the Shea circle is Roger Winter, who helped foment some of the worst genocidal wars in Africa during the Clinton Administration, when he worked with Assistant Secretary of State for Africa Susan Rice, who will now head up the U.S. Agency for International Development's (USAID) Foreign Disaster Assistance. According to Shea, staving off famine within areas of Sudan under the control of Garang's terrorist army is a major part of Winter's portfolio.

## Let God Sort Them Out

Another figure bent upon turning Sudan policy into a replay of the first President Bush's and Lady Margaret Thatcher's Iraqi "Desert Storm," is Rev. Franklin Graham, son of Rev. Billy Graham. Franklin Graham, who has run a hospital in a region under the control of Garang's terrorist army in southern Sudan, revealed in an interview that he is "preaching" that the U.S. policy taken toward Iraq, must now be applied to Sudan.

Graham told this author that within the last few weeks, he had met with USAID's new chief, Andrew Natsios, who had been in the elder President Bush's Administration before working with the Bush family-linked World Vision. Graham said Natsios had requested his aid in the distribution of food in the SPLA-controlled region of Sudan. He Graham revealed that he had gone right to the top on the issue: "I talked to [White House chief political adviser] Carl Rove about it [Sudan]," said Graham. "Of course, I talked to the President about this right before the election. And, he assured me that he . . . would not be asleep on this issue."

Asked whether he had conveyed advice to Bush that the United States should become more involved in supporting John Garang militarily, as opposed to Secretary of State Colin Powell's current diplomatic negotiating initiative, Graham said: "Here would be my personal view. Let's try the diplomatic route, and I think that's the most positive thing we could do. But, reserve our other options, because if this government in Khartoum isn't willing to back off *Sharia* law, if they're not willing to free the slaves, then we should treat this government like Saddam Hussein, like we would any of these rogue nations like Serbia. . . . There should be an International Tribunal. [President] Al-Bashir should be tried on war crimes. We should put a no-fly zone in the South, except for relief, but ground their military flights, and make it impossible for this government to do business. And, force them to get rid of Al-Bashir, or change their government."

## Patients' Bill of Rights Survives Senate Test

The patients protection legislation sponsored by Edward Kennedy (D-Mass.), John Edwards (D-N.C.), and John McCain (R-Ariz.) survived a major test in the Senate on June 26, when an amendment sponsored by Phil Gramm (R-Tex.), to exempt all employers from liability for health-care decisions, was defeated by a vote of 57-43. The amendment was based on one of the GOP's objections to the bill, that it opens up employers to lawsuits for the coverage decisions made by health maintenance organizations (HMOs).

Democrats, while admitting that the language in the bill needed to be tightened up, slammed the Gramm amendment as a "poison pill." Max Baucus (D-Mont.) said that the Gramm amendment "goes too far" because "it protects employers from liability, even when they are responsible for making medical decisions that result in injury or death." Kennedy described it as part of a strategy of "collateral attack," in which they try to kill the legislation "by distorting what it would actually do, and by seeking to turn the focus away from HMO misconduct." He said, "The vast majority of employers who provide health care merely pay for the benefit," and therefore, need not fear being sued under the bill.

Debate on the bill began on June 19 and was moved along by a 98-0 cloture vote on June 21. The debate initially began under the cloud of a veto threat from President Bush, but by June 26, he was making phone calls to some of the so-called "moderates" in the Senate, including Olympia Snowe (R-Me.), Ben Nelson (D-Neb.), and Mike Dewine (R-Ohio), encouraging them to come up with a compromise on the employer liability issue. Snowe told reporters,

"The President is making it very clear that he wants to sign legislation." She also indicated she thought that they could draft language that would be acceptable to both sides and to the President.

## White House Urged To Negotiate on Trade Bill

Senate Finance Committee Chairman Max Baucus (D-Mont.) warned the White House and Republicans on June 21, that there is a range of issues that have to be considered before he can seriously move a trade promotion authority (TPA) bill. As these issues become "increasingly complex," he said, "the political consensus on trade becomes increasingly difficult to hold together." He warned, "Congress simply will not approve fast track or TPA until labor rights and environmental standards are meaningfully addressed." Baucus made his remarks at the opening of a Finance Committee hearing at which Commerce Secretary Donald Evans and U.S. Trade Representative Robert Zoellick testified.

