

EIR

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The 'Baby Boomers' sink the life-boat
All Sudan chooses peace, except Garang
Going to Mars with nuclear power

**Appeal to President Clinton:
Stop the genocide in Africa!**



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HOW WE GOT TO THE MOON:

The Story of the German Space Pioneers

by Marsha Freeman

\$15, illustrated, 385 pages, with index



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From the Associate Editor

The Schiller Institute's "Urgent Appeal to President Clinton to Convoke a New Bretton Woods Conference," published on pages 14-19, is the first phase of a mobilization that will intensify in the weeks to come, until the stated objective is achieved. The organizing process that went into gathering signatures for the Appeal, provides quite a mirror of the society in which we live:

One former congressman, who had worked on the first Bretton Woods conference, said, "Of course we can do it! This is the essence of statecraft. You take an idea that only exists as a necessary idea, and you give it life as policy, at the moment it must be born."

But another former congressman was enraged at first (he eventually signed). "Look, it just won't work I tell you! You told me about the Appeal a month ago and I didn't listen to you and *I lost \$14,000 in my mutual funds in the last week! I agree with you, and if I didn't listen to you, then nobody will. So, it won't work!*"

It had better "work." Our issue this week includes an array of stories showing what will happen if it doesn't:

- Lyndon LaRouche comments on the unusual occurrence in the London *Sunday Times* of a truthful news report, to the effect that America's Baby Boomers are on the verge of setting off the biggest financial crash in history.

- Helga Zepp LaRouche, speaking at New York City's Riverside Church (see *Feature*), paints a stark picture of the genocide that is ongoing in Africa, as a matter of deliberate policy of the British oligarchy, and calls on all people of good will to mobilize to stop it. The situation in Africa is further detailed in speeches by former Ugandan President Godfrey Binaisa and *EIR*'s Linda de Hoyos, and in exclusive reports on Sudan and on the Belgian connection to Zaire (see *International*). You will also find an unusual interview with Baroness Lynda Chalker, the British controller of Ugandan marcher-lord Yoweri Museveni.

- Reports from our correspondents in Europe and Asia on the crisis among the French elites; the descent into anarchy in Albania; and the political upheaval in India, which occurs just as India has taken important steps to join the Eurasian Land-Bridge initiative.

Susan Welsh

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The 'Baby Boomers' sink the life-boat

by Lyndon H. LaRouche, Jr.

April 6, 1997

According to a featured report, "Is The Party Over?", which appeared in Rupert Murdoch's London *Sunday Times* of April 6, it is America's "Baby Boomers" who will, probably, set off the oncoming, biggest financial crash in world history. For once, the London *Times* is, at worst, partly right. The facts presented in that report are appropriately selected; the conclusions drawn, are fair descriptions of the situation in the international markets themselves.

Indeed, at the present moment, the world is threatened with a danger far more serious than the currently onrushing series of seismic calamities in the international financial system. Unless certain feasible, but radical, and apparently unlikely decisions are made soon, at the highest level of the U.S. government, the coming several years will see the entire planet plunging into a "New Dark Age," worse than that Europe suffered during the middle of the Fourteenth Century. Should those radical solutions not be introduced, from the highest level, very soon, future historians, if they ever exist, would have just grounds to condemn today's "Baby Boomer" generation, as responsible for the temporary vanishing of civilization from this planet, during the coming fifty years, or longer.

The "Baby Boomers" were not the original cause of the problem, but the majority among them are responsible for the fact, that since the introduction of the relevant, pathological "cultural-paradigm shift," approximately thirty years ago, they adopted, and continue to uphold that pathological cultural paradigm which has made the present catastrophe inevitable. The organization which, in 1974, founded the *Execu-*

tive Intelligence Review, was created by that small minority within the "1968 generation" which attempted to prevent the disaster which the Bertrand Russells, Herbert Marcuses, Theodor Adornos, Martin Heideggers, Hannah Arendts, Margaret Meads, and kindred influential, moral degenerates, recruited the majority of the "1968" campus youth-counterculture into becoming. That is the urgent practical issue, which, up to this moment, virtually no government, nor leading opposition to such governments, has been willing to face.

Now, the interacting physical-economic, monetary, and financial systems of this planet, have reached a point of hyperbolic super-instability in their mutual relations, at which the early extinction of the present international monetary and financial system, is inevitable, no matter what the "Baby Boomer" generation does, or does not do. No one could save that system; any attempt to do so, is, at best, sending the proverbial "good money" after the "bad." Today's ill-fated, sinking *Titanic*, the present world financial system, is doomed. The only sane question remaining, is, can the passengers—the existing nation-states and their citizens—be saved?

In summary of this point presented thus far: The "Baby Boomer" generation did not originate the conditions which led into the present, global financial disaster. The policies which caused the present crisis, were introduced during the middle of the 1960s, at a time that those "Baby Boomers," still secondary-school or university students, inherited those radical, anti-industrial, ideas which have sent America's and Europe's civilization tumbling into the pit, the ideas which have come to be considered "politically correct," or "mainstream," over the course of the recent thirty years.

Nonetheless, that generation now occupies the over-

whelming majority of the topmost positions of authority, in government, in business and finance, and in educational and cultural institutions. For these and related reasons, it would be impossible to prevent the early global collapse of civilization, unless we condemned, and corrected the "Baby Boomer" problem as it exists today. We could prevent the collapse of civilization, on the condition, that we admit, that this "Baby Boomer" problem, referenced in the *Times's* report, must be addressed. Otherwise, civilization will vanish from this planet during the immediate period ahead. If that occurs, there will probably be a lapse of two generations, or longer, beyond the coming turn of the century, before some civilized form of society appears on this planet, again.

To the degree that today's shaping of policies of governments continues to defer to any among those radical assumptions which characterize the "New Left" youth-counterculture of the middle through late 1960s, there is no possibility of the continued existence of a civilized form of life in any part of this planet much beyond the end of the present century. Under those conditions, many parts of the planet, including the U.S.A., will already be in a process of disintegration before the end of this century. Unless every aspect of the present international monetary, financial, and trade, agreements is ripped out soon, and unless every tendency toward Brussels, UNO- and IMF-administered "world government" is ripped out and destroyed before the end of the century, there is no possibility of continuing present relics of civilized life on this planet beyond the year A.D. 1999.

That is the actual import of the facts to which the London *Times* report refers in its references to the role of the "Baby Boomer" generation's ideology-driven, irrational behavior.

The present writer is not holding up his own generation as an example for its unfortunate children, the "Baby Boomers," to follow blindly. During 1946-1949, this writer watched, first hand, with great sadness, the moral degeneration of most of his friends, and others, among the entire generation of World War II veterans, and their spouses. This degeneration of most of that generation, was prompted by the demoralization accompanying the replacement of the national hero, President Franklin Roosevelt, by the unfortunate, small-minded President Harry S Truman. The potential for that reaction to the unfortunate reign of Harry Truman, was rooted in the disgusting connotations of American Yahooism in the widespread use of "popular" and "practical" as catch-phrases of common practice during the 1920s and 1930s. It is the moral and intellectual shallowness of the majority of the present writer's generation, and his parents' generation, which provided the starting-point for the existentialist degeneration pervading the economically, relatively privileged households from which the organic leadership of the "1968" campus radicals was drawn. Like the burlesque "Emperor Caligula" George Bush before them, the "Baby Boomers" inherited their moral and cultural disorientation fairly.

However, whether one acquired the loathesome disease

honestly, or not, is not the burning practical issue of the present moment. The issue is to cure the disease. The first step to curing the disease, is to recognize it as the sickness it represents.

Consider the following series of reports on the current phase of the escalating world monetary, financial, and economic catastrophe in that light. For once, as indicated here, the London *Times* has performed a useful service.

Documentation

The following are excerpts from the article by Matthew Lynn and Garth Alexander, "Is the Party Over?" published in the Sunday Times of London, April 6, 1997.

... During the two days the London market was closed for Easter, American share prices tumbled. Alan Greenspan, the Federal Reserve chairman, who has already done his best to keep the lid on what he sees as a dangerous speculative bubble, had raised interest rates by a quarter point on March 25.

In the wake of that move, even though it had been widely predicted, American shares started to be marked sharply down. As soon as they had the chance, Far East and European markets responded with their own corrections. London, despite the uncertainty surrounding the election, came through relatively unscathed; the German market fell 3.7% in a day, and the French market 2.8%.

But it was enough for some market strategists to start forecasting the end of the bull market. After a run stretching back to the start of the Gulf war in early 1991, many now fear the seemingly endless rise in share values could be on its last legs. "The party is over," says Mark Howdle, head of European equity strategy at UBS, the investment bank. . . .

The logic, according to strategists such as Howdle, is straightforward. Wall Street is sharply overvalued and is due for a big correction. That will feed into Europe. . . .

Others disagree. Plenty of City people believe shares can keep climbing, and nothing need disturb prices for another year or two at least. Yet even the optimists concede that after such a long bull run, the possibility of a crash cannot be ignored. And most are watching Wall Street nervously for signs that the collapse is about to start.

For the past seven months a generation of "baby-boomer" investors has defied the warnings of market pessimists and poured \$100 billion into Wall Street. Their confidence in America's buoyant companies and strong future earnings helped propel the Dow Jones index from 5,600 in August to a record 7,085 on March 11 (a 26.5% rise).

But last week their faith was severely tested when the Dow dived 3.2%, bringing cumulative losses in the past month to

7.9%. On Thursday, the Dow briefly dipped below the level at which it began the year (6,448), but closed on Friday at 6,526, after a 48-point gain on the day.

This weekend many American families will be divided by passionate arguments over whether to stay in the market or get out. More than 43% of all adults now own shares in public companies, according to a recent survey by the National Association of Securities Dealers. Many have never seen a market correction of more than 10% and have come to believe that this remarkable bull run will go on forever. Whatever America's families decide will determine what happens on Wall Street when trading opens tomorrow, and, by extension, to markets around the world. . .

The reason why many analysts believe Wall Street may be in for a severe correction is that the starry-eyed baby boomers may finally wake up to the fact that their recent gains have been largely illusory. While the Dow, Nasdaq and S&P 500 indices have shown impressive gains, average stocks have performed abysmally and the average domestic stock fund (the preferred investment vehicle for most investors) has lost 1.6% of its value in the past three months, according to Morningstar, an information service.

An analysis by Merrill Lynch, the investment bank, before last week's plunge, showed that 37.8% of New York Stock Exchange shares were at least 20% off their highs, and 23.4% were down 30% or more. The situation was even worse on the Nasdaq market, which includes many high-technology firms; 56% were 20% or more below their peaks and 40.5% were off at least 30%. Merrill's Bob Farrell says: "If you strip the financials out of the Nasdaq, the peak was in June. A large section of the market has been in the equivalent of the bear market since then."

A more detailed look at the market reveals some surprisingly big names among the losers. Microsoft was down from its peak by 11% last week. Both Intel and Compaq had fallen 17%, Oracle was off 28% and Cisco Systems 37%. Roger McNamee, a partner of Integral Capital Partners in Menlo Park, California, which tracks 650 technology companies, says the average software company is down 53% from its peak, and hardware companies are down 44%. "Last year a huge number of technology companies were being valued at price-to-earnings and price-to-sales that were almost outrageous," he says. "There was a certain manic nature to the market. The declines happened because the market ran out of new buyers, not because there was anything wrong with the companies. Technology stocks are intensely Darwinian. Corrections winnow out the losers from the herd and make the industry stronger by consolidating it." . . .

Farrell believes a dead-cat bounce may precede a serious market correction. . . . A 10%-15% correction, Farrell believes, will be followed by foreigners rushing into the American market to pick up "bargains." This will drive the market to a new peak before a much meaner decline occurs towards the end of the year. . . .

U.S. stock market in hyper-instability

by Richard Freeman

Over the last few years, 80 million adults, led by the Baby-Boomer generation, lowered their reserves in banks in order to get rich in the stock market. Between January 1992 and the end of the first quarter 1997, investors poured \$802 billion into the stock market through mutual fund equity funds. These investors include many average citizens—foolishly lured in by media hype, hot-shot investor newsletters, and overall gossip, touting how one could make the greatest amount of money in the shortest possible time. The rising Dow Jones average of 30 industrial stocks, a jerry-rigged index which rests on multiple layers of fakery, was dangled in front of people's noses, to keep the money flowing in. On paper, huge gains were registered.

Now, the entire process is coming unglued. The fall of the Dow Jones by 8.6% between March 11 and April 3, is a wake-up call. A three- to four-month, broad-based liquidation of the value of thousands of U.S. stocks is poised to set off the biggest financial crash in world history. More than 3,000 stocks have lost 20% or more of their value from their one-year high, and of these, 600 have lost 40% or more of their value. There are frantic efforts under way to hold up the value of the highly watched Dow Jones 30 industrial average, involving outright fakery and the use of derivatives in the attempt to draw more money into mutual funds. Though these operations may get a few unwary persons to put more money into mutual funds that will be invested in the stock market, the efforts are ultimately doomed to failure.

The problem is fundamental: For the past 10 years, especially since 1989, the stock market has been growing at a hyperbolic rate. But, the gains are entirely fictitious. Because of the implementation of post-industrial-society policies, the U.S. physical economy has been contracting at the rate of 2% per year. The value of each stock, and its ability to pay dividends, ultimately rests on the reproductive economic potential of America and its capacity to generate real earnings from real economic activity. Real economic activity has been negative. Thus, there is nothing fundamental supporting stock values.

The hyper-instability of the U.S. stock market is characterized by a badly split, two-tier stock market: The top 250, heavily capitalized stocks, led by an upper stratum of 25 stocks, are being pushed up through the stratosphere. Offi-

cially, these 250 stocks account for more than 50% of the capitalization of the \$7.3 trillion-in-capitalization New York Stock Exchange (NYSE), which has 2,590 stocks. These 250 stocks have recorded more than 100% of the gain in value posted by the NYSE of the last few years. In parallel, just a tiny upper stratum 25 stocks has accounted for more than 100% of the gain registered by the Standard and Poor's 500 for each of the last three years. This means that the other 475 stocks on the S&P's 500 have been losing value for the past three years.

July 1987 was 'not such a good time'

The process has become self-feeding. The more that the broad base of stocks fall, the more that there is disinvestment from these stocks, the more that the money is then plowed into the top 250 stocks, and so on. It is now estimated that the heavily capitalized top 250 stocks are sucking in between half and three-quarters of all money flows in the U.S. stock market. But, the prices of the top 250 stocks—as well as all other stocks—are overvalued relative to *earnings from real income streams from industrial and agricultural production*. For example, General Electric, one of the five highest-capitalized stocks in America, obtains more than half of its profits from its finance and entertainment divisions. As the head of stock strategy for a large Wall Street investment bank told *EIR* on April 2, "This has reached its limit. Such a divergent market can't continue. Either most of the smaller stocks go up in price, or the big stocks come down in price." The latter is the far more likely. He added, "During last 25 years, I have seen such a widely divergent stock market only three times—March 1973, July 1987, and May 1990. You remember July 1987? That was not such a good time."

This time the damage will be greater than the 1987 crash; the market may have no bottom, once reverse leverage takes over. Moreover, during the 1920s, according to the best estimates of people who have studied the period, 6-10% of the adult population had ownership of stocks; today, according to a survey conducted by the National Association of Securities Dealers, 43% of adults—79 million people—are exposed, through ownership, to the stock market. The effects of a collapse will be more widespread; it will create an existential crisis for tens of millions of families swept up into the stock market bacchanalia.

The Wall Street forces committed to keeping the market bubble going will say to millions of suckers, "See, we have stabilized the Dow Jones 30; bring your money back into the market."

To refute these fakers, first, we will expose the fakery of the Dow Jones 30 index, as well as the Standard and Poor's 500. Then we will look at the collapse of the broad base of stocks. Finally, we will look at some of the leverage-borrowing that is being used to hold up the stock market, principally the top 250 stocks on which the fate of the stock market now hangs.

TABLE 1

Most recent changes in the companies that make up the Dow Jones index

	Change in stock price since 1991
Company added	
Travelers Group	+628%
Hewlett-Packard	+372%
Johnson & Johnson	+154%
Wal-Mart	+40%
Company dropped	
Texaco	+54%
Woolworth	-27%
Westinghouse	-32%
Bethlehem Steel	-40%

Source: Bloomberg Financial Markets

The jerry-rigged Dow Jones

The Dow Jones 30 industrial stocks average is published by Dow Jones and Company, which owns and operates the *Wall Street Journal*. It is an increasingly *post-industrial* index, which employs multiple levels of fakery. However, it is prominently reported every night on the television news, and its level is emblazoned across the top of the business page of every major newspaper in the world, as representative of how U.S. stocks are doing. But, it is not representative at all.

For example, on March 17, Dow Jones and Co., in a revision of the Dow Jones Industrial Average (DJIA) index, dropped four companies from the DJIA: Bethlehem Steel, Texaco, Westinghouse Electric, and Woolworth—all of which had been part of the DJIA since 1928. It replaced them with Travelers Group (an insurance company), Hewlett-Packard (computers), Johnson and Johnson (health care), and Wal-Mart (retail sales).

The shift in the DJIA achieved two purposes. First, it manipulated the Dow Jones level upward. **Table 1** shows that three of the four companies added have registered huge gains in their stock price since 1991, and were that pattern to continue, it would propel the Dow Jones even higher. And, on the other hand, three of the four dropped companies have registered stock-price losses since 1991, and thus, dropping them will also boost the Dow Jones higher, by eliminating the losers that were pulling the index down. If one adds "winners" and eliminates "losers," one has a much better chance of making the Dow rise.

The second effect of the change was to make the Dow more post-industrial and more speculation-oriented. With the removal of Bethlehem Steel, there are no longer any steel companies listed in the Dow Industrials—U.S. Steel was replaced by Walt Disney in 1991. There are now three bank-insurance companies, constituting one-tenth of the Dow's 30

stocks: the just-added Travelers, J.P. Morgan (added in 1991), and American Express (added in 1982).

Still another level of DJIA fakery involves the deployment of the little-spoken-of Dow "divisor." Full discussion of the divisor requires more space than can be taken up here, and will be covered in a future issue of *EIR*. But briefly, the divisor is a number that is divided into the sum of the closing stock prices of the Dow Jones industrial 30 stocks. The value of the Dow divisor is approximately 0.35. A divisor of less than 1 becomes a multiplier; thus it magnifies the DJIA stock average three times.

The Standard and Poor's 500

To understand the full extent of the fraud of the Dow Jones Industrial Average, one usefully looks at the S&P's 500 index, which includes most of the Dow Jones 30 industrials, plus more than 470 other stocks, and thus is advertised to be a broader index of stock performance. For the past three years, the performance of the S&P 500 has been concentrated in just 25 leading stocks: *In 1996, just the largest 25 stocks in the S&P 500, which account for one-third of the value of the index, rose 37%, accounting for more than the entire gain of 23% that the index registered.* The other 475 stocks in the index lost value. These top 25 stocks have high stock prices and are heavily capitalized, which is why they represent such a high percentage of the overall S&P 500 (see **Table 2**).

The same situation—of the top 25 stocks registering more than 100% of the S&P's gain, while the other 475 stocks lost value—also prevailed in 1994 and 1995. Thus, when the press reports that the S&P 500 average is rising, only a select sub-group of stocks is actually rising. By the same token, of the 25 stocks listed in **Table 2**, 14 are also in the DJIA 30 stock average, and help account for some of the speculative rise in the DJIA as well.

But while the top 25 stocks (and perhaps another 225 stocks, for a combined total of 250 stocks) are holding up the stock market—for the moment—a wipeout of almost one-third of the remaining approximately 8,000 stocks in America, is under way. When the prices of this small handful of top 250 stocks are put to one side, the actual picture of a sizable collapse of U.S. stock values over the last several months emerges.

Consider the following two stock markets and one closely watched index. First, there is the Nasdaq, which is sometimes called the "over-the-counter" market. It represents 4,708 stocks, which are not represented on the New York Stock Exchange or the American Stock Exchange. Many of the stocks on the Nasdaq are "high-technology" issues (Microsoft, for example, used to be traded on the Nasdaq). The high-tech issues used to be the high-flyers pushing the stock market up. Second, there is the New York Stock Exchange, the major market on Wall Street, where

TABLE 2

Percentage that the top 25 stocks represent of the S&P 500

General Electric	2.85
Coca-Cola	2.40
Exxon	2.12
Intel	2.09
Microsoft	1.95
Merck	1.75
Philip Morris	1.60
Royal-Dutch Petroleum	1.57
IBM	1.32
Proctor & Gamble	1.26
Johnson & Johnson	1.25
AT&T	1.06
Bristol-Myers Squibb	1.02
DuPont	0.98
Pfizer	0.95
American Int'l Group	0.94
Wal-Mart Stores	0.89
Hewlett-Packard	0.89
Pepsico	0.89
Citicorp	0.87
Mobil	0.86
Walt Disney	0.82
General Motors	0.80
Eli Lilly	0.78
Gillette	0.77

Source: Standard and Poor's

TABLE 3

Percentage of stocks that have fallen by 20%, 30%, 40% or more, from their one-year high

	Nasdaq	NYSE	S&P 500
20% or more	55%	24%	30%
30% or more	41	15	18
40% or more	30	9	12

Source: Prudential Securities

2,590 stocks are traded. Third, there is the Standard and Poor's 500 index, which is an index of stocks trading on different U.S. stock exchanges.

Table 3 shows the percentage of stocks for each market or index that have fallen by 20%, 30%, 40%, or more, from their one-year high, their highest level during the past 12 months. (Keep in mind, that the 40% or more category is a subset of the 30% or more category, and the 30% or more category is a subset of the 20% or more category.) Some 55%, or 2,682 of the stocks traded on the Nasdaq, are trading

20% below their one-year high. Some 24%, or 632 stocks of the stocks traded on the NYSE are trading 20% or more below their one-year high. Moreover, nearly one-third of all stocks traded on the Nasdaq (America's largest stock exchange in terms of number of companies listed) are trading 40% or more below their one-year high. This is a very significant meltdown.

For certain categories of stock groups, the fall is even greater. For example, Roger McNamee, a partner of Integral Capital Partners in Menlo Park, California, which tracks 650 technology companies, reports that the average computer software company is down 53% from its one-year peak, and computer hardware companies are down 44%.

Widening the split

At this moment, trading mechanisms on Wall Street are kicking in, which widen the split: supporting the top stratum of stocks, while disinvesting from most of the rest of the broad market, accentuating those stocks' fall.

One mechanism is the stock index mutual fund, which is the latest investment rage on Wall Street. These stock index mutual funds effectively go on autopilot: The mutual fund manager of such a fund invests the money in all the stocks in a basket of stocks, like the S&P 500. *However, the investment is weighted.* For example, General Electric accounts for 2.85% of the S&P's 500, while Armco Steel accounts for only 0.007%. So, when one buys an S&P 500 stock index mutual fund, \$400 goes into GE for every \$1 that goes into Armco. This concentrates more and more money into the biggest stocks. (Stock index mutual funds are distinct from something with a similar name, the stock index options, which are derivatives.)

A second mechanism is the practice of "momentum trading" by large institutional investors, such as insurance companies and pension funds. Once the institutional investor sees a stock doing better than another, it pours large amounts of resources into the better-performing stock, which in turn, enhances its performance.

A third mechanism is the use of derivatives instruments, like futures and options contracts, which overwhelmingly support the most heavily capitalized stocks.

Can the top 250 stocks hold up?

This gets to the question of whether the thin stratum of the top 25 stocks, plus the other 225 top stocks, can continue to hold up all the stock markets and stock indices. If they unravel, then the slide downwards for the entire stock market will be fast and steep.

The problem is that these top 250 stocks have little real wealth backing them up. Some of these stocks have price-earnings ratios of 16 to 1, up to 25 to 1, which is already high by historical standards. The price-earnings ratio is the ratio between the price of a share of stock and the earnings per

share. For example, if a stock has a price of \$100 per share, and the annual earnings per share is \$4, the price-earnings ratio is 25 to 1.

But, as Lyndon LaRouche explains in the preceding article, during the 1960s, the British financier oligarchy imposed on America the post-industrial society, which in the economic sphere unleashed every variety of speculation, including leveraged buy-outs, derivatives, and so on, which have played a role in propping up the stock market. This process created a speculative bubble, which has sucked dry the real underlying physical economy. This post-industrial shift transformed individual companies into post-industrial companies, to the point that much of their purported earnings now come from post-industrial income streams, such as real estate, currency speculation, and entertainment, and do not represent real industrial earnings. Such companies' real industrial earnings are but a fraction of officially posted earnings. This means that the price-earnings ratio, when compared solely to the earnings derived from real production, is much higher than the officially posted one, and therefore very unhealthy.

For example, take General Electric Company, which is America's sixth biggest company, and accounts for 2.85% of the S&P 500. GE has a financing arm, called General Electric Capital Corporation. Originally set up to finance the purchase of GE appliances, such as stoves and refrigerators, GE Capital Corp. is now a major speculator in derivatives and an investor in Third World debt. Were it a bank, GE Capital Corp., with \$227 billion in assets, would be the fourth largest bank in the United States. At the same time, GE also owns NBC television. In 1996, the parent General Electric Company earned \$79.2 billion in revenues, and \$7.3 billion in profit (i.e., net earnings). Of this, 48% of revenues and 52% of net earnings came from GE Capital Corp., NBC, and other entertainment enterprises combined. GE is no longer primarily a manufacturing company; half of its net earnings stream comes from post-industrial sources. There is much less physical production supporting its stock than meets the eye. This is true of the stock of many of the top 250 companies which hold up the price of the major stock exchanges in America.

Relative to real industrial and agricultural earning streams from the U.S. economy, the value of all stock traded on the major exchanges is hypothecated many times over.

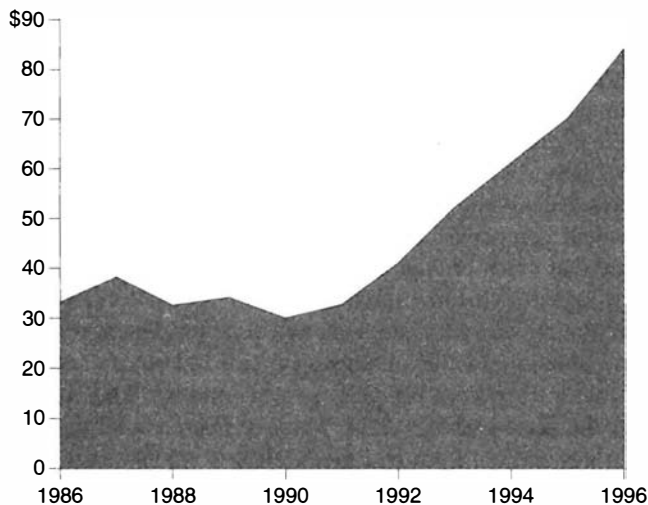
An additional element holding the stocks of these 250 top companies up, is leverage. This can be seen in two ways. On the simplest level, there is the amount of margin debt that is being used to buy stocks. **Figure 1** shows the level of margin debt outstanding, as kept by the NYSE just for purchases of stocks on the NYSE. An investor can borrow up to 50% of the value of a stock through margin debt. Notice that the margin debt has increased two-and-a-half-fold during the last 10 years.

Second, is the use of options and futures, both for individual stocks, and for stock indices, like the S&P 500 index

FIGURE 1

New York Stock Exchange customers' margin debt

(billions \$)

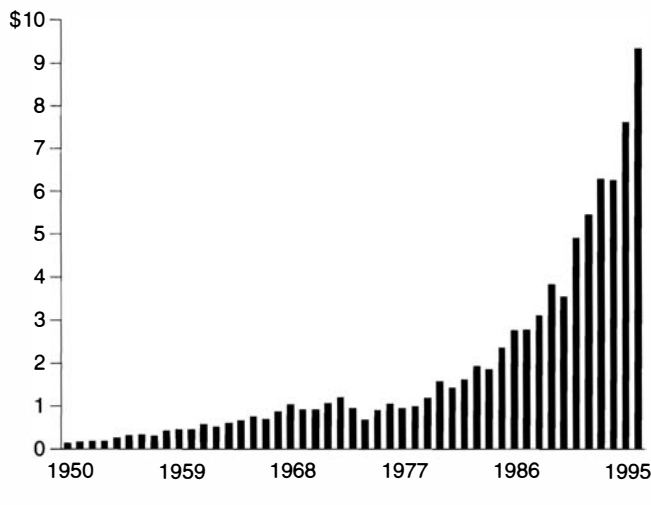


Source: New York Stock Exchange "Fact Book," years 1995 and 1996.

FIGURE 2

Capitalization value of all stocks traded on U.S. stock markets, 1950-96

(trillions \$)



Source: Board of Governors of the Federal Reserve System, Flow of Funds Accounts.

future. A preliminary count shows that 350-500 million stock futures and options, including "puts and calls," were traded on all U.S. exchanges during 1996. The amount of notional stock value commanded by these futures and options totalled in the trillions of dollars. Yet, a purchaser of stock options has to put down only 3-7% of the total value of the stock contract he is buying, which gives him 20 to 1, up to 33 to 1 leverage. Through trading stock futures and options on the Chicago and New York futures and options exchanges, speculators can manipulate the underlying NYSE and other stock markets. The practice is called "updrafting," when the market is deliberately lifted up (which is used frequently), and "downdrafting" when the market is pushed down.

In the final analysis, it is these multiple levels of leverage which are holding up the top 250 or so stocks, not their earnings from real production.

A many-trillion-dollar meltdown

The value of all of a company's stock is called its capitalization, which is equal to the price of a share of the company's stock times all the shares outstanding. The capitalization of all stocks in America reached \$10.3 trillion in the fourth quarter of 1996 (although the average for the year was \$9.4 trillion). **Figure 2** shows the capitalization of all stocks in America, since 1950. The hyperbolic growth in this curve since the mid-1980s, especially since 1989, is unmistakable. This was facilitated through huge leverage, mergers and acquisitions, capital gains tax cuts, and several of the other

mechanisms described earlier.

Already, a broad-based evaporation of value of thousands of U.S. stocks is under way. This has spooked investors, many of whom took losses, unless they were invested in the "golden 250." The mutual fund mania is showing signs of coming to a halt in key sectors. Equity mutual funds, which invest in stocks, suffered a net outflow of \$328 million for the week ending April 2. According to AMG Data Services, which tracks the flow of money into mutual funds, this was the first outflow in a long while. Equity mutual funds that invest exclusively in so-called "growth stocks" suffered an outflow of nearly \$1 billion for the week ending April 2, the third consecutive week of outflows for that category of mutual fund.

If the outflow from mutual funds intensifies, and the top 250 stocks can't attract new suckers as investors, or attract funds from other sources, the only thing standing between themselves and disaster is the high levels of leverage which prop them up. But, were a loss of nerve to occur, or some disaster, that leverage can unwind very quickly. At ratios of 20-33 to 1 leverage, the effects of reverse leverage will be fierce. At that point, we are not looking at a few-hundred-billion-dollar correction, but the possibility of values going back to mid-1980s levels. That means a loss of \$5-7 trillion in capitalization. The Dow Jones 30 fake index will become burnt toast. That magnitude of loss, which would trigger developments within the bankrupt banking system, means the biggest disintegration of all financial markets in 500 years.

M&As' success equals economic catastrophe

by Marcia Merry Baker

Shown in **Figure 1** is the rise of money flows during the 1980s and 1990s, into U.S. "mergers and acquisitions" of corporations. Over most of those years, significantly more money has flowed into the activity of M&As, than, for example, investment into new manufacturing plant and equipment. This M&A "boom" is, in turn, associated with thousands of episodes of stock run-ups, feeding the stock market boom, while the real physical economic base of the United States has been shrunk to the point of catastrophe. Many companies not involved in a merger or takeover, cut back activities in order to keep up with the times.

The simplest marker of this economic takedown is the elimination of jobs, considered grounds for praise, and rising stock values by Wall Street. **Table 1** lists some of the better-known mergers, acquisitions, and downsizings of the M&A madness, and the number of jobs eliminated in connection with them. The listings typify what happened across all sectors of the U.S. economy, from heavy industry, to food processing and distribution, to hospitals and banks.

In 1970, the total annual volume of M&As was \$6 billion; it did not break \$10 billion per year until 1976; and was still below \$50 billion per year in 1980. Then, M&As took off:

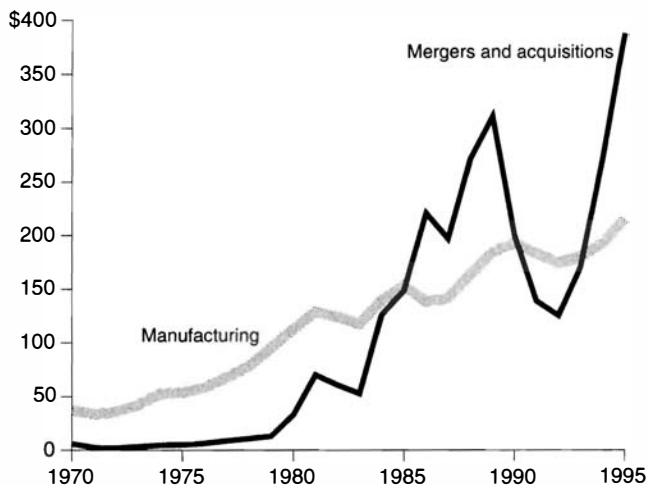
TABLE 1

Some mergers, acquisitions, downsizings, 1980s-90s

Company	Number of jobs eliminated
Kohlberg Kravis Roberts leveraged buyout of Safeway, 1986	13,000 directly; 5,000 later
General Dynamics, selloff of units, 1991-93	30,440
Columbia/HCA formed in 1994 merger; proceeded to acquire local hospitals	5,000 estimated
Kimberly-Clark buyout of Scott Paper, 1995 (and prior)	11,200
Mobil Oil, downsizing announcement, May 2, 1995	4,700
Chemical Bank-Chase Manhattan merger announcement, August 1995	12,000
AT&T downsizing announcement, Jan. 2, 1996 (AT&T took over NCR Corp., 1991)	40,000

FIGURE 1
Mergers and acquisitions versus new manufacturing plant and equipment

(billions \$)



Sources: *M&A Almanac*, published by IDD Enterprises; U.S. Department of Commerce, Bureau of the Census.

By 1989, the annual volume exceeded \$300 billion; in 1990, when Michael Milken, the takeover specialist, was arrested for fraud, there was a crash. Soon thereafter, the craze resumed, and, in 1995, the volume of M&A activity was \$388 billion.

Cumulatively, over the 25 years from 1970 through 1995, mergers and acquisitions absorbed a vast \$2.85 trillion. In most cases, the financing of M&As involved huge amounts of debts, and the shutdown of productive facilities and services.

However, look just at the typical pattern of job losses and rising stock values, with a classic example being Scott Paper-Kimberly Clark. In December 1995, Kimberly Clark acquired Scott Paper. Considered a Wall Street success story, the basis for the acquisition was drastic cost-cutting and downsizing of Scott Paper, over the prior 20 months, by Al Dunlap, who became chief executive officer in April 1991. Within two months, Dunlap announced a restructuring plan involving mass layoffs of 11,200 workers—35% of Scott Paper's workforce—and similar radical measures. Over the ensuing 12 months, Scott Paper's stock more than doubled in price. Dunlap proceeded to hollow out the company by cutting R&D, staff training, and much else. In June 1995, Scott Paper officially entered merger talks with Kimberly Clark, and their stock values rose. The deal was struck at the end of the year.

Dunlap has since become known as "Chainsaw Al" and the "Corporate Shredder," for his destructive policies, and his pride in imposing them. His actions are representative of the pattern of mergers and acquisitions, one of the famous "causes" of the stock market boom.

Business Briefs

Industry

Outsourcing kills R&D, say Japanese

Many of Japan's industrial firms are abandoning outsourcing and moving their production back to Japan, according to industrialists interviewed by Japanese radio on April 2. Several industrialists said that it is wrong to look just at the cost of production, i.e., seeking cheap labor to reduce costs, but that industry has to develop a new innovation every three months, which has been the strength of Japan since 1945. This, they said, is crippled by outsourcing.

The industrialists explained that a typical mistake has been to separate production and development, keeping development in Japan and moving production to cheap-labor countries such as Korea and Malaysia, where labor costs are only one-tenth those in Japan. The industrialists discovered that when the technical people cannot see what is happening in the company, they do not get any new ideas. Also, they said, implementing new production methods requires a developed labor force, and to realize new ideas in the form of new products, means that production must be carried on in Japan.

The statements confirm what Lyndon LaRouche has emphasized, that it is ideas, human creativity, that drive the economic process, and if you skip that aspect, you fail.

Nuclear Energy

China's fast breeder nears commercial use

China plans to complete its first experimental fast neutron reactor (fast breeder) by 2000, Xinhua reported on March 6. It will cost 860 million yuan (\$103 million), and is the largest energy project in the state's high-technology development program. "To build a fast reactor power plant is of vital significance for China's energy development in the next century," said Yang Tianlu, vice president of the China Institute of Atomic Energy and general director of the fast reactor project. The reactor will provide the technical basis for the country's first

commercial fast reactor power plant at the beginning of the next century.

China's annual energy needs will be equivalent to 1 billion tons of standard coal by the middle of the next century, according to a report on "China's Energy Needs by 2050," which was jointly produced by the China State Science and Technology Commission and the State Planning Commission. Experts estimate that China will develop a nuclear power capacity of 40 million kilowatts by the year 2020, or 6% of the country's electricity-generating capacity, as compared to 1% currently.

China is now second in the world in terms of overall electrical-generating capacity, Minister of Power Industry Shi Dazhen said on March 3. Shi said that China generated 1.075 trillion kilowatt-hours of electricity last year, and there are now 12 provinces, municipalities, and autonomous regions in which electricity is available in every village. China's goal is to bring electricity to 95% of its rural families and make it available in every county by 2000. Meanwhile, construction has started on two nuclear power units for the second stage of the country's Qinshan Nuclear Power Station in Zhejiang Province, each with a generating capacity of 600,000 kw.

China plans to issue bonds for power industry enterprises to raise funds, and will speed up the listing of those enterprises on the stock market this year, Shi said. In the past several years, China has used \$12 billion in foreign investment in its power industry.

Kazakhstan

Asset-stripping is creating 'ghost towns'

Leonid Solomin, head of the Kazakhstan Confederation of Independent Trade Unions, said that the sell-off of industry to foreign investors is creating "ghost towns" throughout the country, wire services reported on April 3. Solomin listed 56 towns in which major industrial firms have been closed by their new owners.

The Russian periodical *Ekspert* reported in its Dec. 16, 1996 issue, that most of the raw-materials-refining capacity of Kazakh-

stan has been turned over to foreign investors in "manage and lease to buy" deals. "Evidently, 90% of the country's industry has already been sold," it said. Often, purchasers are offshore-registered firms, which are fronts for international raw materials cartels and/or Russian crime-riddled raw materials and financial interests. Yusef Duberman, the deputy chairman of the Kazakhstan State Committee on Privatization, said last year, "If we don't sell these enterprises cheap, they will continue to be loss-making" operations for the state.

Now, Kazakhstan's infrastructure apparently is going on the auction block. Agence France Presse reported in late March that the British National Grid Company has won a tender to upgrade Kazakhstan's electricity grid, but Deputy Finance Minister Zhannat Yertlesova described the new relationship in terms of "ownership." "I have no problem with foreign ownership. The main thing is that there is an owner," Yertlesova said. The "upgrade" to be carried out by BNGC focusses on the installation of new meters, a key element in International Monetary Fund demands upon the former Soviet republics, to be able to monitor more closely the reduction of utilities' subsidies.

Eurasia

Iran announces progress on pipeline, rail links

The Eurasian Land-Bridge is continuing to be built, as reported in the April 3-4 Iranian newspaper *Ettela'at* and the March 25 *Iran Report*. A 140-kilometer pipeline that will transport natural gas from Turkmenistan to Iran, should begin operation on Sept. 1, Turkmenistan Energy Minister Gotschmurad Nazdschanow said at a recent conference in Ashkabad, the capital of Turkmenistan. Mehdi Hosseini, the head of the exploration department of the National Iranian Oil Company, added that half the pipeline has been finished, despite U.S. pressure to block cooperation with Iran.

The Iranian construction teams reportedly laid 800 meters of pipeline per day in the western Karakum Desert. This pipeline, the first to export gas from the Caspian Sea

without traversing Russia, will transport gas to Iran, for further export to Turkey and Europe. In the first year, 2 billion cubic meters will be supplied. Iran has assumed 90% of the financing for the \$190 million project, which will be reimbursed over three years by gas deliveries.

At the same time, Iran has announced that on May 14, the first anniversary of the opening of the Mashhad-Sarakhs-Tajan rail link, a passenger train will begin operation between Mashhad and Ashkabad. The manager of the Khorasan Railway Co., Majid Roshdi, in making the announcement, said that the Mashhad-Sarakhs-Tajan link would be used to transport 2.5 million tons of cargo annually from the Central Asian Republics to Iran, compared to 200,000 tons carried last year.

Bulgaria

Drastic cuts coming in public-sector jobs

Caretaker Labor Minister Ivan Neikov said that 160,000 state-sector jobs will be eliminated by the end of the year, in a bid to reduce budget outlays, *Omri* reported on April 4. He said that 100,000 industrial and 60,000 administrative jobs will have to go. Those who lose their jobs will have the choice of a one-time payment totaling \$250, or regular unemployment benefits over three months equivalent to their wages. It was also announced on April 3, that 24 state-owned firms will be privatized, most of which are export-oriented.

Meanwhile, the German daily *Frankfurter Allgemeine Zeitung* reported on April 1 on the crisis in the country's health sector. For example, even in Sofia, the Bulgarian capital, hospitals are without basic supplies of bedsheets, food, and syringes. "Luxury goods," such as aspirin and vitamin C, are nonexistent, and equipment is reused, for example, cardiac probes, as many as five times. The main infant-care clinic at the University of Sofia had a budget of 4 million liv (\$2,700) in March, when it would have needed 35 million. The clinic cannot perform blood tests, and X-ray and other basic equipment is not available.