The hearing showed that the Democrats intend to play a role in policy-making denied them under GOP rule. John Breaux (D-La.) made clear that the White House is going to "have to recognize that these [labor and environmental] issues are important to many members and that they're going to have to be consulted with, in order to get a trade agreement that expands trade."

Meanwhile, Bob Graham (D-Fla.) and Frank Murkowski (R-Ak.) unveiled a bipartisan trade bill on June 26. As described by Graham, the bill sets negotiating objectives on labor and environmental standards "that receive the same priority as commercial negotiating objectives." The bill in-

cludes objectives on information technology, and measures "to assure proper implementation, full compliance, and appropriate enforcement mechanisms . . . and a stronger process for continuous congressional involvement in the process." Graham said that his contributions to the bill "were a direct result of the work of the New Democrats, led by Cal Dooley (D-Calif.) in the House," as well as those in the Senate.

Murkowski clarified that the negotiating objectives "establish that no trading partner should lower standards on labor and environmental protection in order to attract trade." He said that while there is some flexibility for the Bush Administration to take domestic objectives into account, "it suggests that while we encourage, obviously, environmental protection as an objective, we encourage fair labor standards as an objective, they're not conditioned specifically."

## Dissatisfaction with FBI Aired in Senate Hearing

On June 20, the Senate Judiciary Committee held the first of what committee chairman Patrick Leahy (D-Vt.) promised will be several oversight hearings to look into the management and conduct of the Federal Bureau of Investigation. He cited a number of recent cases where the FBI's handling of document disclosures and its use of informants raised serious questions. The cases he listed included the Oklahoma City bombing; the 1992 shootout at Ruby Ridge, Idaho; the investigations of Wen Ho Lee; and the July 1996 Olympic Park bombing. While committee Republicans were, generally, much more laudatory of the FBI, Orrin Hatch (R-Utah) is co-sponsoring a bill, with Charles Schumer (D-N.Y.), to es-

establish an external commission to “do a strategic, thorough review of the FBI.”

The consensus at the hearing is that the FBI is unwilling to admit its mistakes, and it refuses to cooperate with any outside agency that attempts to investigate its conduct. Former Sen. John Danforth (R-Mo.), who led a special investigation into the FBI’s conduct during the 1993 deaths in Waco, Texas, told the committee, “I believe that there was a lack of candor on the part of the FBI and on the part of the Justice Department over a period of six years. I don’t think it was a cover-up of a bad act. I think it was basically trying to cover embarrassment.” Later, Danforth stated, “I believe that this is part of the culture. . . . The idea that the FBI is not there to be investigated.”

Former DOJ Inspector General Michael Bromwich backed up Danforth’s conclusions. He recalled the difficulty his office had in getting FBI cooperation on a review of the Aldrich Ames spy case in 1995. And on the Wen Ho Lee case, he said, “There was a tremendous amount of political pressure that was placed both on the Justice Department and the FBI, generated in part by scares about the Chinese trying to take over the 1996 election. . . . I think law enforcement agencies, and sometimes the Justice Department, are not very good at resisting that kind of pressure.”

## **V**ote May Be Near on Senate Reorganization

On June 26, Senate Majority Leader Tom Daschle (D-S.D.) told reporters that an organizing resolution may come to the floor, possibly as soon as the day the Senate leaves for the July 4 recess.

The hangup remains the handling of judicial nominees, although Daschle has indicated support for allowing Supreme Court nominees a floor vote even if they have not been approved by the Judiciary Committee. He said that each nominee ought to get a fair hearing. “We want to ensure that people have the opportunity to be vetted, to be heard and to be voted upon.” As for the qualifications of nominees, “each Senator has to make up his or her own mind,” he said.

Just hours earlier, Charles Schumer (D-N.Y.), chairman of the Courts Subcommittee, said during a hearing that ideology must be considered during the confirmation process for a judicial nominee. He said that talking about ideological issues would “make our confirmation process more honest, more clear, and hopefully more legitimate.”

Republicans charged Democrats with trying to sabotage President Bush’s nominees. Orrin Hatch (R-Utah) said, “The Senate’s responsibility to provide advice and consent does not include an ideological litmus test.” Bush has sent up some two dozen nominees for the Federal bench, but the Judiciary Committee has yet to hold hearings on any of them, in part because of the impasse over the organizing resolution.