Trade

China, United States sign major deals

China's Prime Minister Li Peng and Vice President Al Gore witnessed the signings of two large contracts for U.S. business in China, on March 25. Boeing Co. signed a deal to sell five 777-200 jets worth \$685 million to China's international carrier, Air China, to be delivered during 1998-99. The deal had been delayed by politics, said Ronald Woodard, president of Boeing Commercial Airplane Group, but due to a "thaw in U.S.-China ties," China was now going forward with the order, for "more than commercial reasons."

The two leaders also witnessed the signing of a pact in which General Motors Corp. launched a long-delayed joint venture with Shanghai Automotive Industry Corp. to build medium-sized cars. Investment in the \$1.57 billion project in Shanghai will be shared equally by the two corporations.

Under a third agreement signed on March 25, China will formally allow Washington to maintain a consulate in Hongkong after 150 years of British tyranny ends at midnight on June 30.

Italy

Industrialists revolt vs. austerity policy

For the first time in postwar history, Confindustria, the national association of industry, has called an emergency meeting to discuss strategies for defense against new government austerity measures that are viewed as "detrimental" to the nation's economy as a whole.

In order to make Italy "fit for Maastricht" (i.e., reduce the budget deficit), the government, in its "creative bookkeeping" effort, has decreed that industry must pay taxes in advance, to compensate for the decreasing regular tax revenue and to help balance the state budget. This, Confindustria charges, will decapitalize the industry at a time when it needs all its resources to survive, and will lead to an increase in unemployment.

SCHILLER INSTITUTE for Science and Culture (Moscow) president Prof. Taras Muranivsky outlined how Russia has been destroyed by the International Monetary Fund, in an article titled "Lessons of 'Shock' Therapy—The Consequences of Foreign Interference in an Economy," in the April 3 *Nezavisimaya Gazeta*. IMF Managing Director Michel Camdessus was in Moscow at the time.

ROLAND LEUSCHEL, the former chief strategist for Banque Bruxelles Lambert, warned that by the end of the year the Dow Jones and the Dax will have lost another 15 to 20%, in a step-by-step down-sizing of the world stock markets. "This will be a salami crash," he said.

BRITAIN has fallen to number 15, in a comparative survey of health standards in 27 countries, the April 3 *London Times* reported. The survey revealed that the positions of those European Union nations whose governments have introduced budget-cutting policies, have dropped.

THE PHILIPPINES hosted finance ministers from member countries of the Asia Pacific Economic Cooperation group on April 5-6, culminating "several months of intense negotiations . . . aimed at reducing the risk of major currency and financial disruptions," the *Australia Financial Review* reported.

THE WORLD BANK'S vision for China in the year 2020 will be the subject of a World Bank-IMF seminar in Hongkong in September, the April 2 *Australian Financial Review* reported. The bank is promoting "build, own, operate, and transfer" (BOOT) projects, as a model for future infrastructure.

SOUTH KOREAN Finance Minister Kang Kyong-shik proposed more disastrous policies to treat the economy, which "is in serious trouble," he admitted on April 3. Korea must toe the International Monetary Fund line, he said. "What is called for is deregulation and promotion of competition."

Urgent Appeal to President To Convoke a New Bretton

The following Appeal to President Clinton was adopted by acclamation at the Presidents' Day conference of the Schiller Institute and International Caucus of Labor Committees, meeting in Reston, Va. on Feb. 15-17, 1997. The first two signers of the call are the founder of the Schiller Institute, Helga Zepp LaRouche, and Ukrainian economist Natalya Vitrenko, member of the Supreme Rada (Parliament) of Ukraine. The Schiller Institute has been circulating the call worldwide for endorsement by government and other leaders; to date, two former Presidents, Gen. (ret.) Joao Baptista Figueiredo, former President of Brazil (1979-1985), and Godfrey Binaisa, former President of Uganda (1979-1980), have signed the appeal. The text follows:

The world economy, with the exception of China, is faced with an accelerating collapse of industrial capacity and the skyrocketing of unemployment, which has led to a political mass-strike process, shaking the foundations of many governments and social institutions around the world.

The unavoidable bursting of the international derivatives bubble, or any relevant political event, could trigger a chain-reaction of stock market crashes and banking crises in many countries, leading toward the vaporization of the international financial system within a matter of days. The political, social, and military consequences of such a systemic crash would be incalculable.

Meanwhile, the tragedy of the so-called IMF reform policies in the former Soviet Union is now playing out, in the form of a monstrous collapse of production, a demographic disaster, and an unprecedented criminalization of society, which has resulted in an even worse and more rapid catastrophe than has already occurred in Ibero-America and Africa. If the present course of these international policies is not changed, entire nations will vanish from the map of the Earth, as is already demonstrated in Africa. And, as the conditions in Bulgaria and Albania illustrate, even Europe can plunge into a new dark age in a very short time. Germany, for example, has reached de

facto the same level of unemployment as when Hitler came to power.

Thus, many governments, parliamentarians, and leaders of social institutions are confronted with the unacceptable dilemma, that if we are to fulfill the conditionalities of the IMF, or such requirements as those of the Maastricht Treaty or the Balanced Budget Amendment in the United States, we would have to act against the most vital interests of the people whom we represent. But the international financial institutions have no right to require that the debt to them be paid with a pound of flesh of each of our citizens.

The U.S. Declaration of Independence states:

"When in the course of human events, it becomes necessary for one people to dissolve the political bands which have connected them with another, and to assume among the powers of the Earth the separate and equal station to which the Laws of Nature and of Nature's God entitle them, a decent respect to the opinions of mankind requires that they should declare the causes which impel them to the separation."

In this spirit we say, that not for "one people," but for the peoples of the world, it has become necessary not to dissolve the political, but the financial bands with the presently hegemonic financial institutions.

In the Declaration it is further stated: "But

The following is a selection of the signers of the above statement, as of April 11, 1997. Affiliations are for identification purposes only.

* indicates former

MP indicates Member of Parliament

UNITED STATES

U.S. Congress

Rep. Edward P. Beard, R.I.*
Rep. Clair A. Callan, Ne.*
Rep. John G. Dow, N.Y.*
Rep. Walter E. Fauntroy,
Washington, D.C.*

Rep. Henry Helstoski, N.J.*
Rep. Byron L. Johnson, Co.*
Rep. John A. Lesinski, Mi.*
Rep. Arthur A. Link, N.D.*
Rep. James R. Mann, S.C.*

State Legislators

Alabama

Rep. George Bandy, Opelika
Rep. William Clark, Prichard
Rep. Andrew M. Hayden,
Uniontown

Clinton Woods Conference

when a long train of abuses and usurpations, pursuing invariably the same object, evinces a design to reduce them under absolute Despotism, it is their right, it is their duty, to throw off such Government, and to provide New Guards for their future security." Such a condition has emerged, threatening to throw our entire human civilization into chaos and barbarism.

Therefore, we appeal to you, President Clinton, to use the Powers of the Presidency of the United States, to convoke, on an emergency basis, a new international Bretton Woods conference, to replace the present bankrupt monetary system with a new one. A global debt reorganization, the establishment of fixed-parity exchange rates and a new set of trade and tariff agreements, are the absolute precondition for stability in world economic and financial relations, which are required for a return to economic growth.

It is also required that sovereign governments have exclusive responsibility for the emission of currency and the creation of credit and that, in the tradition of President Franklin D. Roosevelt's bold anti-Depression programs, they make available cheap and long-term credit lines for large-scale investments in infrastructure, industry, and agriculture.

The outline of a new world economic system is already taking shape. Led by the initiative of the Chinese government, several countries of Asia are currently engaged in the construction of the "New Eurasian Land-Bridge." By integrating all of the Eurasian continent economically, a similar "Land-Bridge" development is planned which will soon also connect the U.S., via the Bering

Strait, and Africa, via the Near East, bringing economic development and prosperity to all previously landlocked areas of the world.

As a cornerstone of this global reconstruction program, the economist Lyndon LaRouche has emphasized what he terms the "Machine-Tool Principle." This principle is the recognition that the economy must be based on the fact, that it is solely the creative reason of the individual which is the source of wealth in society. It is the continued ability of creative reason to formulate adequate hypotheses about the laws of nature, which leads to scientific and technological progress. These discoveries are applied in the form of new, improved machine tools and in upgrading the skills of the labor force, resulting in increasing productivity of the productive process. The global economic reconstruction must therefore put absolute priority on Classical, universal education and the strengthening of the creative powers of the individual.

The building of the Eurasian Land-Bridge as the cornerstone for similar infrastructure and economic programs for Africa, Australia, and the Americas, is the only way that economic development can bring peace and stability to all corners of the world. Such a policy is therefore in the strategic security interest of the United States. It is also in the tradition of the Founding Fathers, as a policy for a community of principle among nations.

We appeal to you with the utmost urgency to take the necessary steps, so that your Presidency does not mark the beginning of a new dark age, but that of a new golden era of mankind.

Rep. John Hilliard,
Birmingham

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To Mars with nuclear power, not 'comic book physics'

An interview with Dr. Steven D. Howe of Los Alamos National Laboratory, who refutes the claims of Bob Zubrin's trendy "Mars Direct" program, and shows what is required for a serious Mars mission.

Dr. Howe is Program Development Coordinator in the Applied Theoretical and Computational Physics Division of the Los Alamos National Laboratory. From 1990-94, Dr. Howe was the laboratory's coordinator for Space Nuclear Propulsion Technologies, and before that, managed Los Alamos's work on the National Aerospace Plane. During his 15 years at Los Alamos, Dr. Howe has investigated potential laboratory programs and technologies involving space radiation modeling, antimatter physics, Mars mission requirements, and advanced propulsion. He received his Ph.D. in nuclear engineering in experimental particle physics in 1980, after which he spent a year as a visiting scientist at the Nuclear Research Center in Karlsruhe, Germany.

Dr. Howe was interviewed by Marsha Freeman on Jan. 23, 1997.

EIR: Over the past eight months, there has been increased interest in human missions to Mars. One of the proposals that has been put forward, and attracted a lot of publicity, is Bob Zubrin's proposal, called "Mars Direct." This is based on the idea that the only way the United States will have a manned Mars program, is if it can be done quickly and cheaply. He has outlined a program that he thinks can be accomplished in ten years, for about \$20 billion.

In order to sell the idea that this could be done in ten years, Zubrin proposes using conventional chemical rocket technology. To do that, he has to try to convince you that you don't have to develop more advanced propulsion in order to get to Mars any faster than 6-8 months each way, because there is no big risk to the crew, in terms of exposure to interplanetary radiation.

However, the Task Group on the Biological Effects of Space Radiation of the Space Studies Board of the National

Research Council released a report last December, titled "Radiation Hazards to Crews of Interplanetary Missions: Biological Issues and Research Strategies." They say that "more than a decade of research is needed to answer even the narrowest set of key questions. . . ." They make the point that you have to reduce the areas of uncertainty and that research "must be completed prior to undertaking the detailed design of a vehicle carrying a crew into space for periods of extended exposure."

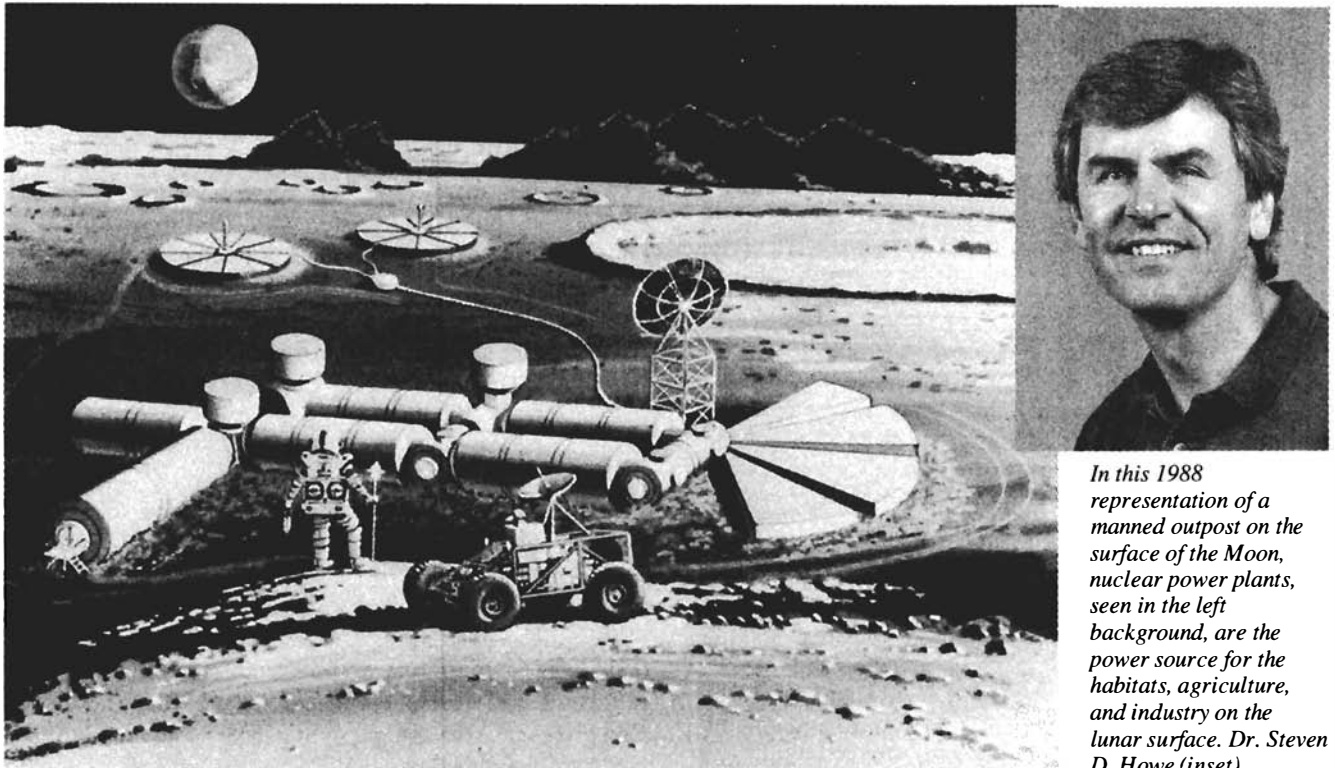
Have you looked into this question?

Howe: Yes, absolutely. I think Bob Zubrin is totally wrong. He's absolutely wrong. I would make one caveat to that study. What they are saying is that the effects on the body of very highly ionized nuclei, like an iron nucleus, at very energetic speeds, are unknown. The uncertainties they are talking about are from the very heavy element composition in galactic cosmic rays.

The proton constituent, which is 95% of galactic rays, but only about half of the dose a human might get, is well known and understood. If you can shield your ship to remove the heavy nuclei, then the uncertainty they are worried about should not exist.

If you were to put that kind of shielding on a ship, however, the ship [would be] so heavy, that a chemical propulsion system can't even begin to handle it as far as a Mars mission. But a nuclear system can easily handle that [additional] mass.

EIR: The other point they make, is that we also do not know the spallation effect of various shielding materials. They use the example of lead, saying that on the ground, lead is fine, because if you are producing secondary particles in the shielding from the radiation, no one is in close proximity. But there are secondary particles produced using some shielding materials, like lead, that lead to effects that are more harmful than



In this 1988 representation of a manned outpost on the surface of the Moon, nuclear power plants, seen in the left background, are the power source for the habitats, agriculture, and industry on the lunar surface. Dr. Steven D. Howe (inset).

those produced by the original radiation you were shielding against. And, in space, astronauts will be in close proximity.

Howe: There, I think, they are talking specifically about very high-energy neutrons, because we clearly know what secondary particles are produced. We have an accelerator here, for example, at Los Alamos, where the energy of the proton beam is right at the peak of the galactic cosmic ray spectrum. Other accelerators around the world are even higher-energy, so we can measure directly the secondary particles. The question is, what is the physiological response to the particles? And that is unknown. Nobody has done that work.

But you can circumvent that problem by shielding with low-Z [atomic number] material, like water. If I make a shield of water on my ship, then I produce very few secondary particles. I stop the [heavy nucleus, such as iron] as it's hitting the oxygen and hydrogen in the water, and as a consequence, I get a very low fraction of very high-energy neutrons coming out. I can again reduce this problem they are worrying about by shielding the ship with the appropriate materials.

EIR: So one of the advantages of a nuclear propulsion system would be to increase the amount of payload you can carry, which allows you to increase the amount of shielding that you have?

Howe: Exactly.

EIR: This is a very important point, because what Bob Zubrin says, is that the only value that nuclear propulsion would

have in terms of less radiation exposure, would be if you could get people to Mars more quickly, but that this could not be done with the kind of nuclear thermal systems that have already been tested, such as in the 1960s NASA program, or technologies that have been considered recently. But you are saying that even with near-term [solid core] nuclear propulsion, you have so much greater payload capability—

Howe: I can take a shielded habitat, *and* I can go faster. I get both effects, both components.

EIR: Another assertion that Zubrin makes is that while first-generation nuclear systems would nearly double the amount of payload you could take, this does not reduce the flight time.

Howe: I don't know where he gets that. Our studies, which we began back in 1985 and continued through 1991, in conjunction with three NASA field centers, show that it's a trade. You can either increase the payload by a factor of two, or you can significantly reduce the trip time, not by a factor of two, but still reduce it.

EIR: About how much time would be saved compared to Zubrin's chemical rocket missions?

Howe: If you want to go to the extreme for the solid core nuclear rocket, with 1,000 seconds of specific impulse, we believe you could accomplish a one-year round-trip mission. That was on the extreme end of that envelope, using current technologies with the NERVA design. We could do roughly a [one-year] round trip, where chemically, you're in Zubrin's



This full-scale wooden mock-up of the Nuclear Engine for Rocket Vehicle Application (NERVA) helped engineers observe the placement and orientation of components for the nuclear propulsion system. The photograph was taken in 1962. The nuclear reactors used in the NERVA program were developed at the Los Alamos National Laboratory.

three-year-type program. With the solid core, certainly you could do a 400-430 day round-trip mission, with about a one-month stay-time on the planet.

EIR: Zubrin says that if you are going to be making the effort and taking the risk to take people to Mars, you do not want to have only a one-month stay time. What would be the kind of nuclear systems that would have to be developed so you could go on a non-ballistic trajectory, and have the ability to come and go whenever you please, and not be limited to the proper Earth/Mars planetary alignment every 26 months?

Howe: Let me preface this with a little statement that I have equated Zubrin's plan to. You may remember Thor Heyerdahl, in years past. He contended that various early peoples could make low-technology boats and cross the oceans. One of his examples, that I recall distinctly, was the Egyptians, who could make a reed boat and sail to the Americas. And he essentially all but proved this. He could make a reed boat and just barely get there.

To me, this is what Zubrin is talking about. He is taking essentially a low technology; we have better technology than that right now, but he doesn't want to use it. He wants to take a low-technology system that will just barely get there. Whereas, in fact, we have the technology now to almost make a clipper ship, to get there in a few months time frame, in a robust, healthy environment to withstand the storms, and essentially let the crew survive. But I equate Bob's plan to this reed boat idea.

What we are working on right now in the laboratory is the gas core nuclear reactor. This is the next generation, the next step beyond the NERVA.

EIR: Can you explain the difference between the NERVA solid core reactor, and the gas core reactor?

Howe: NERVA had a ceramic core. It was a uranium/zirconium carbide material; a solid material that was graphite based, and it had holes drilled through it, through which hydrogen would flow. As that uranium core grew critical and got very hot—up to about 5,000° or 5,500°F—the hydrogen flowing through came up to those temperatures, became super-heated, and flowed out [as propellant]. The limit to that kind of design is the melting temperature of that ceramic. So you are limited to about 1,000 seconds of specific impulse, which is about two times better than chemical engines.

What we are looking at is, can we, with computational modeling, and a better knowledge of plasma physics, create a stable region that is in gaseous or plasma form, a gaseous core, and is not limited in the temperature that can be achieved? If we can create that by fluid dynamics means—in other words, fluid flow creates the region where the core is held—we can now get to temperatures of 30,000° or 40,000° Kelvin, on the order of 50-60,000°F, and get specific impulses of 3,000 seconds.

EIR: What is the difference in capability, if you can increase the specific impulse that magnitude?

Howe: It is certainly more than just the ratio. As an example, if I double the specific impulse for a standard Mars mission, and want to do the one-year round-trip mission, it would be [an advantage] of a factor of two. For a 3,000 second specific impulse, which is now three times better than NERVA and six times better than chemical, we can start talking about a nine-month round-trip mission, with a one- to two-month stay on the surface. Or, we can trade that a little bit, have a slightly longer mission, and take enough payload to do multiple landings on the surface, or certainly shield the habitat from galactic cosmic rays. So it's a trade: You can trade mass and time, to some extent. But it is certainly on the order of a factor of ten better than a chemical rocket.

I can now do fast, manned Mars missions to the tune of nine months, which is essentially a four-month transit, two-month stay, three month return. It's a Skylab-type experience in zero-g [84 days was the longest Skylab mission], not a Mir-

type experience [where cosmonauts have stayed for more than a year].

We are looking at alleviating the zero-gravity effects on the body, we are reducing the total radiation dose to the crew, and we're providing multiple landing sites on Mars.

EIR: If you wanted to use that kind of technology and do the trade-off differently, you could maximize the payload capability and develop a series of spacecraft that were transporting only cargo, and go more slowly, because time would not be as critical as it is with people.

Howe: Exactly. The other advantage of the gas core system, since we will probably be losing a small amount of uranium out the nozzle—and that is essentially what our research is geared toward right now, to find out that amount—I can run this reactor for far longer burn times, such as you point out. If I want to do a two-year mission, I can optimize my specific impulse and my burn rate to keep the power down, and burn very long times, and optimize to the mission that I want to fly. It's much more valuable.

The other key advantage of high specific impulse, compared to the others, is that I've broadened my launch window. If I go with a chemical system, I have to launch within a very narrow amount of time to match the orbital lineup of the [two] planets.

EIR: You can only launch once every 26 months.

Howe: Exactly. But with the gas core system, I may have plus or minus a month capability, because I can now burn [the engine] a little longer, with a high specific impulse, than I'd planned—or not. I can launch with a lot more leeway if something is not quite right, when it comes time. With the chemical system, if it's not all ready to go, you're in trouble, and you've lost the opportunity for two years. And that's a big advantage, as far as operational considerations, expense, and redundancies are concerned.

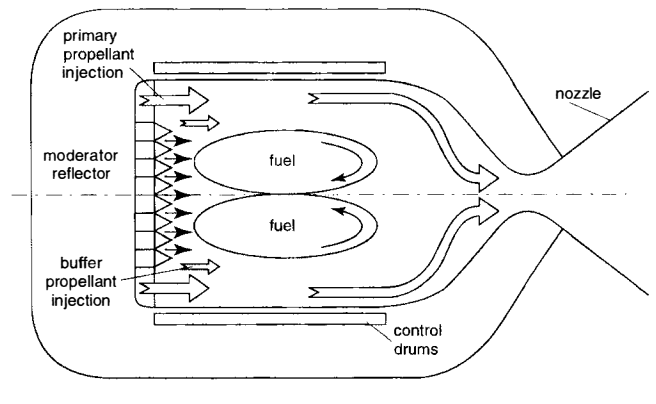
One of the major failures of this Zubrin plan, is this 500-day stay on the Mars surface, which I consider absolutely ridiculous, from a crew survivability standpoint. I think that the basic premise Zubrin makes, is that the radiation level on the Mars surface is relatively benign.

EIR: That is what he asserts. He says that once you get to the surface of Mars, you don't have to worry about the radiation.

Howe: And he's just flat wrong. It turns out that as part of the Mars Observer program, we had a fellow here in the laboratory who was going to do galactic cosmic ray-induced gamma ray measurements, using Mars Observer, to look at the elemental composition of the Mars surface. He has done fully three-dimensional calculations of the galactic cosmic ray flux onto the surface, and the resulting gamma rays, and what comes out of his calculations, is that the radiation on the surface of Mars appears to be roughly equal to the Moon, or slightly greater. So if you are going have to shield people on

FIGURE 1

Schematic of a gas core nuclear rocket in a cylindrical geometry



Source: Los Alamos National Laboratory.

The toroidal fuel vortex is maintained by controlling the injection conditions of the primary and buffer propellants. Nuclear criticality is controlled with the external control drums. The hydrogen propellant is heated radiatively to very high temperatures for expulsion through the nozzle. The design goal of 3,000 seconds of specific impulse has been established.

the surface of the Moon, you are going to have to shield the habitat on Mars. That means bulldozers and heavy equipment, which Zubrin has not included in his plan. I think it is ridiculous to think of putting down for 500 days in one place, where you want to really survey the whole planet. I think that is unreasonable.

EIR: To make his plan seem more reasonable, Zubrin keeps adding more bells and whistles to his original bare-bones tuna-fish-can design, so he is projecting that in the missions following the first, the crew would have a rover on the surface—

Howe: This would have a one- or two-hundred-mile radius. It seems to me, you would like to have three places to explore on the equator and one at a pole. To do that, you have to have a propulsive capability in orbit, and that is what the gas core offers. I can take enough fuel to go down and back at least twice, maybe three to four times, depending, again, upon your trade study, and how fast you want to get there and back, versus how much payload you carry. You can't put that much material on the surface, and you can't afford the fuel to do that. So you are going to have these people living in extremely spartan conditions, and you'd rather do that for a week, than a year and a half, or two years. I just don't think Mr. Zubrin has much experience in human operations.

EIR: Bob Zubrin has made a hallmark of his Mars Direct scheme, the use of *in situ* materials on Mars. As you pointed

out in an op-ed you wrote with Stanley Borowski, from NASA Lewis Research Center, for *Space News* in August 1994, this is not a new idea. NASA has talked about and envisioned using local resources on the Moon and Mars since the late 1960s, when people started to plan these missions.

In his book, *The Case for Mars*, Zubrin includes something which he does not mention in many of his more popular articles and presentations, when he talks about the use of *in situ* materials on Mars. He states that the only efficient way to make the methane rocket fuel from the Mars atmosphere, is to use nuclear power. He asserts that a small, 100-kw-electric SNAP-type stationary nuclear reactor could be developed over four years, for \$500 million to \$1 billion. He said that previous studies have projected that it would take \$6 billion over 12 years, for a large nuclear system, but he only wants a small one. What is the reality of the situation?

Howe: In reality, I don't think Mr. Zubrin knows what he's talking about. To quote you some numbers. . . . You can't

just scale up the SNAP from the low power level that it was originally built for. SNAP was done in the 1-10 kw range. Building and testing any nuclear reactor in this day and age requires an extensive test facility and several years, because if you want this to last two years, you have to put it under the correct Martian conditions and operate it for at least *twice* the operational lifetime. So you have to have a test facility, a total containment facility, where this reactor is up and running for at least two years, twice that, and that is assuming nothing goes wrong. To say that it can be built in four years, at a half-billion dollars, is just unrealistic. He hasn't been involved in nuclear development programs.

The SP-100, which was supposed to be the state-of-the-art technology, was still going to be a billion and a half dollars and probably on the order of a five-year development program. That wasn't designed to operate on Mars; neither was the SNAP. You can't take an SP-100 and put it on Mars. They were built to operate in free space. So you're going to have to change the design, and that means you've got to do developmental tests, and that means that the life of the program is extended. That is for the electric [power reactor].

His comment about the small nuclear rocket engine—during the Space Exploration Initiative in the early 1990s, NASA and Los Alamos and INEL at Idaho sat down and tried to trim everything we could to recover the Rover/NERVA technology. A lot of this gets into what NASA would accept as far as assurity, or the criteria that we use now to proclaim it to be tested.

EIR: Do you mean that the criteria that were used when it was developed wouldn't be applicable today?

Howe: For example, when NASA accepts a new chemical engine, they have to have 50-some tests performed on that engine for various times and restart conditions. To do that with a nuclear system is probably unrealistic. The question was, what would NASA define as qualification criteria? We had to make some guesses and assumptions in that respect. But the best number we could come up with was on the order of \$1.5 billion and on the order of five to seven years to recover the [1960s] Rover/NERVA technology, and have a *tested* system in orbit, that would be flight ready. So, this idea that you could do something for half a billion in four years—I think Bob just hasn't been involved in those kind of systems. He doesn't understand the details and steps you have to go through to get to that. That's just unrealistic.

There is one other point I haven't heard expressed yet, in terms of the problems with the Zubrin idea, which is what I would call operational problems. You could talk to the flight people at Johnson Space Center, who try to get complex systems up-and-running on a deadline, in order to execute a mission. As I understand the Zubrin plan, he is going to send a million-dollar factory onto the surface of the planet to create fuel [for the astronauts' return flight], prior to the manned launch.

Glossary

SNAP—Systems for Nuclear Auxiliary Power. The SNAP program included the development of nuclear generators for providing nuclear energy in space. The SNAP-10A system was successfully tested in Earth orbit in 1965. In total, six reactors were built and tested, but the program was cancelled in the early 1970s, when manned missions to Mars were no longer under consideration.

Rover—The NASA effort to develop nuclear technology for space propulsion was gathered under the Rover program. The earliest research reactors in this program were named Kiwi, which were designed to establish the basic nuclear rocket reactor technology. Other systems tested specific aspects of nuclear technology, up through NERVA.

NERVA—Nuclear Engine for Rocket Vehicle Applications. NERVA was NASA's program to develop a nuclear rocket engine for lunar and interplanetary space flight. In June 1969, the NERVA-XE rocket engine was tested at close to full power of 50,000 pounds of thrust, for the first time, and was shut down and started 28 times. Despite its success, the program was cancelled in 1973.

Specific impulse is a measure of the efficiency of a rocket engine. It is the number of seconds a pound of thrust will be produced by a pound of propellant. The higher the specific impulse, the greater the potential velocity and payload capability that will be obtained by a spacecraft.

There are two problems with that. One is that such a factory, which is probably 100 times more complicated than a Galileo spacecraft, to produce the material, and liquefy and store it in a tank, under Martian conditions, is a complex operation. When you have a problem equivalent to the Galileo antenna not unfolding, or the solar panel not unfolding, what does that do to this complex factory? So, there is a problem in sending up complex robotics, when we can't even get small satellites to operate in a fool-proof manner.

But, he says, that's okay, because we're going to have a little light here, and unless this fuel tank is full [with fuel that it made on Mars, for the astronauts' return trip], and this light lights, we don't launch [the crew from Earth to Mars]. So what you're saying is, I'm going to now train an astronaut crew for probably 5-10 years prior to this mission, and we're going to wait for that fuel tank light to light up.

What happens when you get to the launch, and that light isn't lit? You can send another factory up, because we can't repair the one that's up there, and then wait another two years, to see if it can get its job done. And if, by some chance, because of some fundamental design flaw, like the Martian dust gets into the cracks and makes the machinery break, you find yourself at that point, and you can't launch the human crew, because the return fuel isn't there. Now you have to start all over and develop the technology that you said you didn't have to—to get them there and back in one ship. Wouldn't it make far more sense to develop that technology in the first place? Because operationally, this is illogical. You are just asking for failure, because you can't repair it.

Alternatively, you could send the factory up there, send the human crew with their return fuel, and have them tinker with it to make it work—have them tighten the bolts and clean the filters, and make sure the thing is functioning. And then, after it's filled the tank a couple of times, it starts to reduce the cost of your sending follow-on missions. That, I might buy, but certainly not as the first mission.

EIR: Even Zubrin admits in his book, when he discusses advanced nuclear propulsion technology, which he sees being developed *after* the first manned missions to Mars, that its cost will be amortized over many flights, because, unlike a chemical rocket, you don't throw it away after each mission. This is reusable, so it is similar to building a highway; you don't tear it up after the first few cars go by, you expect to use it for the next 50 years. The capital cost is amortized over time. But he doesn't see using more advanced nuclear propulsion technology from the beginning, because he is tied to this artificial ten-year time table.

Howe: Let alone, the other missions that it enables to the outer planets and the other things you could do when you've developed the technology. [Advanced nuclear technology] reduces the cost of all future missions. You have to weigh that in. You have to see if it is worth a few billion dollars to develop the technology that opens the Solar System. A few billion

dollars is a small fraction compared to the total mission cost. His \$20 billion [for Mars Direct], I think, is an absolute fantasy. I think he's totally way off on that.

He uses what I call "comic book physics." He just draws a picture and says, "I'm going to go steal a couple of existing engines and make a heavy lift launch vehicle." That's, again, fantasy. I'm surprised, to be honest with you, at the public acceptance of this. I'm also surprised with the idea that the public is ready to do this on the cheap and skimp at it, thinking that we can glue something together, and it will work. I don't think space works that way. This is a hostile environment, and if you're willing to accept that it's going to be expensive and it's going to be hard, just as Kennedy said, we do it *because* it is hard, you must be ready to commit the resources to do that. We can't do this on the cheap, or these guys aren't going to be coming home.

EIR: I would caution you not to make the mistake of thinking that what the media report is what the American people think.

Howe: That's a good point. But I do assume that, since so many shows are being broadcast with Bob's picture in them, the media must have some indication that it is being accepted, or they wouldn't keep making them.

EIR: The media can play on the enthusiasm the public has for the space program and promote various schemes such as this one.

Another assertion that Zubrin makes in his design, is that it is a waste of energy, time, and resources to go back to the Moon. What is your view of this, in terms of nuclear applications for space exploration?

Howe: I see the Moon as making two major contributions to going to Mars. One is very intangible, and one is quite tangible, I think.

The intangible one, is that I believe if there was a functioning lunar base on the Earth-facing side of the Moon, and it was constructed correctly, so there was a gleaming light, so that every child who grew up henceforth and walked out in the night sky could see that humans were up there working, it would change his whole psychological outlook, as far as his actions down here on the Earth. That when grandpa goes out there with a grandchild and sees, and says, "There are people up there," it's a bright spark of hope in the future. It changes your whole view of what is coming. And that is the intangible. I claim that the lunar base can provide that. Whether you are in Australia, or Nigeria, or Canada, or the U.S., throughout your whole life, you saw people up there. So that's the intangible benefit. And I think it's a very valuable and important benefit.

The tangible benefit, is that no one has ever put a group of people in a confined space for a long period of time where they could not be rescued, or extracted from it. The psychology of that group in that condition, is totally unknown. The Moon provides that more than Antarctica does. The base at

Antarctica has a large crew, where you can have a social function, but in space, you would put six people in a very tight situation, where going outside means death, and you can't just turn it off and say, "The experiment's over, you can come home." That's what the Moon provides; all of our life support in a full-up, full-duration-of-the-mission test run. Those are the first two things I see, and they are more psychologically oriented than technologically oriented.

From the technology side, clearly the Moon offers the opportunity to do experimental testing of nuclear propulsion. There is probably going to be large resistance, or it is going to be a very expensive prospect, to do full-scale nuclear tests of a nuclear propulsion system.

EIR: On Earth?

Howe: Even in Earth orbit, potentially. We do think that gas core [reactors] offer the advantage, where the first time we do a full-power nuclear test is in orbit, and maybe we don't have to build the humongously expensive test facility on the ground. But if you have an active lunar base, it would be even more advantageous, because I can now access the engine while it is being [static] tested. Whereas, if I do it in orbit, once I light this thing for any length of time, it's gone.

And you want to do a long enough test to really come up to power and speed, and you are going to develop enough delta-v, so unless you have it attached to a big mass, it's going somewhere. So, the Moon is ideal, in that respect. All of the effluent will be blown out into space, as it is clearly above the escape velocity of the Moon, so you wouldn't perturb the environment there, but it is accessible. From a technological standpoint, it is a big benefit. Of course, you are only three days away, so if there were a life-threatening situation, and you were willing to pay the expense, you could save them. I do think the lunar base is the next step.

Personally, I think the lunar base probably can and should be developed by private enterprise. It should be done as a commercial venture. Then, the U.S. government would simply hire the company to perform the tests pertinent to the Mars mission. Some conglomerate of companies could get together, put up a functioning lunar base, and man it, with industrial-type safety standards, instead of government safety standards, and then the U.S. government, if it decides to do a Mars mission, simply contracts them to perform various tests: the psychological, or the nuclear. I believe that the Moon is close enough that there are enough opportunities to make a profit, that private companies should do that part of it, and the U.S. government should hire them as part of the program to go to Mars.

EIR: Because of the "faster, better, cheaper" approach of current NASA Administrator Dan Goldin, the lunar studies that have been done recently have been based on the idea that there will be no development of new technologies.

Howe: Exactly. You put a can on the surface. So what?

EIR: Wouldn't you also want to test stationary nuclear power sources on the Moon, to produce electricity, in addition to testing nuclear propulsion technologies?

Howe: Again, that's my whole premise. The benefit of space exploration is the development of new science, new technology; that, then, is reflected into everyday human existence. The [recent] NASA technique for the manned [return to the] Moon just didn't do it. My argument is that you send up people with the tools that they need to make the things they want, not the things themselves.

We developed technologies here [at Los Alamos] for example, to extract not just oxygen, but also sulfur, from the lunar soil, and sulfur combustion is a very viable source for propulsion or fuel cells. We looked at microwave processing of lunar soil into ceramics and glasses. You can build everything you want out of local materials, if you're power-rich and send the right tools. I've written a book about this which is called *Honor Bound. Honor Born*. The whole premise here is that it is a power-rich entity. It is a one-man effort to get started, and you utilize all the local resources to add on a greenhouse. The glass you make can be translucent, so it stops galactic cosmic rays but lets sunlight filter through. I use a subterrene to drill, which is a technology we built here.

As Krafft Ehrlicke said, way back at the conference on Lunar Bases and Space Technology for the 21st Century [in October 1984], "If God wanted us to go to space, He'd have given us a Moon." It's clearly the first step. Unless you can survive there and work there and operate there, going to Mars for a length of time shouldn't be done.

You're also exactly right, that the other key technology to develop is nuclear electric power. You want a power plant that sits there and cooks out electricity and doesn't need tending. It doesn't need fuel, it just sits there, and when you plug in the socket, the electricity is there. This is the one area where Zubrin and I do agree—you need a nuclear reactor for an electric source. I disagree with how fast, and how much, and his claims that you can build it that quickly, but I do contend that it is a necessary component for planetary exploration.

EIR: Even if we confirm that there is ice at the south lunar pole, we have to develop techniques for processing materials that are not reliant on water, which is the way everything is done on Earth. What you are going to substitute for water is electricity, turned into microwaves, or other directed energy.

Howe: Exactly right. That is what I call a power-rich environment. You want far more electrical power than you think you are going to need, because you will end up using it in developing those processes.

EIR: There have been a lot of disappointments in the research in space nuclear power, including the cancellation of the SP-100 program. What activity or research is being done now?

Howe: As far as I am aware, the last program was the Topaz

study, the joint effort with the Russians in Albuquerque. I am not sure, but I think that was supposed to shut down last fall. As a consequence, there is no space nuclear project of any kind going on.

My opinion, on that particular program, was that it was not of much value. The reactor was a 20-year-old technology, it was a 6-kilowatt power level, so it really didn't have any application in the space program. In order to build one that would have applications, you would have to redesign the whole thing. To test out the idea of thermionic conversion—the Russians have already proven that, time and again. In my opinion, that was an “admirals-type” program. It was there for publicity. I am sure they did extract some very good scientific research out of it, but if you really wanted to do space nuclear power, that probably wouldn't be the thing you would do.

EIR: At the time, there is probably little space nuclear research that the Russians are funding, but they have a very significant capability. Would a joint program be worthwhile?

Howe: If carefully tailored. In other words, I think the U.S. should develop its own technology base. You don't want a critical factor, like a test facility, to be over in Russia, where you might be terminated in your access to it. A critical component can't be part of the program. Clearly a parallel effort, and

a collaborative effort, as far as the research and the science, is desirable. They have spent far more years in the solid core nuclear program than we have, although maybe not as much money. They have probably put more effort into the gas core historically than we have, and certainly they have developed the thermionic conversion system for space nuclear electric. There is a database, and knowledge base, and expertise there, that should be recognized in the scientific sense, but as far as the hardware, I think that should be stationed here. You can walk in parallel, but separately. Hardware compatibility and integration is an extremely difficult problem. You want to share knowledge, not resistors.

EIR: Is there anything else you would like to add?

Howe: Just to summarize: I believe that if you are willing to undertake this challenge, and you have the science and the technology that allow you to attack the problem, you must use them. For example, even from a legalistic standpoint, if you sent this crew on a chemical-propelled system and they all died, and you had a better technology available to you, are you now liable? Are you not ethically required to give it the best shot you can? By doing it “cheap and simple,” you're evading the problem. If we want to go into space, we must accept the challenge and do it right. Unless you're willing to do that, you've got no business trying.

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Who will act to stop British genocide in Africa?