## **H**ouse Passes Supplemental Appropriations Bill

On June 20, the House passed, by a vote of 341-87, a \$6.5 billion supplemental appropriations bill for fiscal year 2001 that includes \$5.6 for the Defense Department, and most of the remainder for disaster assistance. The bill covers “urgent defense needs,” such as higher fuel costs, military health-care, readiness and operations

requirements, military housing, and repairs to the *USS Cole*, damaged by a terrorist bomb last October.

While the House overwhelmingly supported the bill, Democrats strenuously objected to the process that brought it to the floor. Martin Frost (D-Tex.), the ranking member on the Rules Committee, complained that the GOP had blocked consideration of an amendment by Ike Skelton (D-Mo.) that would have added a further \$2.7 billion for defense. Without that money, he said, “our armed services will not have the resources they need for training for the rest of the year.” The rule, he said, proved that the promise of then-candidate George W. Bush to the military that “help is on the way,” was made “with a wink.”

The bill also cut \$389 million from the Federal Emergency Management Agency (FEMA), which Frost blamed on the GOP “Keystone Cops.” Frost noted that the cut comes at the beginning of the hurricane season, and just as the flood damage in Houston has been preliminarily estimated at \$2 billion. The GOP allowed consideration of an amendment sponsored by Pat Toomey (R-Pa.) to restore the FEMA cuts at the expense of more than \$1 billion in non-defense programs, but that amendment garnered only 65 votes.

The Senate Appropriations Committee passed its version of the bill on June 21, but Majority Leader Tom Daschle (D-S.D.) decided not to bring the bill to the floor until work on the patients’ bill of rights is completed. Daschle’s decision got a rebuke from Minority Leader Trent Lott (R-Miss.), who told reporters on June 25 that “it guarantees” that “there’s no way we could get a bill before the middle of July,” resulting in “serious problems with our military health-care commitments” and operational requirements.

### *Where Is the AIDS Battle Leading?*

The virtually unchecked spread of the AIDS pandemic through 50 million human beings so far, is the deadliest of all the deadly products of the era of “economic globalization and privatization.” So it would appear that there was good news reported in connection with the World AIDS Conference in New York. The Bush Administration took the opportunity to concede, that it was abandoning its complaint over Brazil’s production of generic (un-patented) and cheap anti-retroviral drugs, which the Brazilian government distributes universally to AIDS victims there, regardless of income or insurance. In reality, this victory for Brazil’s program was won against the multinational pharmaceutical companies, for whose “intellectual property rights” the Bush White House had sued Brazil. The drug multinationals want all AIDS treatment worldwide to serve their globalized “shareholders’ values.” This victory came only two months after the same multinationals dropped their legal suit against South Africa’s government, on the same issue.

Not only did UNAIDS Director Dr. Peter Piot report that generic drug production, by nations like Brazil and India, is the main reason the cost of anti-AIDS drugs marketed by the likes of Merck and Glaxo-Wellcome has been forced down. More important, Brazil’s national anti-AIDS program has shown, that widespread public health administration of the anti-retroviral drugs to the HIV-infected doesn’t only prolong their lives, *it reduces the rate of new infections dramatically. Universally available public-health treatment is crucial to prevention of the further spread of the pandemic.*

This is directly discrediting the policy line of USAID chief Andrew Natsios—still echoed by Secretary of State Colin Powell at the New York conference—that Third World nations, not being wealthy or worthy enough to merit widespread treatment of AIDS by drugs, have to pursue only the prevention of AIDS, by changing the behavior of their citizens. This line, and the pharmaceutical giants’ enforcement of it by pricing the treatments above \$10,000 per person per year, are both being rejected; Dr. Piot told the UN conference “We must go on . . . until anti-retroviral therapy

is seen as essential for anyone with HIV.”

But in fact, there is no end to the spreading carnage of AIDS in sight, unless the globalized *economic* order, now collapsing, is swiftly replaced by governments, acting on new economic axioms.