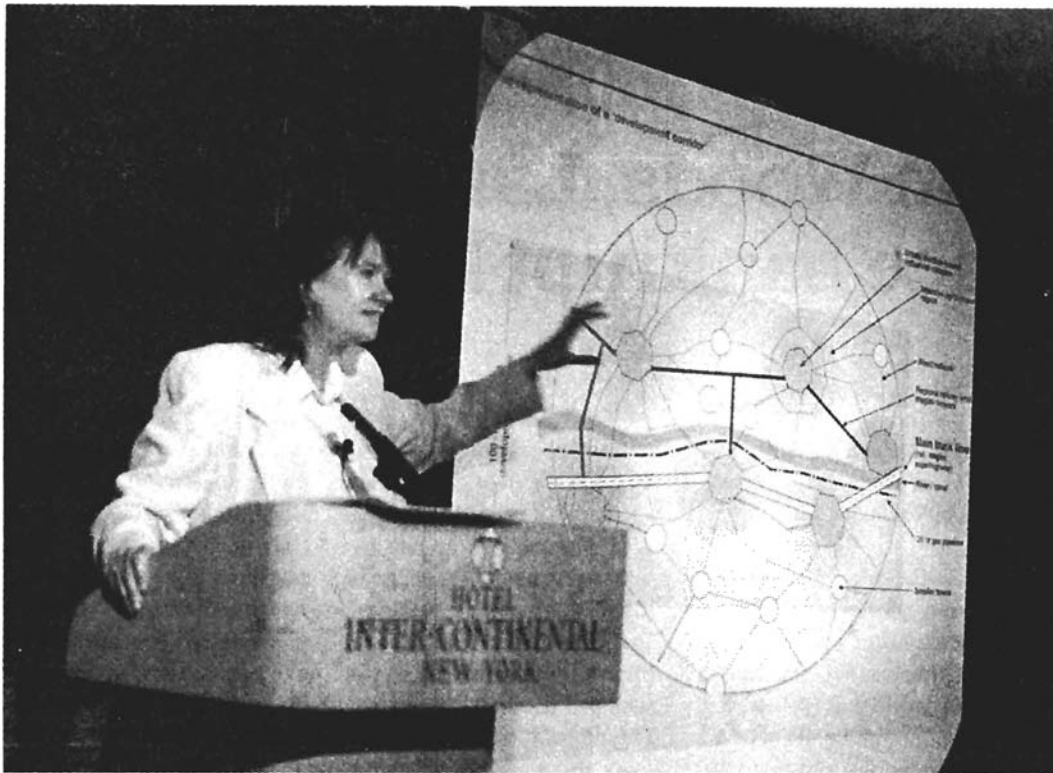
Schiller Institute founder Helga Zepp LaRouche, speaking in New York City on April 5, appealed to the world to “lift the dark cloud of silence” that has shrouded the foul crime being committed in eastern and central Africa, by the British oligarchy, and its minions—especially Uganda’s President Yoweri Museveni.

Mrs. LaRouche was in New York for two public meetings: an April 4 briefing to about 30 people from 14 nations, including UN representatives and international media organizations; and an April 5 gathering of over 100 supporters of the Schiller Institute at New York’s Riverside Church, where, 30 years ago on that date, Martin Luther King challenged U.S. religious leaders to openly face up to the immorality of the Vietnam War.

In both speeches, Mrs. LaRouche put a spotlight on Africa, locating the crisis there it in the context of the worldwide financial breakdown, and the British oligarchy’s desperate geopolitical maneuvers to maintain their political control. She underlined the need for President Clinton to act decisively to stop the British imperial gameplan in Africa, as well as to convene a New Bretton Woods Conference that will reorganize the bankrupt financial system and launch a global reconstruction program, centered around the Eurasian Land-Bridge.

In the *Feature* that follows, we publish the full text of her remarks at Riverside Church, along with excerpts from the speeches there of former Ugandan President Godfrey Binaisa and *EIR* Africa Intelligence Director Linda de Hoyos.

Addressing the diplomatic audience, Zepp LaRouche expressed her amusement at the fact that the timing of her seminar on the collapse of the monetary system, *exactly coincided* with a conference called by the “Reinventing Bretton Woods Committee,” representing the raw materials cartels that largely pulled out of the stock market two years ago, leaving only the “suckers” behind. Some UN diplomats who were forced to miss her presentation, complained that they were required to attend this two-day seminar, which discussed topics such as “reorganizing the Bretton Woods System in the context of the OECD” (Organization for Economic Cooperation and Development). The conference boasted World Bank and Interna-



Helga Zepp LaRouche addresses the April 4 seminar near the United Nations, calling for a New Bretton Woods Conference to reorganize the bankrupt world economy.

tional Monetary Fund (IMF) participation, and was sponsored by, among others, Chase Manhattan Bank, the Union Bank of Switzerland, Goldman Sachs, and the World Gold Council, a front for the Anglo American Corp., one of the many companies which are currently depopulating Africa in the bloodiest raw materials grab of the twentieth century.

Such “scheduling conflicts” have “often happened to us throughout the years,” Zepp LaRouche said. “I am glad to see that we have caused such interest.”

Joining her in briefing the UN diplomats, was Godfrey Binaisa, the former President of Uganda and founder of the African Civil Rights Movement. Binaisa explained that the IMF and World Bank are *colonial* institutions, in existence before most of the present-day nations of Africa. “The Structural Adjustment Programs of the IMF,” he said, “intend that we should ‘adjust’ our stomachs to hunger, and our bodies to disease.” He also detailed how companies like Barrick Gold, on whose board sit George Bush and Brian Mulroney, the former prime minister of Canada, have taken over “territories as large as the state of Maryland” in eastern Zaire, using the Ugandan, Rwandan, and Burundian armies, re-attired as “rebel forces,” to kill hundreds of thousands as a “land clearance” measure. As a result, between 1 and 2 million people have probably died over the past year.

On Mrs. LaRouche’s urging, the meeting at Riverside Church adopted the following resolution, appealing to President Bill Clinton to stop the genocide in Africa:

“Numerous sources, including Unicef, the Red Cross, Doctors Without Borders, and others, have now confirmed

with indisputable evidence, what must have been known to all major world powers for some time: that the fastest rate of genocide of this century is now ongoing in the Great Lakes Region in Africa, and that this mass murder is being committed by the military forces of Uganda, Rwanda, and Burundi, that invaded Zaire in October 1996.

“Laurent Désiré Kabila is but the mercenary pawn of Yoweri Museveni, dictator of Uganda, who is himself a puppet of London and the British Commonwealth, specifically of Lady Lynda Chalker, British Minister of Overseas Development. Already 2 million refugees have been massacred; 1 million children under 1 year of age have died; 700,000 more children are presently in mortal danger.

“Mr. President, we urgently appeal to you to force the international institutions to halt this genocide, and save the lives of these people. If the U.S. can send 1,200 Marines to evacuate 400 Americans, surely we must act when the lives of over 1 million women and children are in jeopardy.

“We call on you to end the coverup portrayal of the mercenary Kabila as some kind of ‘rebel leader’ who somehow has access to satellite photos for his attacks on the Zairean army, and the refugees. President Clinton, we urge you to use the power of your office to investigate the war criminals, and particularly the aggressors who started it all, like Museveni, Kagame, and Buyoya. These are the new Hitlers of Africa, who must be stopped before it is too late. Their backers, the big American and British corporations, such as Barrick Gold and Anglo American, must also be exposed and stopped now.”

New Bretton Woods, Land-Bridge, must replace bankrupt IMF system

by Helga Zepp LaRouche

The following speech was delivered at Riverside Church in New York City on April 5, the 30th anniversary of Martin Luther King's call to end the war in Vietnam.

The main focus of my remarks will be the ongoing financial crash, which is reaching a totally new proportion. We are actually at the beginning of the disintegration, and soon, the danger of evaporation of the present financial system. And, I will underline that the only way the world has out of this crisis, is the global reconstruction, the implementation of all of these programs combined, as a global reconstruction of the world economy.

I want to start with a different issue, which is very disturbing. And I hope that you will not leave this room today without being utterly disturbed yourself, and burning with the desire to do whatever is in your power to remedy this. Because, what we know has been going on for some time, is now out in the public: namely, the leading German economic and daily newspaper *Frankfurter Allgemeine Zeitung*, today has the story, officially now from Unicef, which we have known before, from all our friends from different countries in Africa, that presently 1.4 million refugees are in immediate mortal danger in Zaire, in Burundi, and in Tanzania. And, what is even more horrible to imagine—but I really want to put it in your hearts, that you feel the pain—is that, of these people, 700,000 are children! Alone in eastern Zaire, according to Unicef, there are 460,000 children who are about to die. These children have absolutely nothing; they are starving, they have no parents, because their parents have been killed already. They are sitting in the woods, they are lying along the streets, they are dying. You have corpses of little bodies along the roads, over and over. Already now, in the last months, 1 million children under the age of one year died, in this.

The estimates are that in the last months, 1 to 2 million refugees have already died. I really want you to get upset about this. American TV shows these pictures, but I was just in Germany about ten days ago, and they showed these pictures on the TV screen, where you saw these people, mainly women and children, because many of the men have been systematically eliminated already. And you saw these children with these eyes, looking at you. I cannot forget it. The cheeks are completely fallen in; the eyes are staring, like out

of a little skeleton. These children are probably dead already by now. The world *knows* this. The world is watching it.

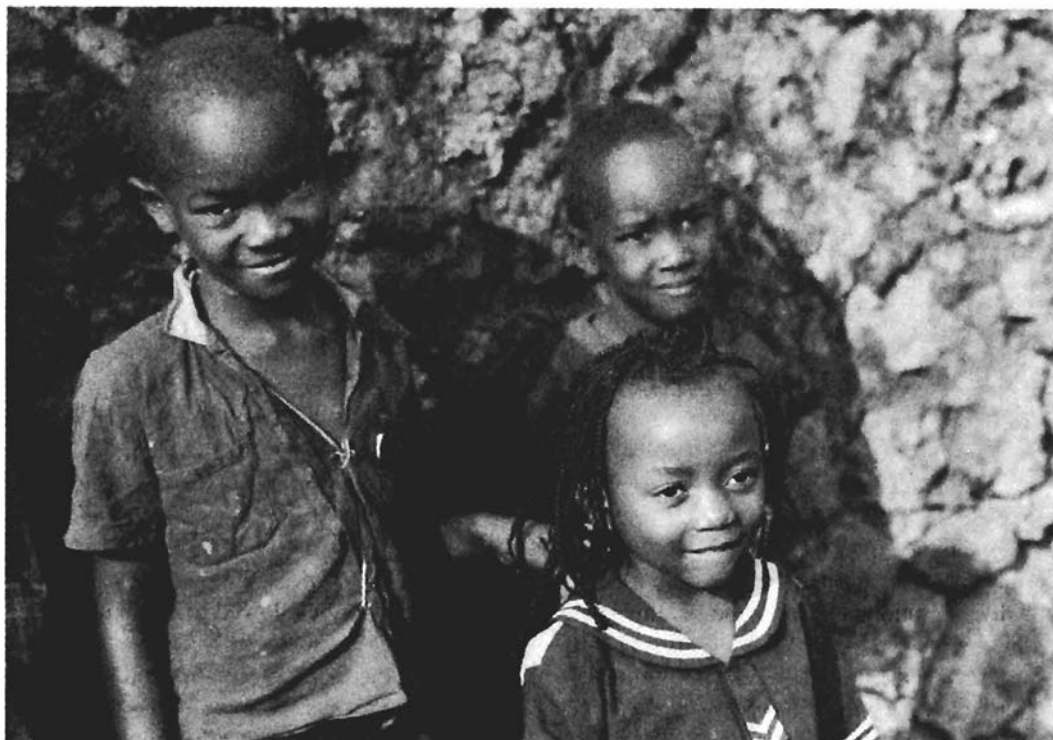
Right now, there is a U.S. amphibious assault ship, the *USS Nassau*, off the coast of Africa nearby, with only one aim: to evacuate American nationals out of Zaire. There is no word of a military mission to save these refugees. I think this is a scandal which cannot be allowed to continue. I am appealing to you, and we will have two more speakers, the former President of Uganda, Godfrey Binaisa, and Linda de Hoyos, who is an expert on Africa, who will give you more facts about this. But I want to urge you: Join a movement to stop that! Because there is a U.S. involvement. The world is watching this. Didn't we say, 50 years ago, "Never again!?" We watched in Bosnia. The world was sitting there for four years. And now, it is happening again.

A British-backed war of aggression

There is no question, that the aim of [Ugandan President Yoweri] Museveni and [Laurent] Kabila, who have conducted a war of aggression, with Ugandan troops, on behalf of the British—Ugandan forces made the attack into Zaire, including [forces under Defense Minister Paul] Kagame and [coup leader Pierre] Buyoya, from Rwanda and Burundi. But there was a threefold foreign invasion into Zaire. And then, you had Kabila, who is an old mercenary, about whom Che Guevara, who was no good himself, said that he was the lowest person, a complete criminal. Kabila is a complete agent and puppet of Museveni, and Museveni is nothing but a puppet of the British Commonwealth forces. They are responsible for this. And I can assure you, that every government in the world knows this.

What our friends from the region told us—in the beginning, you swallow when you hear it, but then, when you see that this is happening, over weeks and weeks and weeks, there is no question that this is the design: They want to make the Hutus extinct. They want to have ethnic cleansing, the same thing that the Serbians did in the Balkans. They want to get rid of every living Hutu, and basically establish a Tutsi Empire, of that particular Tutsi clique, which also does not represent the Tutsis in general.

I want to get you really upset. I don't say that President Clinton condones this. But unfortunately, all our friends from



Rwandan refugees in Goma, Zaire, 1994. Today, an estimated 1.4 million refugees are facing death in Zaire, Burundi, and Tanzania, and of these, fully 700,000 are children. "The world is watching this. Didn't we say, 50 years ago, 'Never again!?' We watched in Bosnia. The world was sitting there for four years. And now, it is happening again."

the region tell us, that there is U.S. involvement. We are appealing to President Clinton, and I would suggest that out of this meeting, we commission some people to draw up a resolution, to make an appeal to President Clinton to clear this mess up. First of all, today, the *Woche*, a magazine in Germany published in Hamburg, has a long background article, in which they go over what is now public knowledge to everybody in Europe, because it was published repeatedly in *Le Monde*, *Le Figaro*, and the German press—that Kabila was trained by the CIA. That the reason why the Kabila forces are being so successful in eastern Zaire—and they now control a territory twice the size of Germany—is because they always knew in advance where to attack.

So, they had a clear advantage over the Zairean troops, and that came from satellite surveillance. According to this article, there are certain military experts in Goma, Americans, who have installed a ground control facility; they have access to satellite data, and obviously, they are giving it to Kabila. According to Western diplomats mentioned in this article, the Kabila forces knew exactly, always, where the refugee streams would go. So, you have this image of refugees who, for months and months, are running from one place to another place—no help, no food, just being ground up until they die. This is so horrible! I want you to have nightmares tonight! Because if you sleep well tonight, then you have lost some of your basic humanity.

So, Kabila has a CIA background. Kagame was trained at an American fort in Kansas. These things have to be cleared up.

An appeal to President Clinton

I would suggest that we go on an all-out mobilization, with an appeal to President Clinton, and ask him, why this coverup for Kabila? That we make a mass appeal, that we collect signatures for this resolution, with the idea that we will print it in newspaper ads, go on talk shows, and urge Clinton to do everything in his power. The United States *could* stop it. Nobody else *but* the United States could stop this, that's a fact. There is no excuse for it! Even if Clinton got hooked into it. In the meantime, American mercenaries from Virginia were found dead in Zaire—I think, if you investigate this, you will probably find the old "asteroid" networks of the Bush parallel government, the Iran-Contra apparatus. But, let's investigate it! Because there is a limit to how much you can blame previous administrations for something which is ongoing right now. That is my deepest conviction.

We should also demand that the backers of Kabila and the backers of Museveni be investigated: That means Lynda Chalker; that means Baroness Cox. That means London, as we demonstrated in the *EIR* that came out this week [the issue of April 4], that London is, presently, the headquarters of practically every international terrorist force. So, if people are saying, what about condoning terrorism? what about harboring terrorism? what about Sudan? what about Iran? well, it is a matter of fact that every Islamic or non-Islamic terrorist group has its headquarters in Great Britain, in London! So, let's investigate that! There will be no end to this genocide, until these things become clear in the minds of everybody in the whole world.

The worldwide financial breakdown crisis

Now, let me situate this, in the context of the global strategic crisis which is unfolding right now. Even though the genocide which is going on in Africa right now is the most obvious, I can assure you that we are sitting on a powderkeg, of a twofold strategic crisis, which is not less hair-raising and not less dangerous than what I just pointed to.

I will start with the financial crisis. You all know that Lyndon LaRouche is famous for having predicted that this present monetary system will collapse. As a matter of fact, I joined this organization, in 1972-73, because I was convinced that Lyn was right, that this system would, sooner or later, collapse, and that the alternative would be either a just new world economic order, in which all people on this planet can live, or global fascism. This is what Lyn told us in 1972, and I thought that it was true. I was also convinced at that time, that either we would succeed in developing the Southern Hemisphere, the developing countries, or we would not make it as a human race, because we are only *one* human race, and we are all sitting in one boat. That was how I joined this organization, and I know that many people in Europe joined it with the same idea.

In the meantime, Lyn has made many forecasts. He wrote a paper about his Ninth Forecast [see *EIR*, June 24, 1994], in which he said that he very seldom *predicts* developments, because he is not interested in tea-leaf reading, but he is concerned with the scientific forecasting of economic processes. He made a famous forecast in December 1995, in which he predicted the emergence of the final disintegration of the global financial system [see *EIR*, Jan. 1, 1996]. One can say very clearly, that with the turbulence of the last two to three weeks, we have entered a phase shift in this process, and we are now very, very close to an evaporation of the entire financial system.

Let me give you some of the latest facts. You all know that there was, for the last three weeks, a downward trend in the Wall Street bubble, on the stock market. You had, for a long time, an insane buying spree, where people would buy stocks, just to make a little more profit. They would put their pensions into mutual funds, risking that they would lose everything, just to make a little bit more money, for one more day, like a dope addict. Simple Americans, ordinary Americans were drawn into this craziness—140 million Americans are speculating, in one way or another. Now, these people had better get out of these markets, or they will lose everything, potentially, very, very quickly.

The downward trend, a couple of days ago, was 90 points on the Dow Jones—1.5% down. Immediately, all European markets went down another 2%. Then, between Tuesday and Wednesday of this week, the German Dax stock market index went down 7%. France, down 5%. There was massive money in injection and manipulation of the Dow Jones, but it went down 7.5% in the last three weeks, and the turbulence continued yesterday. The Nikkei in Japan went down 265 points; the

Dax went down another 2.75%, and, while this is not the big blow, it clearly shows high volatility and a phase shift.

Our credibility is increasing. It is increasing exactly because of our programs and analysis around the world. If, for 25 years, you stick to your guns, when you are vilified, when you are slandered, put in jail, harassed, and so forth, and you stick to what you believe in, and then finally, things are happening which you have said all the time would happen, then your credibility goes up. Therefore, Lyn's credibility, right now, around the world, is really the highest of any economist in the world, and many people are recognizing it.

Now, we have a big Japanese banking crisis. Japan's tenth-largest commercial bank, Hokkaido Takushoku Bank, which has assets of \$110 billion, is collapsing. Also, the Nippon Credit Bank, with assets of \$160 billion, is melting down. Deputy Finance Minister Tadashi Ogawa basically said that the Japanese government would do everything possible to keep the banking system alive, by pouring in money. But as the *Sunday Telegraph* of a couple of weeks ago already said, the world is sitting on a powderkeg, a \$55 trillion derivatives bubble—you have to imagine, 55 and then 12 zeroes! This is a bubble which can pop. What this paper pointed out—which is true, and therefore I can quote it—is, what happens if this bubble starts to collapse? The only thing which can happen, is that the governments buy up these banks, and bail them out. But the problem is, all the governments of the world are already bankrupt. Sure, they could do what this Japanese deputy finance minister is saying: Japan could save its banks by the government just taking taxpayers' money and bailing them out; the U.S. could do it, Germany could do it, and so on. But, these governments are already in debt, with a debt which they can never pay back, because it is in the trillions. So, the only thing left would be hyperinflation, like in Germany in 1923. You can start printing currency; you can pretend there is no inflation problem, and you can print enough money so that these banks can survive. But then, you end up like Weimar Germany: One day a pound of butter cost a million, the next day 20 million, the next day it was a trillion, and in the end, they stopped even printing money, and just gave out blank paper, so that people could write whatever astronomical figure they pleased. Naturally, at a certain point, the whole thing collapsed. People lost *everything*, every penny they owned. And that is what is on the horizon.

It could also come about in a quite different way. You have not only the Japanese banking crisis; you have a new "Mexico crisis" being talked about in Brazil, and that's big. In Indonesia, in Malaysia, in Korea, the so-called "Tigers" are all in a Mexico kind of situation. You could have more mistakes, such as the Barings miscalculation, in which one of the big players just mis-speculates.

There are many, many potential detonators and trigger points that could bring down the whole system. As a matter of fact, *Handelsblatt*, the leading economic daily of Germany, commented on the banking crisis in Japan, by saying that a

time-bomb is ticking in Japan; there are many more banks which could explode; and what will happen if the little investors all of a sudden start to panic and pull out their money? Then, you will have a run on the banks; if you are early, you're lucky; if you're too late, the bank will have closed and your savings will be gone.

That is *so close*. Several economists have said that any psychological thing could trigger this. That is where we stand.

Stop the IMF looting!