Two-thirds of the human race lives at incomes of \$2 per day or less, a worse situation, in real terms, than a decade ago. They cannot purchase, as “individuals on the free market,” even the cheap generic anti-retrovirals. The G7 countries, in their current sinking economic conditions, will not pledge the \$10 billion per year fund needed even to provide the cheapest anti-AIDS drugs to only half the Third World’s AIDS victims. The U.S. pledge—only \$200 million—makes that clear. And the African countries are now in another epidemic—being forced to privatize (sell off to foreign companies) their public water and sanitation companies, as a condition for a pittance of “debt relief.” The conditions in those countries, which caused AIDS to become pandemic there, are getting rapidly worse. AIDS is now spreading rapidly in India and Southeast Asia; even, perhaps, in China; it is officially causing one of every 15 deaths in the world, and more by increasing the deaths rates from TB and malaria. Most nations in which it is raging, have been robbed of the power to stop it.

At the UN AIDS conference only one voice—that of Nigeria’s President Olusegun Obasanjo—named even the first step: “total cancellation of Africa’s debt, in favor of investment in the social sector [of the African nations].” That step would do more for anti-retroviral drug treatment of AIDS victims, than a \$10 billion per year fund. But to stop the pandemic—which, even now, is not unstoppable—this would have to be matched by new credits for reconstruction of public-health infrastructure, which has been destroyed all over the world in the International Monetary Fund “globalization” era. AIDS can be stopped under a new international monetary order—a New Bretton Woods, as proposed by Lyndon LaRouche. Otherwise, Brazil has won a victory for the nation-state, but one the world’s nations do not have the means to realize.

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  - MODESTO—Ch. 8  
Mondays—2:30 pm
  - MORAGA  
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2nd Fri.—9 pm
  - ORINDA  
AT&T Ch. 3  
2nd Fri.—9 pm
  - PALOS VERDES  
Cox Ch. 33  
Saturdays—3 pm
  - PLACENTIA  
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Tuesdays—6:30 pm
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AT&T Ch. 3  
2nd Fri.—9 pm
  - SAN DIEGO—Ch.16  
Saturdays—10 pm
  - STATA ANA  
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Tuesdays—6:30 pm
  - SANTA CLARITA  
MediaOne/T-W Ch.20  
Fridays—3 pm
  - SANTA MONICA  
Adelphia Ch. 77  
Thursdays—4:30 pm
  - TICE VALLEY  
AT&T Ch. 3  
2nd Fri.—9 pm
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  - WALNUT CREEK  
AT&T Ch. 6  
2nd Fri.—9 pm
  - W. HOLLYWOOD  
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Thursdays—4:30 pm
- COLORADO**
  - DENVER—Ch.57  
Saturdays—1 pm
- CONNECTICUT**
  - CHESHIRE—Ch.15  
Wednesdays—10:30 pm
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  - NEWTOWN/NEW MIL.  
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Mondays—9:30 pm  
Thursdays—11:30 am
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  - WASHINGTON—Ch.25  
Alt.Sundays—3:30 pm
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  - MOSCOW—Ch. 11  
Mondays—7 pm
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  - CHICAGO—Ch. 21  
Wed, 7/4: 8 pm
  - QUAD CITIES  
AT&T Ch. 6  
Mondays—11 pm
  - PEORIA COUNTY  
AT&T Ch. 22  
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  - SPRINGFIELD—Ch.4  
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  - DELAWARE COUNTY  
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  - QUAD CITIES  
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  - SALINA—CATV Ch.6  
*Love, Unity, Saves\**
- KENTUCKY**
  - LATONIA—Ch. 21  
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  - ORLEANS PARISH  
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  - A. ARUNDEL—Ch.20  
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  - BALTIMORE—Ch. 5  
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  - MONTGOMERY—Ch.19/49  
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  - P.G. COUNTY—Ch.15  
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- MINNESOTA**
  - ANOKA—Ch. 15  
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  - COLD SPRING  
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Nightly after PSAs
  - COLUMBIA HTS.  
MediaOne Ch. 15  
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  - DULUTH—Ch. 24  
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  - NEW ULM—Ch. 12  
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  - ST.PAUL (NE burbs)\*  
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  - St.PAUL (S&W burbs)  
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  - JACKSON  
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  - LINCOLN  
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*Citizen Watchdog*  
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Wed.—8 & 10 pm
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  - CARSON CITY—Ch.10  
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  - MONTVALE/MAHWAH  
Time Warner Ch. 27  
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- NEW MEXICO**
  - ALBUQUERQUE  
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Thursdays—4 pm
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Adelphia Ch. 8  
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  - TAOS  
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  - SCHENECTADY—Ch.16  
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