Now, Africa—as Mr. Binaysa mentioned in a seminar we had here yesterday, in New York—is in this condition, because it has been looted by the International Monetary Fund. Look at the condition of the Balkans. Albania is disintegrating. Albania was the poorest country in Europe. They promised people get-rich-quick schemes, a pyramid scheme, like a chain letter: If you would buy into it, you would make two-digit profits. Naturally, this cannot work for long. All of it collapsed, and people lost their entire savings. This led to a rebellion. The entire state authority collapsed. You saw pictures of these children plundering ammunition depots, taking kalashnikovs, taking flour from the factories for bread, just plundering. No more army, no more police, nothing functions any more. This is the result of the IMF!

In Bulgaria, another European country, you have people dying of hunger. You have no more medical supplies; people have no more bandages to have their wounds treated. No anesthesia. Even aspirin is a luxury item in Bulgaria. You can imagine yourself sitting in Bulgaria, or parts of Russia, for that matter, and you want to have an operation, but there is no money. You can't get out! There is a new Wall, and that is a money wall; because you can't buy a ticket, you're stuck where you are. And if you get sick, you will die. That is the condition of the majority of the world today. Africa: If you are poor, you can't get a visa and you can't buy a ticket; even if you could, the Europeans are sending you back now, they don't want an influx of these people. In Russia, the real danger is that the state will disintegrate. The government is regarded as being evil, so the regions do not pay taxes anymore to Moscow; Moscow doesn't pay the wages of the Army or other employees, so the whole state disintegrates.

I was in Europe just recently, in Austria and in Germany. Ordinary people would say, when they saw these pictures of Albania, "My God, this is exactly what could happen in Russia." The only difference is, if it happens in Russia, Russia has nuclear weapons; they have ICBMs; and if they fall, and the regional mafias conflict with each other, you can have all hell breaking loose.

If you look at the condition of the world from that standpoint, there is no question that the disease from which the whole world is suffering, is this monetary system. The patients are the nations, and their physical economy. Now, this diseased international monetary system is threatening the life of the nations. You would assume that the governments would

try to protect their nations against this disease. But, somehow, they think that it is their mission to maintain this bankrupt banking system, even if entire continents are dying.

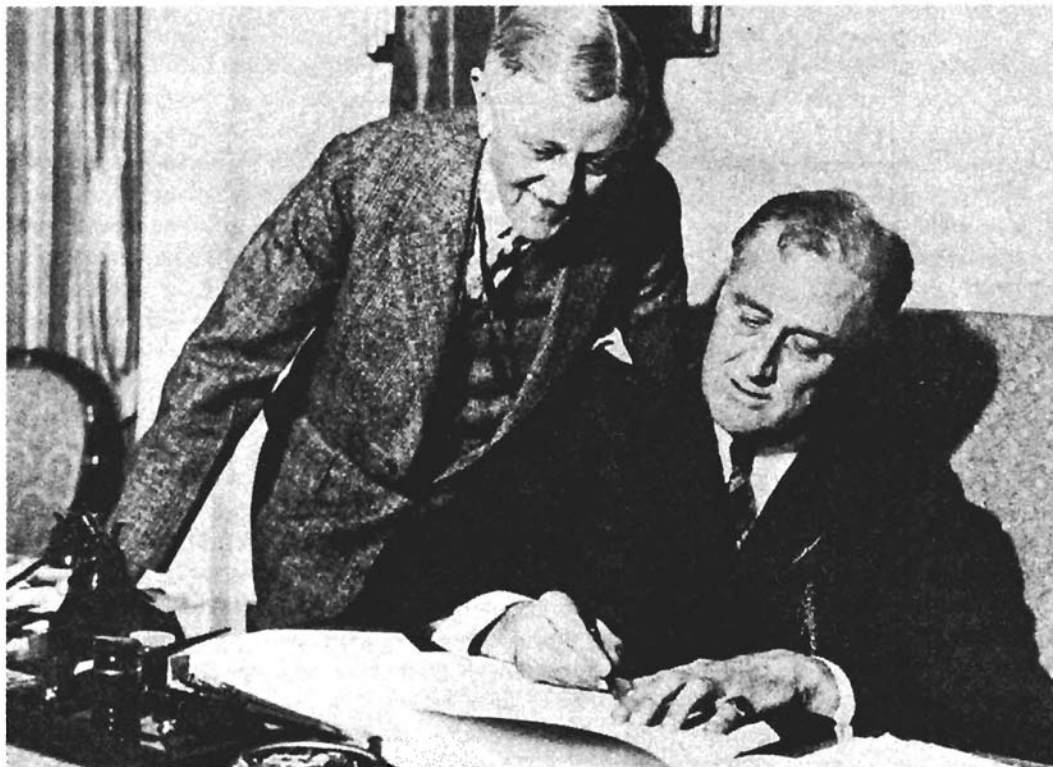
So, what we are seeing right now, is the end-phase of what Lyn described as the paradigm shift which started 30 years ago, when the idea of the well-being of society, the idea of scientific and technological progress, was abandoned, and you had the paradigm shift leading to the rock-drug-sex counterculture, the utopia of the post-industrial society, and the service economy. The famous American "model," where you have 10 million new jobs—Clinton yesterday announced another 2 million or so new jobs—but these jobs are not productive! They are jobs in the service economy, whether as a hairdresser, or McDonald's flipper, or whatever. These jobs are not *producing* anything.

This disease puts the emphasis on speculation, rewarding those people who make their money, not from investment, but from speculation, the so-called "shareholder value" society—the management of the firm is no longer thinking about the long-term profit over, let's say, 10 years or 20 years, to do research and development, to make sure that they really are progressing; they are only thinking about dividends and the immediate short-term profit on the stock market. And the stocks don't remain there, but are used again for betting, side-betting, derivatives, futures. So you have these so-called "creative new financial mechanisms"—it's a complete casino economy! You have a shrinking economic base; fewer and fewer people are in real production, and the bubble becomes bigger and bigger and bigger. It's like a big cancer in a patient, and the cancer wants to grow, it's a very aggressive cancer, which eats up more and more of the healthy body of the patient. This is exactly what is coming to a head now. One can compare this disease, of the post-industrial society, of the shareholder value economy, to a lentivirus, such as the AIDS virus. You contract it, but you don't die immediately; it moves very slowly, but it leads for certain to your death. And that is exactly the point we have reached.

The obstacles to a solution are political

Now, the problem is, that while we are sitting on a powder-keg, and this system is threatening to collapse, no government in the world—not Clinton, not Kohl, not Chirac, nor any other government—is prepared to deal with that. The *Titanic* is sinking, and these governments just think about how they can stick to their chairs. Kohl has just announced that he wants to run for another four years—he wants to have a big chair, so that his big behind can sit for another four years on this chair. But the problem is, that the ship on which the chair is sitting, is sinking!

The problem is, what Lyn has identified as the "Hamlet problem." I want to describe this again, very briefly, because I want you to go to your friends and neighbors and explain it. If these things are so obvious, what is it that holds these governments back? You all know the play by Shakespeare,



President Franklin D. Roosevelt in March 1933, signs the bill empowering him to reform the nation's banking system—his first major act as Chief Executive. President Clinton today should do what FDR did in his day: Give credits for full production, to get the world out of the depression.

Hamlet. In the third act—and when you go home tonight, you should go to your bookshelf and read this—there is the soliloquy by Hamlet in which he says that he cannot go into an era of the unknown, because, although he knows that the present course of his action will lead to a tragedy and disaster, still the future is something from which nobody has yet returned; therefore, it's fearful, it's frightening, and he would rather go on the certain path toward disaster, than daring to go for a new solution.

What we propose, and what Lyndon LaRouche has put on the table for some time, is: You have to do an orderly reorganization of this system. President Clinton must call a New Bretton Woods conference. He must reorganize the bankrupt American financial system. He must totally eliminate this bubble economy, the 99.5% of financial transactions which are pure speculation, every day—that must be dried out. He must put the Federal Reserve under the control of the sovereign government of the United States, under the U.S. Constitution—basically as it was before the Specie Resumption Act of 1879. Then, you have to do what Alexander Hamilton did, what Lincoln did, what Franklin D. Roosevelt did: You have to give credits for full production. You have to have a dirigistic, anti-Depression mobilization, like FDR. He lifted the United States out of the Depression of the 1930s, by preparing the United States to enter the war against the Nazis. He just gave out credit lines to everybody who wanted to produce. And people started to produce, and produce, and produce, and by the end of World War II, America was the

first economic power in the world.

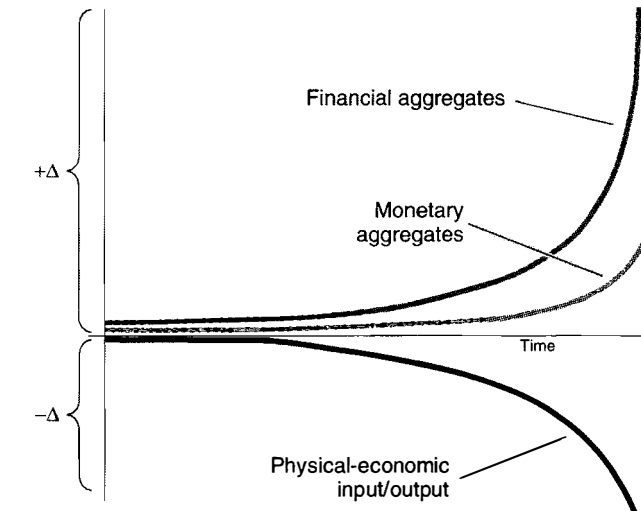
There is no reason, but the lack of political will, why the same thing cannot be done for peaceful purposes. It can be done tomorrow! If Lyn were President, he would have done it already. You give out credit lines for clearly defined projects: infrastructure projects, science and technology, boosting investments; and then you do the same thing on a global scale, and you ask the different heads of state, from around the world, to come together and agree on a program of global reconstruction, the Eurasian Land-Bridge, which we have proposed, and which, in part, is being built by the Chinese, by the Iranian government; India is now getting in, some Central Asian republics are in, and we want to connect this to Africa, via the Bering Strait to the United States, with a similar program for Latin America.

Then, you do the same thing. You reorganize the bankrupt banking system. You establish a national bank in each country, and they give out credit lines to start to produce these kinds of things, which are in the common good of every country involved, and are the only way out of this crisis.

Lyn has made the comparison of the present collapse to World War II: First was the *Anschluss* of Austria; then, you had a certain pause; then, you had the invasion of Poland, which was still a relatively small-scale operation. Then, you had the opening of the Western Front, according to the Schlieffen Plan; then, the theater in Africa, the Balkans war, finally Operation Barbarossa, and by 1942-43, you had the full horror-show of World War II. This is how you have to

FIGURE 1

A typical collapse function



imagine the different phases of the financial collapse.

So, when you read in the newspaper about how this Wall Street collapse of 7-or-so percent is “a necessary adjustment,” that this will “bottom out,” and after the correction, things will get better—this is absolutely not true. It’s an unfolding of a process, because there is no solution within this system. This system is rotten to the bone, and what has to be done, is to do away with the entire paradigm of the last 30 years. We have to go back to scientific and technological progress, to an economic policy oriented toward the common good of the people, which is a scientific question. We have to completely change the system.

The reason that the system cannot be saved, is shown in Lyn’s analysis of the “Triple Curve” (see **Figure 1**). Let me say something about our method of economic forecasting. Lyn is very emphatic, that is not a prediction of a date, because, as I pointed out, there are so many trigger points which can bring the system down. But, it is forecasting on the basis of mathematical functions. If you take the entire world production of the physical economy, you have the lowest curve, which is a hyperbolic curve going downwards. If you look at the destruction of physical production, in Europe, in the United States, in Russia—with the exception of China, which is the only area of growth in the world, and maybe Iran—then you have totally separated, in one way, the increase of money, which is a hyperbolic curve that goes upward. For example, in the 1970s, the portion of money which was used for trade was in the range of 50-60%. Now, the money which is used for exchange of real goods—trucks, potatoes, other things—is 0.5%. And every day, \$3 trillion—that is, 99.5% of all financial transactions—is just speculation.

These two processes are completely separate in one sense: You have the production, and you have the speculation, and

they have practically nothing to do with each other, as you can see by 0.5% against 99.5%. For this to function, just as the cancer needs to have a patient which it eats, so, through the process of primitive accumulation, the money is sucked out of physical production, to have an increased flow of monetary aggregates, flowing into the financial markets.

So, you have the monetary aggregates, and then you have the financial aggregates, like the multiplier effect, which is then the derivatives speculation part.

A case study: the Thyssen takeover attempt

A good way to understand how this functions, was the recent hostile takeover attempt of the steel firm, Thyssen, by Krupp. These are two steel firms in Germany; they are highly diversified, they have other technologies in production, and, at a certain point, Deutsche Bank, Dresdner Bank, Morgan Grenfell, Goldman Sachs, and others decided that they wanted to take over Thyssen, in a hostile takeover. The banks gave Krupp, a relatively smaller firm, DM 13 billion, to buy up Thyssen. The idea was, that they would then sell the so-called filet parts, the most profitable parts of Thyssen, pay back the banks with the profit, and dump the industry.

At this point, thousands of workers took to the streets; they went to Frankfurt to demonstrate in front of Deutsche Bank, and the bankers got really scared, because you had 30,000 angry steelworkers, burning coal in front of Deutsche Bank, and they got the idea that the streets would burn. Similar things were done in Bonn. So, they cooled it, and now they are only going for a merger of the two steel firms, which is still putting tens of thousands of workers out of a job.

This is a typical example: hostile takeovers destroying physical production, in order to get a short-term profit for the speculators. And this is why you have this phenomenon, that countries collapse: Africa, Latin America, Russia, collapse, they die, and you have some people who become billionaires—the French and German press yesterday reported that Chernomyrdin, the prime minister of Russia, had, in the last four years, increased his personal fortune from DM 47 million to DM 8.3 billion! You have some people like that: George Soros, Jimmy Goldsmith, and these hangers-on to power. For a clinical study, you should go to Wall Street—take your umbrella, because they may jump out of the upper floors—but you should watch the type of people there, the Baby Boomer, the yuppie. They have no knowledge of anything. They have no sense of history. They have no *agapē*, they have no love for mankind. They are like appendices to computers, appendices to the Internet. That is what these Wall Street brokers are like. They serve no function, their character is crippled, they are not fully human beings. They just know how to do the betting, play the mutual funds. But otherwise, they do not exist as human beings. It’s like the final degeneration of a species, in the last phase before they die out. The problem is, these people are in control right now, and that, we have to stop.

Therefore, because we have now reached, in this hyperbolic function, a singularity—because not only are these curves hyperbolic, but the relationship among them is also hyperbolic. Imagine you are in the upper curve, which is the bubble part of the economy. And you have, say, a 400-point “correction” on Wall Street. Does that change the hyperbolic character of this whole thing? No! It just means a tiny, tiny shift in the hyperbole. But if they tell you it is a “bottoming out,” it is a complete lie. So, unless you correct the lower part, and get the real economy going again, and have real production, for you, your children, your grandchildren—infrastructure, functioning trains, planes which don’t fall down, enough energy, water, clean water, all of these things—unless that is done, forget it! The “bottoming out” will be a spiral, without bottom, till the end.

The biggest danger, is that if this collapse is now triggered, either by Japan, or by Malaysia, or by any psychological factor, in *two to three days*, the entire financial system can go.

To give you an idea of what that could mean, look at Albania. When 140 million Americans, who have put their money into mutual funds and private pension funds, and so forth, realize that they have lost everything, don’t you think they will be on the streets here, too, as they are in Albania? You are sitting on a powderkeg, in this country.

You saw what happened when Gingrich and his co-criminals shot down the U.S. government, at Christmastime a year ago. That was a tiny foretaste. Suddenly, the government had no more money to spend, and all of Washington was closing down. Many little shops lost their business, and this had a big impact. But it was just tiny, a political muscle-flexing. But this could happen worldwide. If this were to happen worldwide, it would mean the deaths of many people, people in hospitals who would not get medical supplies—after a week or so, all stores would be empty, those people who don’t have access to the farms, in the countryside, would begin to starve.

The New Bretton Woods conference

This is why we have to get a mobilization to remedy this. This is why we have launched this appeal to President Clinton, to get this New Bretton Woods conference, and to make the Eurasian Land-Bridge and global reconstruction the content of such a conference.

We have collected a lot of signatures already; we have two former heads of state, we have several hundred sitting parliamentarians, we have many, many ex-parliamentarians, civil rights leaders, trade union officials, from all over the world, which we will publish next week [see this issue, p. 12]. This will not be the end of the mobilization, but we wanted to have a certain density, to go public. I want to ask you to help us with this initiative. Because of the Hamlet problem: It would be so easy to reorganize this. People should understand that money is just something that man has made. Governments make money notes. You can have a reform, and have much better money afterwards.

You can protect the savings of little people. It is not necessarily the case, that if you carry out a monetary reform, then you lose everything. You can make part of that package, that the savings of the ordinary people are protected, and are re-counted in the new system. It’s a political question. The reason why we call it the New Bretton Woods System, is not because we think the old Bretton Woods System was perfect, but we want to have a pedagogical reference for people to understand that governments can make monetary systems, and that there was a period, of about two decades, where there was relative stability in the system.

This is the one problem, which we must solve in a short period of time. Obviously, Lyn has to play a leading role in this, because with all due respect for the President of the United States and other assorted individuals around the world in high positions, I know for a fact that they don’t have it. And Lyn must play a leading role in this reorganization, or the world will not make it. I must say, if you look at the mess in Washington right now, and the mess around the world, that unless Lyn is exonerated, and his name is cleared, and the people who did to him, and to our organization, what they have done, are the ones who go to jail—then Clinton is not serious. I think it has come down to a litmus test, where Clinton must be put under pressure to exonerate Lyn completely. If he’s not going to do that, it is almost 100% certain that he will fail; but unfortunately, not only Clinton will fail, but with him will go Western civilization.

I can already see that what is happening in Africa right now, will not spare Europe. When Vukovar happened [in 1991], the big genocide in Croatia, I put out a leaflet at the time, and I said that Vukovar will be the future of all of Europe. Okay, now you have Albania, Bulgaria, and what do you think will happen if Russia explodes? You will have refugee streams of millions of Russians trying to escape Hell, coming to western Europe. If the monetary system explodes, what do you think? The German government has made a secret study showing that the food supply will only last for five days in Germany. Now, I think the evaporation of civilization, and the plunging into a new Dark Age where only perhaps a couple of hundred million people will be left, is not an exaggeration. That is what we are heading for, unless we reorganize this situation.

Threats to the Eurasian Land-Bridge

Now, let me focus on the second aspect of the strategic picture, in which you have to see what happens in Africa, what happens to the financial system. You have to look at the world as a whole, because you cannot find a remedy in a partial solution. There is no way that you can solve the problem of one country or one continent, and not the rest. We are sitting in one boat!

When the famous Beijing conference took place last year in May, where the Chinese government announced the Eurasian Land-Bridge, and in which I and some other people

from the Schiller Institute participated, a beautiful new proposal for what to do with the world economy was laid on the table, and the Chinese government invited the whole world to join in the beginning of the building of a new era of mankind, in which, through science and technology, development would be brought into every land-locked area in the world. For the first time in human history, the geographical precondition would no longer decide whether a country would be rich or poor, but that, through the idea of driving development corridors into all areas of the world, you could elevate all of mankind to a human condition, for all people on this planet.

It is now clear, with the full impact of “China-gate” and the massive, vicious campaign to demonize China, the “yellow peril”—you have such low-life as Richard Bernstein and Ross Munro, who are running around the United States saying there is a new peril, a yellow peril, that China is building to fight a war with the United States, conflict with America is inevitable—this all comes from what? We are now finding out more about this. Already in May last year, the same month that this beautiful proposal for the Eurasian Land-Bridge was presented, there was a gathering of individuals in Prague, in the Czech Republic, called the Prague Initiative. The sponsors of this were Vaclav Havel; Margaret Thatcher; Helmut Schmidt; Leszek Balcerowicz, the former prime minister of Poland, who ruined Poland with the reforms, the famous “Polish model”; Henry Kissinger; and George Shultz. The chair of the executive was John O’Sullivan. On the advisory board were Kissinger and Lane Kirkland. On the board, Zbigniew Brzezinski; Richard Burt; Lord Chalfont; Pete du Pont; Ed Feulner, from the Heritage Foundation; Robert Hormats; Jack Kemp; Bill Kristol, the son of Irving Kristol; Michael Ledeen, famous for his commitment to “universal fascism”; Donald Rumsfeld, the former defense secretary; Jeane Kirkpatrick; Karel Schwarzenberg; Lord Weidenfeld. Participating also were Christoph Bertram from the IISS [London’s International Institute of Strategic Studies]; Midge Decter; Lobkowicz; and somebody who was once part of our organization and is now on the side of organized crime, Laurent Murawiec—he was among the lower-level participants, but nevertheless, he participated.

The evil ‘Congress of Vienna’

What was discussed at this conference, was a new global strategy to replace the old Atlantic Alliance with a new concept of conflict. Given the fact that the Soviet Union had collapsed, they did not want to give up their balance-of-power, cabinet warfare control of the world, and they came up with the idea that China should be made the new enemy, together, naturally, with Islam, along the lines of Samuel Huntington’s thesis of the coming “clash of civilizations.” Margaret Thatcher gave a speech. She had the nerve to say that there are all these congresses in European history, “Of course, there was the Congress of Vienna of 1815”—to refer to that, which

is Kissinger’s pet conference. The beautiful German Classical Renaissance, the Classical period of Schiller, of Beethoven, this was the best period of human history, from a cultural standpoint, potentially from a political standpoint as well, because the Liberation War against Napoleon was successful, and the Congress of Vienna was the conspiring of all oligarchical forces of Europe to dampen that, to smash it, and to install the Holy Alliance, the reactionary period in which Schiller was outlawed. The beginning of the disaster of the twentieth century was that evil Congress of Vienna.

So, Thatcher says, we meet here in Prague, we have a Prague Congress like the Congress of Vienna, like the Berlin Congress of 1878—which was the famous congress at which Africa was carved up in a colonial manner; she put herself in that tradition. At the congress in Prague, they decided on an offensive against Clinton—if they could not prevent his re-election, then they would destroy Clinton afterwards—and to destroy China, to break up China through separatist destabilization: the campaign of the “yellow peril,” break out Xinjiang [the northwest region, from China], break out Tibet, use the Hongkong question, this year, to cause trouble and conflict; break off Taiwan, build up Taiwan as an alternative to Hongkong, and then use that to go for independence of Taiwan, which they know will be a *casus belli* for China, because they don’t want this part of China to be taken away; and so forth.

They mobilized all kinds of British front organizations inside the United States. The famous Christian Solidarity International (CSI), of the same Baroness Cox who is condoning and backing the genocide in Africa; Freedom House; the London International Institute of Strategic Studies. The leading spokesmen for this in the United States are Congressmen Frank Wolf (R-Va.) and Chris Smith (R-N.J.), whom we should drive out of office—and I really mean that! They launched a campaign in the U.S. media, with black propaganda, that the Chinese would persecute Christians, the same thing which they charged fraudulently against Sudan. The CSI—how can they even speak the word “Christian,” when they condone a war of aggression by Museveni, Ethiopia, and Eritrea against Sudan; a war of aggression by Museveni against Zaire; and have loaded on their conscience 1-2 million people who have died? For them to even talk about “Christians” is really too much, and should not be tolerated.

As I said, this book by Bernstein and Munro, *The Coming Conflict With China*, is being promoted now. There was an article about this in *Foreign Affairs*, the journal of the leading British “submarine” here in New York, the Council on Foreign Relations.

Look at a timeline of what happened:

May 1996, the Beijing Conference, and the Prague Conference, like two poles of how the world should look after the reorganization. Already at the Beijing Conference, Sir Leon Brittan, of the European Union, a British character, threatened China, wrapped up in nice diplomatic language: You will never have a Eurasian Land-Bridge, because we will set fires

all over this region and destabilize you, so that this will never come into being.

Then, in late May 1996, the FBI had so-called evidence that China was trying to buy the U.S. election, by giving these campaign donations to Clinton. They withheld this information from the White House, and so did [Attorney General] Janet Reno. So, [FBI Director Louis] Freeh is probably going to resign voluntarily, and Lyn has just called for the ousting of Janet Reno. We have a whole pattern of Janet Reno covering up. She refused to investigate Lyn's case. She gave Lyn's case to the same people, Jack Keeney and Mark Richard, in the Justice Department, who were the criminals! She did the same thing in this famous Operation Lost Trust case in South Carolina, where Judge Falcon Hawkins said there was misconduct in the framing up of black elected officials, and Janet Reno gave the task of investigating that to the very people who did it! This is enough! Janet Reno should go! There is no reason for this woman to remain, and we should take the gloves off; I am very glad that Lyn has called for her resignation. I think it was long overdue.

Freeh and Janet Reno violated U.S. national security interests. If they had evidence, so-called, that a foreign power was trying to influence the U.S. election, and they are not giving it to the President, then what is this? On whose behalf are they working? When you know the British counter-strategy, to target Clinton and to target China because of the Eurasian Land-Bridge, which is *the strategic issue number one in the world today*, then you understand this.

What else happened? Exactly one year and two days ago, on April 3, [Commerce Secretary] Ron Brown died in a plane crash, flying from Bosnia, trying to go to Dubrovnik. This matter should be re-opened, because this is one of the most suspicious things. We know from people on the ground that such a thing cannot "just happen." This was a secretary of the United States government, the top executives of production-oriented firms who wanted to go to Bosnia, to build Bosnia up with a new Marshall Plan. The pilot was a top pilot. They just don't make these kinds of "mistakes." And when the accident happened, there was a suspicion that there had been some electronic meddling, and so forth, and I think this issue should be re-opened. Because not only did the Marshall Plan for Bosnia not happen, but Ron Brown was crucial in two other respects: He was an excellent collaborator with Clinton, for a decent policy with China. He wanted to have government-to-government cooperation to help China develop its infrastructure—railroads, nuclear plants, other projects. When he was killed, there was a vacuum. And who moved in? [Democratic National Committee Chairman] Don Fowler, who made the dirty deal with the Republicans, and he filled his pockets. The rumor has it in Washington, that Don Fowler is limitless in his greed for money. Don Fowler and Dick Morris moved in, and they did the campaign for Clinton, whereas before, Ron Brown would have run it. The welfare bill got signed, as a dirty deal with the Republicans. And, no

to the China policy. So you see how one murder can shift, strategically, the course of events. I think this is a classic case.

Kissinger is no friend of China

In the case of China, there were others who profitted a lot from this, and that is Kissinger and George Bush, who are so-called "friends of China." I would say that Kissinger is just making a lot of money because he had the fortune to be in the Nixon administration—he was national security adviser and secretary of state, and therefore instrumental in opening up the relationship with China in 1971. It just happened to be the same time that I was in China, 26 years ago. Because he opened the relation with China, he has since then been selling this idea that he is a friend of China, to open business. He naturally gets lots of money for that, but that's all there is to it. Kissinger is exactly the same as Margaret Thatcher in this respect, as we can demonstrate with this Prague Initiative conference. We should never forget that Kissinger proclaimed himself to be a British agent, in his famous speech in 1982, in front of the Royal Institute for International Affairs, on the occasion of the 200th anniversary of the creation of British intelligence under Jeremy Bentham. Kissinger said that even in his position as secretary of state and national security adviser in the Nixon administration, he always took British interests first, and American interests second. I think he should not go unpunished for doing this!

Thus, Kissinger and Thatcher are the same thing, and we must stop this campaign to bedevil China. China has no aggressive intentions. It is not in the Chinese culture to wish that. I had meetings with top Chinese officials, which I have not made public, because they were of such a nature that it was not fruitful, but the point is that, in China now, they have the maximum interest to have a good relationship with the United States. They want to have a strategic partnership with the United States. If the United States does not have a good relationship with China—the population card—there is no way that mankind can get into the next century in peace.

Look at a map of the world's population densities. You have dense population in the Midwest of the United States; you have some density in Europe; but the vast majority is in Asia, in Southeast Asia, China, the Indian subcontinent—4.5 billion people live there. If the United States, which is the largest superpower in the world, and China, which will be the largest superpower in the next century, probably by the year 2010—if these two do not work together, you can have World War III. What Gingrich did on his recent trip to China, where he behaved in the worst way—he incited the Chinese. China is a culture which has had a lot of attacks from colonialism, the Opium Wars, the Boxer uprising. They are very, very sensitive; they do not want to be pushed around. The last thing they want, is for some jerk to come and tell lies, which Gingrich did. He had the nerve to speak to a school of diplomatic students, and say, you are doing this, you are doing that. Also, hyping up the Taiwan issue.

Hongkong will join China in July. And this whole apparatus of the Prague Initiative and the CSI gang, and these other agents, are geared up right now to use the Hongkong issue, to use the crisis with China over Taiwan, while at the same time manipulating Taiwan to go in the direction of independence—you can create conflict this way! If you would have war between the United States and China, which is what these people are driving at, World War III is quite feasible. I think we should really make a campaign in which we use the knowledge we have, of what these creeps did in Africa, and what they are still doing, and destroy this apparatus. This is important to save Africa, and it is important to save the United States and the rest of the world.

So, we are right now in an incredible historical period. It is very horrible, and very dangerous. I want you to change your life; I want you to join this movement, throw all hesitations away, give some of your time. Just say, I want to become an active member of this organization; I want to mobilize, I want to help to save Africa, I want to help save the world, before it is too late. We are, right now, an internationally organized mass movement of different shapes and forms—this will be reflected in the number of people signing this call for a New Bretton Woods. This network of people, the active organization we have in the United States; in Europe, east and west; in Latin America; the many friends we have in Africa, in China, and in other places. This is the hope! It is all oriented

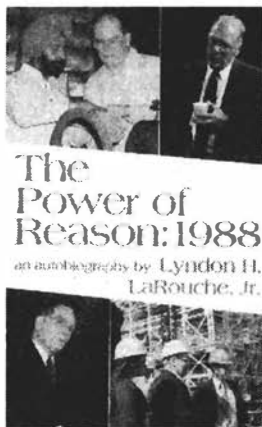
around Lyn, around getting Lyn in the position to play a leading role in this coming crisis. World civilization hangs by a silver thread. That's the reality of it, and it's very dangerous.

However, I want to end with an optimistic note, a picture from an exhibition from China that is in Washington right now; it's called the Imperial Treasures. This is an excerpt from a scroll, about five meters long, that portrays a long procession, going to the funeral of an emperor. It's a beautiful picture, and if you get to Washington, you should see the exhibition. I'm showing it to you, because China has a very old culture. It has so many beautiful things! You have a Confucian tradition of philosophy, which is very close to our own Christian tradition; it is very close to Judaism; it is very close to Islam, because it has a very high appreciation of the idea of Man. I am absolutely certain, that if we defeat these criminal gangs, then a dialogue among cultures in this world is absolutely possible. I'm an optimist! I think we will win this fight, because man has been given by God an ability to defeat evil. I think we have something within our soul which makes us strong enough, when we are confronted with a horrible evil, to mobilize something inside ourselves which enables us to defeat the worst tyranny and the worst power of despots around the world. I would like to thank the poets and musicians who performed, because this is what humanity is all about. You will see: We will win, and there will be a Renaissance very soon.

Books by Lyndon H. LaRouche, Jr.

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—Former U.S. Attorney General
Ramsey Clark

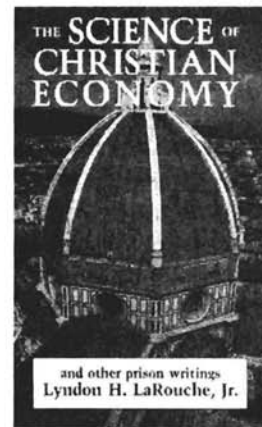
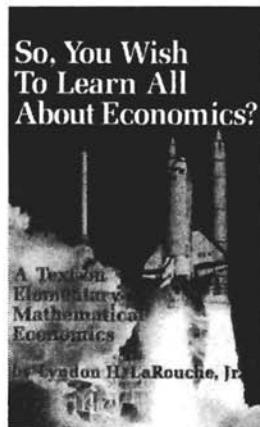


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U.S. must break off support for Museveni

by Godfrey Binaisa

Mr. Binaisa is the former President of Uganda, and is currently head of the African Civil Rights Movement. Here are excerpts of his speech at New York City's Riverside Church on April 5.

I would like to remind my friends here about the Roman Emperor Nero, who was reported to be playing the fiddle in his palace, while Rome was on fire. Your President, Bill Clinton, is also reputed to play the saxophone. That enlivens the neighborhood of the White House; but let me remind him, through you, that he is playing the saxophone while Africa is burning. He is the President of the greatest power on Earth today. He has refused, or neglected, to respond to the millions of people in Africa who are losing their lives every day.

You all know about the notorious President Idi Amin Dada of Uganda. He was made notorious, because, during his regime in Uganda, which lasted eight years, from 1971 to 1979, a quarter of a million people lost their lives. But today, under President Museveni, about 2 million people lost their lives, not only in Uganda, but in Rwanda, Burundi, Zaire, and now Sudan. And yet, the greatest power on Earth is doing nothing except to wine and dine and counsel and make Museveni happy.

Recently, the First Lady of this country visited Uganda. You saw the pictures of her with Museveni. I had signed a letter, as chairman of the African Civil Rights Movement, warning her ladyship to postpone her visit to Uganda, because of the horrendous situation in Uganda today. I understood that she issued a statement before she left, saying that she was only going to Uganda for humanitarian reasons. But all the same, her visit gave respectability to President Museveni, no doubt. Ugandans who saw her—some of them telephoned some of us—say they were appalled, to see that this great country, this very first country to kick off the yoke of a foreign tyrant, King George III, is still hob-nobbing with oppressors, still giving comfort to tyrants, still giving help to bullies. Because Museveni is a big bully. He is bullying the people of Uganda, the people of Rwanda, the people of Burundi, the people of Zaire, and now the people of Sudan, because he has been armed to the teeth by your people, by your government. He has been aided and abetted, he has been counselled, he has been given money.

Recently, to add insult to injury, the IMF made an announcement forgiving Uganda \$300 million of debt. It is the first country to be given that kind of write-off. But in the next



Former Ugandan President Godfrey Binaisa, who founded the African Civil Rights Movement in 1996.

breath, they ordered Museveni—not the IMF, but the powers that be—to march into Sudan. I imagine he must have told them, “If you want me to go into Sudan, I cannot do so, because the debt I have with the IMF and World Bank hangs around my neck like an albatross.” And I think they responded by saying, “Forget it, we’re going to take care of that. But you go into Sudan.”

The conspiracy to go into Sudan is a bigger conspiracy, a conspiracy of rebuilding a new British Empire in the center of Africa, a conspiracy coming on the heels of depression and lack of jobs in England; the loss of Hongkong, which is coming about in July. . . . What do they do?

Let us start with Sudan. They try to punish Sudan, because Sudan is led by fundamentalist Muslims. . . . But are these the only fundamentalists in the world? What about Pat Robertson, in this country? Is he to be exempted, because he is a Christian fundamentalist? What about Baroness Caroline Cox, deputy speaker of the House of Lords in England? . . .

Sudan has committed three mortal sins; that is why it deserves punishment. The first sin, was in 1897, when Mahdi, their leader, at the Battle of Omdurman, defeated Gordon Pasha, and killed Gordon Pasha. . . . About 1923, the British in Sudan founded a college of higher learning, which became a university later; in memory of Gordon Pasha, they named it Gordon College. The second sin the Sudanese committed, was, later on, to change that name to the University of Khartoum. . . . Lastly, on Jan. 1, 1956, the Sudanese refused to go through the procedures of gaining independence through negotiation, going to London, holding a conference, coming back to Sudan to have a ceremony of lowering the flag and giving pep talks. They had nothing to do with that. They just packed up the governor’s kit, his plumed hat with ostrich feathers and buckled shoes, packed him off to London, and said, “Please, don’t come back, because we are independent.” This is why the Sudanese are to be punished. . . .

Which way for Africa: freedom or slavery?

by Linda De Hoyos

This speech was given at a forum of the FDR-PAC at New York City's Riverside Church on April 5, in memory of Martin Luther King's last speech before his death 29 years ago, made at the same church.

What I wanted to do today was, to go behind the screen of events, to examine some of the ideas that are causing what is really the most devastating horror-show that the world has ever seen. And, I think that we have to realize that whither Africa goes, so go the rest of us. I hope that no one has any illusions about that.

This is why Lyndon LaRouche has said that Africa is the moral compass of the world, and therefore, I'd like to examine the situation from the standpoint of one of the twentieth century's greatest moral navigators: Martin Luther King. And to contrast the worldview of Martin Luther King with that of Ugandan President Yoweri Museveni, who has been put forward as the new leader of the "new Africa," and who will receive an award from the Corporate Council on Africa of the United States, in a couple of weeks, for opening up Uganda to the rest of the world; and whose reputation as the man of the "future Africa" is being built up.

First, let's start with Martin Luther King and some basics.

In one of his writings called "The Ethical Demands for Integration," King says: "The Judeo-Christian tradition refers to this inherent dignity of man in the Biblical term 'the image of God.' This innate worth referred to in the phrase of 'the image of God' is universally shared in equal portions by all men. There is no greater scale of essential worth. There is no divine right of one race, which differs from the divine right of another. Every human being has etched in his personality the indelible stamp of the Creator. This idea of the dignity and worth of human personality is expressed eloquently and unequivocally in the Declaration of Independence. 'All men,' it says, 'are created equal. They are endowed by their Creator with certain inalienable rights, among these, are life, liberty, and the pursuit of happiness.' Never has a socio-political document proclaimed more profoundly and eloquently the sacredness of human personality. . . . Segregation stands diametrically opposed to the principle of the sacredness of human personality; it debases personality. The tragedy of seg-

regation is that it treats men as means, rather than ends, and thereby reduces them to things, rather than persons. . . . But man is not a thing. He must be dealt with, not as an animated tool, but as a person, sacred in himself."

Now, Museveni's worldview can be summed up in the following quote, which, I want you to know, he does *not* deny, but boasts of having said; and it goes like this: "I have never blamed the whites for colonizing Africa. I have never blamed the whites for taking slaves. If you are stupid, you should be taken a slave." [As quoted in *Atlantic Monthly*, September 1994.]

Now, obviously, with only the barest of changes, that statement could be put in the mouth of any slavemaster who has ever existed. To understand how Museveni could say this, you have to understand that, first of all, he is not a very well-educated person, having gone to school at Dar Es Salaam University; which did not provide him the intellectual capabilities to overcome his second problem, which is that he is a member of the Bahima tribe, of southwestern Uganda. The Bahimas, which are a section of the Tutsi group, ruled that area in the most stratified form possible. It was a virtual feudal society, within the state that we now know as Uganda. It was a caste system in which Bahimas were at the top, and intermarriage among the castes was not permitted.

In that situation, the word "Hutu," which describes the group of most of the people of this area of southern Uganda, Rwanda, and Burundi, and so forth—the word "Hutu" means "serf." It's not a tribal designation, it's a caste designation.

So we can imagine that Museveni's internal logic goes something like this: Hutu means serf; therefore, Hutus must be stupid; therefore, Hutus *deserve* what they get. And now, they *are* getting it, in eastern Zaire, in Rwanda, and Burundi, as we have documented, and the horror of what has been done to them will increasingly become conscious to the world.

Britain's 'danse macabre' in Africa

Now, it should be obvious that such a worldview as Museveni's is a very convenient tool for the British oligarchy, and they have given Museveni full rein to carry out his dream of a Hima, or Tutsi Empire, in central-eastern Africa. So, they permitted him, in 1990, to hive off a section of the Ugandan



Martin Luther King (left), whose public denunciation of the Vietnam War at New York's Riverside Church on April 5, 1967, was based on the principle that all men stand equal as being created in the image of God, had a fundamentally opposite worldview from Uganda's marcherlord Yoweri Museveni (center), whose morality is reduced to the boast: "If you are stupid, you should be taken a slave." Black nationalist Stokely Carmichael (right), who shares Museveni's ideology, was deployed to destroy the civil rights movement of Dr. King.

Army, and to march into Rwanda, under the cover of the Rwandan Patriotic Front; and, as one Ugandan recently said, when asked about this, "Everybody notices when a fifth of the army disappears across the border."

This was done again, in 1994, when the Rwandan Patriotic Front, which already occupied part of Rwanda, blitzkrieged its way across Rwanda as soon as the Rwandan President Habyarimana had been murdered at Kigali Airport. This resulted in a massive bloodletting, which was not simply a genocide of Tutsis, by any means; and resulted in pushing millions of people out of Rwanda—when there were only 7 million people in Rwanda to begin with. Millions were pushed into Tanzania, and millions more into eastern Zaire.

Up until the point of the invasion of eastern Zaire, from Rwanda and Uganda, in October of 1996, we had calculated that this British plan for the recolonization of Africa had already resulted in the deaths of 1.6 million people. And, I would say that, out of the 1.2, or 1.4, or 1.5 million people that were pushed into eastern Zaire—the UN High Commission on Refugees says that there are only about 75,000 left out of at least 600,000 people who remained in eastern Zaire. That's how many refugees there are; and, if you look at the *New York Times*, you can see what state they're in, and what a terrible "threat" they are to everyone. We do not know what has become of the 600,000 or so who returned to Rwanda, but I can assure you that they are *not* safe.

So, the Rwandan Hutu refugees have been virtually exterminated. This has been done, not on behalf of Museveni himself (although he seems to think so), but on behalf of Sir George Bush's Barrick Gold, Anglo American, Lonrho, other British-Canadian companies: the companies which constitute the financial wealth and basis of the British monarchy, the Privy Council, and its related oligarchies.

What this means for East and Central Africa—and for the rest of Africa, because this is just the beginning—is the enslavement of a continent, and the death of millions, millions of people.

The driving force, on the ground, for this recolonization and for the case of the Tutsi Empire, is segregation—it is apartheid.

To demonstrate this to you, I want to take you to another front in Uganda's war against its neighbors, which is its war against the nation-state of Sudan. There are two divisions of Ugandan soldiers in eastern Zaire—we have confirmed this from various places; and, there's certainly one division inside Sudan, and there are more divisions, about four divisions—40,000 troops—in northern Uganda, waiting to go into southern Sudan.

The compass lost: Francis Deng

Let's take the case of Francis Deng, who is the theoretician of the separatist movement in Sudan, which Museveni is com-

ing to aid—the SPLA, the Sudanese People’s Liberation Army. Now, Francis Deng was formerly at the United Nations High Commission on Refugees (which, I want you to know, has supervised the mass death of refugees in Zaire), and, now, is at the Brookings Institution in Washington, D.C. In 1996, he published a book called, *War of Visions*. In stark contrast to the principles held sacred by Martin Luther King, Deng states in the first lines of his book: “Identity is used in this book to describe the way individuals and groups define themselves, and *are defined by others*, on the basis of race, ethnicity, religion, language, and culture. In Africa, as the case of Somalia has so tragically demonstrated, clan, lineage, and family are often vital elements of identity. Territorial region as an element of identification overlaps with one or more of these factors, and is therefore complementary. Whatever the determining factors, identity is a concept that gives a deeply rooted psychological and social meaning to the individual. As groups vie for power, material resources, and other values, these dynamics may involve cooperation, competition, or conflict. The source of conflict lies not so much in the mere fact of differences, as in the degree to which the interacting identities and their overriding goals are mutually accommodating or incompatible” (emphasis added).

This is Francis Deng’s idea of the identity of the human personality.

Out of this, he spins a web of deceit, which is called the conflict between the Arab, northern Sudanese, and the African, southern Sudanese: “The identities of North and South have evolved in sharply contrasting racial, cultural, and religious self-perceptions. . . . In the North, the sense of pride and dignity the Sudanese Arabs gain from their self-preserved heritage would prevent them from shedding their Arab skin to resume their long-discarded African identity. The Southern Sudanese, too, are proud of their race—which has survived recurrent Arab invasions for slaves—and contemptuous of a race they consider morally depraved, and bent on dominating, subjugating, and humiliating the black race. . . . Partition may indeed allow each side to consolidate its internal front”—precisely, and conveniently, London’s desire.

If this alleged incompatibility is irreversible, then how does Francis Deng then account for the fact that, before the British came—and even up to about the 1920s, during the period of British rule—these two areas were integrated? As cotton production brought large-scale production to Sudan, and as cotton production came south from the north, there began a greater and greater interplay between the Arab north and the so-called African south. The British were very afraid of this, because they were afraid of the Sudanese in the north. The Sudanese had “murdered” Charles Gordon Pasha (who definitely deserved such a death); they had defeated the British in battle; and they were a force, which the British were *terrified* would be able to penetrate into southern Sudan, and into equatorial Africa; and then, it was feared, all the British colonies would be in a complete uproar.

So, the British instituted a policy in 1923 of absolute and total apartheid *within* Sudan itself: They divided the country in half. Up to that point, many people in the south had been in the army of Sudan; they were kicked out, and sent back home to the south. There were people, so-called Arabs, or Arabic-speaking people (they were not Arabs, for that matter; they’re African), Arabic-speakers, who lived in the south: They were kicked out; they were told they had to go to the north. It was as if a barbed wire fence had been strung across the entire country.

The people in the south were left to themselves: They were not allowed to develop; they were not given much education; they were not given any aid, in terms of developing their economies. There was no urbanization permitted—people were told they could not come into the cities, they had to stay outside of the cities; just as African blacks were told that during the apartheid days in South Africa.

This policy was described as follows in *The Secret War in the Sudan, 1955-1972*, by Edgar O’Ballance: “In 1930, the British administrators redefined their southern policy of separating the north from the south. It had, in fact, begun in 1902, and been furthered in ’22, because they feared that the newly emerging, anti-British sentiments in the north, encouraged by Egyptian factions, might spread into the south. On the 25th of January, it was decreed that the object was to: ‘Build up a series of self-contained racial and tribal units, with structure and organization based to whatever extent the equity of good government permit, upon indigenous customs, traditions, usages, and beliefs.’ ”

In other words, what the British did is something that Francis Deng could really subscribe to!

Then the British proceeded to create a separate “identity” for the south. In 1930 Angus Gillan, governor of Kordofan, wrote that the aim of the apartheid policy was “to preserve authentic Nuba civilization and culture against a bastard type of ‘Arabization.’ ” Thus, within 30 years, a southern Sudanese precursor to Francis Deng would write: “The policy of assimilation through the Islamic religion and Arabic language is unequivocally opposed by Africans because this is calculated to destroy their African identity and national dignity.”

Having created this southern Sudanese identity out of whole cloth, and having divided the country in two, at the point that the British left and set the two sides of the country against each other, then they said, “Well, we’re going to give the administration of the entire country to the north.” And, by 1955, even one year before independence, there was war in southern Sudan against the north, which had been provoked and instigated by the British colonialists.

Same games in Uganda

The British played the same exact games in Uganda, where there is no Arabic-speaking population, of note. The southern Sudanese, having been kicked out of the southern

Sudan army, were used by Captain Lugard to conquer Uganda: They were recruited into British armies to come in and conquer Uganda. This formed the core of the Uganda Rifles of 1895. Now, the theory behind this was, that the Nubians constituted the best material for soldiering, according to the theory that there are “martial races.”

According to this British theory, as described in *The Colonial Roots of Internal Conflict* by Samwirir Lwanga-Lunyiigo, “The central African races were seen as possessing military qualities in direct proportion to the amount of influence left by foreign invaders. In the Uganda context, the Nilotic and Sudanic tribes of northern Uganda show signs of the effects of former Asiatic invasions, to which they owe their warlike characteristics.” This is what the British told the northern Ugandans and the southern Sudanese that they were really all about.

Then, these people were used against southern Uganda. Meanwhile, in Buganda and other tribal kingdoms, the British, as they left, set these kingdoms up, particularly Buganda in the south, as a sovereign country, almost within Uganda itself, that is, giving it special treatment, and gave it its own bloc in the parliament. Meanwhile, economy: While using the people in the north as their armies, they developed the south to some extent. They permitted cotton production: This is where most of the agriculture production of the country was taking place; this is where the wealth of Uganda was coming from. They would have laborers come in from the north to work on the farms in the south, in the plantations in the south. When some dopey British administrator in the north tried to set up some cotton production up there, he was told, “Don’t do this! This is a *non*-productive zone, in the north. And these things are only permitted to take place in the south.”

So, the north was left underdeveloped, relatively speaking; the south was built up; and, as the British left, they created all these divisions, which meant that it was extremely difficult for Uganda to come together as a nation.

Museveni’s march against Sudan

Today, Museveni believes that he speaks for the people of the south; and he has, since he’s been in power in 1986, turned the army into a southern-based army, and most of the officers are from his own, particular Bahima group. This army has been used, constantly, to back up the southern Sudanese and Francis Deng in their fight for a separate Sudan; to destroy the potential of Sudan to develop as a nation-state, which would be a model for every single nation in that region, as to how they can independently develop. Idi Amin was put in power, because *he agreed* to march on Sudan. Milton Obote, the person he couped, would not.

Museveni was given backing, in the bush in 1983, when he fought against Mobote again (he didn’t like the election results, so he decided to go to war); and, in the bush, he had very little until *after* a new Sudan war broke out in 1983, and

then Museveni was able to meet with Lord Peter Carrington in London; he got money; he got backing; and then he came to power in 1986 in *order to ensure* the British march on Sudan from Uganda.

That war, that continuous war, which is now in its 14th year in southern Sudan, has resulted in the uprooting of millions of people there. We can recall the terrible famine and hunger that existed there in 1985, due to this war: This has resulted in the deaths of far more than a million people.

And this is done in the name of an “African identity.”

Museveni himself is a believer in this British-hatched concept of an African identity, which has nothing to do with being a human being. I had the occasion to speak to a representative of the Sudanese People’s Liberation Army at a conference in Washington, with a member of the Ugandan Embassy, who is a Museveni toady. This person from the SPLA is a little bit high-strung and he sputtered to me, “The problem is, they want us to become Muslims!”

And I said, “Come on, this just simply is not the case. There is freedom of religion in Sudan, and you know that.”

And he said, “No, no, no! They want us to become Muslims, and we’re *Africans!*”

And I said, “What do you mean, you’re Africans?”

And he says, “Well, we’re *Africans!*”

And I said, “You mean, you can’t be Muslim and be an African?”

And he said, “That’s right!”

This is demographically absurd, since probably one-third of sub-Saharan Africa, not counting Sudan, is Muslim. But, this fantasy is inculcated in the brain of these Garang-backers in southern Sudan, and this is backed 100% by Museveni, and he has given speeches on this point at the Center for Strategic and International Studies, and miraculously, wasn’t laughed off the stage.

Nyerere’s Kindergarten

In the post-colonial era, the center for this “African identity” is the Dar Es Salaam University of Tanzania. The SPLA’s Garang, Museveni, Eritrea’s Isaias Afwerki, and many other guerrillas come out of the Dar Es Salaam University—or, “Nyerere’s Kindergarten,” in reference to former Tanzanian President Julius Nyerere, who is a sly perpetrator of genocide—not carrying it out openly, but, nevertheless, very effectively.

Museveni, who had some trouble in elementary school, according to his autobiography, decided to go to Dar Es Salaam as opposed to Makerere University in Kampala, one of the finest universities in all of Africa, because he didn’t find studying civilization “relevant.” In Dar Es Salaam there was no such danger; students were fed a steady diet of Marx, Franz Fanon, and Lenin.

At Dar Es Salaam, Museveni and his friends founded something called the “University Students African Revolutionary Front.” This front included John Garang, of the Suda-

nese People's Liberation Army, and Museveni writes in his autobiography: "We also invited other revolutionaries from other parts of the world—people like Stokely Carmichael, now Kwame Torre, whom we invited specifically from the United States"—the conjurer of "Black Power" who was deployed to destroy the civil rights movement of Martin Luther King.

This meeting of Stokely Carmichael and Yoweri Museveni makes perfect sense—because they both represent precisely this type of mentality, an identity based on your *particular* differences. You can imagine these people getting differences down to an identity based on all those people who have a mole on their left chin; or have a particular identity. How narrow an identity can you get; how far can one dissect oneself, and say, "This is where I stand; *this* is my identity"?

Well, it can go into infinity: in reality, into a bad infinity; because, once you have rejected a *human* identity, as in the image of God, and rejected the idea that identity rests in every other person in the world, by virtue of being a person, by virtue of being a human being; if you have rejected that idea, then you have created the basis for war, you have created the basis for exterminations, you have created the basis for Nazism; you have created the basis for any horror you can think of.

And that is what has unfolded in only the 11 years that Yoweri Museveni has been in power, *but* with the backing of people who say, "*We* have the right to rule the world. We are the British oligarchy. And it is *our* right to dictate how things will go. The rest of the world is serfs to us, including Americans; including citizens of our own country; including everybody in Europe, everybody in Asia—those are our serfs." Or, as one British oligarch referred to humanity: "the great unwashed."

It is precisely lawful, therefore, that we find the descendants—the ideological clones, so to speak—of Stokely Carmichael *backing* Laurent Kabila today, from the United States; and who say, "This is the Great Liberator from the tyrant Mobutu."

The crisis today

This clash of worldviews has reached an absolute, final showdown in Africa. What the British are saying, now, is that, out of the failed states of Africa—states which were designed, as they were given independence, *to* fail, and were given *no help* whatsoever—that we have to reconstitute these failed states in the image of Museveni's and London's Uganda. What do we have there? We have a mercenary army; the Ugandan, the Rwandan, and the Burundian armies, are nothing but mercenary armies. They have nothing to do with the national interests of the countries whose insignia they wear. We have a breakdown of all social services—there are no social services in Uganda. Uganda has the fastest-declining life-expectancy of any country in Africa, which is unbeliev-

able, because, in the early 1960s, Milton Obote gave Uganda the finest medical services of any country in Africa, next to South Africa. And the life-expectancy leaped upward, right after independence.

We have a looters' paradise, where there are tax holidays, full foreign ownership, full repatriation of profits—so everything goes *out* of the country. This is the new state, the new model of what Africa is supposed to look like.

As the poet of freedom Friedrich Schiller said, "There is a limit to a tyrant's power," and we hear this even from Uganda, today, as more and more people there cannot understand why their sons should die in wars of extermination against their neighbors.

As we look to build an African civil rights movement, we have only to look to the Declaration of Independence and the purpose of government to secure the rights which Martin Luther King discussed; and, also to the Preamble of the Constitution, which says that, "We the People of the United States, in order to form a more perfect Union." A more perfect union, of greater perfection, of the greater development of each individual, as opposed to debating whether or not the exclusive identities of tribes, ethnic designations and religions, will clash or accommodate. This is the question that has now been called, and it has not only been called in Africa, it has been called for us.

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The nation of France: a ship foundering in high seas

by Christine Bierre

As the world heads toward a financial crash, not only is there no one in the French establishment to propose a fundamental change in the system, but the political climate in the country resembles more and more a ship of fools. The French nation, like nations around the world, is caught on high seas in the middle of the storm, but unlike Rabelais's metaphor, no wise captain is at the helm to lead it to a safe port.

The overall economic situation of the country is disastrous. The financial sector is still far from having "purged" its huge real estate debt, and the mere attempt to "absorb" it will further collapse the real economy. The case of the bank *Crédit Lyonnais* is most telling of a process of unending bailout, the cost of which is carried entirely by the taxpayers. When the crisis first erupted in the early 1990s, the total losses of *Crédit Lyonnais* had been estimated at around 70 billion francs (about \$14 billion); this figure was reestimated at FF 100 billion last year, and is now FF 130 billion, according to the most recent estimates. *Crédit Lyonnais* is not alone in this situation. At the end of February, the state announced its decision to bail out the *Groupe d'Assurance National*, France's public insurance giant, for FF 20 billion. Since 1992, the total losses of the GAN have reached FF 35 billion, of which FF 27 billion has been in the real estate sector alone. The crisis is hitting all the public sector companies, whose total accumulated debt is now estimated at some FF 600 billion.

As banks and industries collapse, unemployment levels have become unbearable: One out of four French citizens of working age is at this point either unemployed or living in a precarious situation, with no more income than someone employed in a make-work project or receiving state aid. Fear of the future has spread throughout the population, creating the potential for a social explosion of the same dimensions as December 1995, with the qualitative difference this time that the strikes have become more political, and are increasingly

targetting the Anglo-Saxon neo-liberal free trade system and the banks. Reflecting this tense climate, was the reaction of Renault workers to the company's decision to close down a modern factory in Vilvoorde, Belgium, because of a precipitous collapse in car sales. Joint strike actions and protests were immediately organized in both countries. Several thousand Renault workers from France joined the March 16 "March for Employment" in Brussels, along with eastern and other western European delegations.

Associates of the LaRouche political movement in France, from the Solidarity and Progress Party, intervened at these demonstrations with a leaflet titled "A New Horizon for Renault and Europe: From the Atlantic to the China Sea." It called for France to scrap the Maastricht Treaty's austerity conditionalities and wake up to the potential for global economic reconstruction, based around the Eurasian Land-Bridge. Apart from such interventions from the LaRouche movement, however, there is no institutional force in France at the present time that is prepared to take such initiatives.

Interns reject 'Anglo-Saxon' health care

During the last four weeks, a tough conflict has pitted medical interns against the state. In France, doctors who have just graduated first go through a several-year internship at university-connected teaching hospitals before going into the public or private practice of medicine. The interns' protests started against a measure adopted in the context of Prime Minister Alain Juppé's 1995 plan to balance the public health budget. That measure holds the medical profession responsible for any spending beyond the yearly growth rate of medical expenses voted by the National Assembly, and forces the profession to pay any excess spending out of its own pockets! The Juppé plan had given a three-year exemption for such payments to the young doctors. Extremely nervous about the

opposition to the plan, the government immediately accepted an extension in the exemption, to seven years.

But now, the interns have reoriented their strike to fight for the total rejection of the accountant mentality of the Juppé plan, explicitly denouncing it as an Anglo-Saxon health care system which will lead to blatant inequities. How can you treat anybody seriously by starting from financial constraints? the interns are asking. Until early April, the movement had involved 23 out of 26 university hospital centers as well as the private sector physicians. Many other sectors are also on strike, including bank employees, who are protesting deregulation of working hours; Air Inter employees threatened with layoffs because of the merger with Air France; and truckers fighting for retirement at 55 years of age. Other sectors are merely on hold while negotiations are proceeding.

The French elites, however, seem oblivious to the fact that they are sitting on a financial and social powderkeg. In spite of the many early warning signals of the coming crisis, the government and the majority of the *nomenklatura*, from the left and the right, are clinging to the very policies which have caused the crisis: the neo-liberal laissez-faire doctrines, the primacy of financial investment over production, and the monetarist credo of the Maastricht Treaty with its absurd convergence criteria. For “Gaullists,” such as Prime Minister Juppé, who, some years ago, betrayed de Gaulle’s concept of economic planning, it is inconceivable today to reject neo-liberalism. The world of economic planning, as de Gaulle practiced it, is for them a bygone “conservatism,” and the only thing to do now is to adapt and prepare the nation to fight the jackals in the fierce jungle of a globalized world economy.

In Shakespeare, Hamlet’s incapacity to change the situation for fear of the “unknown,” is quite a common disease in France, where it is called Cartesianism, the clinging to a fixed logical-deductive system of axioms, in spite of the fact that it bears no correspondence to reality. Just as France clung to the Maginot Line prior to World War II, so now it clings stubbornly to Maastricht and the other liberal dogmas.

What defines ‘loyalty to France’?

Another crying example of the French elites’ incapacity to adopt new solutions to problems, a dogmatism which de Gaulle polemicized against in many of his writings, is to be seen as well in French policies toward Africa. Even though the breakup of Zaire was provoked by the British-directed offensive of Ugandan President Yoweri Museveni, Rwandan Defense Minister Paul Kagame, and Museveni puppet Laurent Kabila, nobody can deny that 30 years of the corrupt Mobutu regime, aggravated by the 1990 total cutoff of Western aid to Zaire, created the conditions for the rapid implosion of that country under the attacks of Kabila, assisted by the well-trained armies of Kagame and Museveni.

In spite of the collapse of Zaire, in spite of the fact that Mobutu is dying of cancer, the French government has supported Mobutu to the bitter end, refusing to seek out leaders of moral and intellectual qualities who could replace him and



French Prime Minister Alain Juppé, whose plan to impose austerity is meeting growing resistance.

mobilize the country against Kabila.

This stubborn clinging to the established order in France or in Africa, is the quality in Jacques Foccart, the architect of French Africa policy over the last 30 years, that was praised by many in eulogies published after his death in late March. Originally, Foccart was the official liaison of President Charles de Gaulle to Africa; a mission that he fulfilled while becoming personal friends with practically all of the Francophone African heads of state, with whom he was often in daily telephone contact. The commentaries praised Foccart for his loyalty to de Gaulle and to France, whose Presidents he continued to serve in this capacity until his death.

But what is the situation in Francophone Africa, that Foccart should be so praised for his “loyalty”? Thirty years after their independence, those countries are in a process, not of economic and political development, but of full devolution. Their institutions are weaker than ever, their economies looted by the structural adjustment programs of the International Monetary Fund and by the 1994 devaluation of the CFA (African) franc. Politically, those countries are still run by some of the most gruesome dictators, and nothing has been done to facilitate access to power by competent and idealistic leaders. As a result of this situation, more and more of those countries are contesting the “privileged” alliance that united them with France, and are willing to envisage alliances even with the devil, the hard-core factions of the British Empire promoting Museveni, for instance, to get out from under French control.

As Francophone Africa falls apart, did any of the elites question Foccart’s “loyalty” to France, in the name of which he supported some of the worst dictatorships in Africa and some of the worst policies that came from Paris? No. The list of names of people who could replace Foccart after his death,

from present Secretary of State for Cooperation Jacques Godfrain, Foccart's official heir presumptive, or Jean François Probst, from the prime minister's cabinet, leave hardly any doubt that the policy will be to cling stubbornly to Foccart, without Foccart.

Power struggles beneath the calm surface

If the general political discussion is governed at all levels—on issues ranging from immigration to foreign policy—by a soft consensus among all parties, the Socialist Party plays the role, at best, of a moderate opposition. But, under the table, the knives are out, and the political scene is dominated by power struggles, factional bickering, and *revanchisme*, a situation which de Gaulle would have characterized as one of complete havoc.

The *affaires* are rampant, and scandals are hitting President Jacques Chirac and his associates, as well as the old Mitterrand networks in the Socialist Party. Among those targeted is a very close friend and associate of Chirac, François Pinault, the head of Pinault-Printemp. In the 1980s, Pinault made a killing through the purchase of \$2 billion out of the \$3 billion Executive Life junk bond portfolio that Crédit Lyonnais had just purchased. Pinault, who made a \$1 billion profit in this affair, was able to buy his share originally thanks to a loan made for this purpose—by Crédit Lyonnais! The scandal, however, is the following. Among the assets Crédit Lyonnais is now trying to sell in order to cover up parts of its huge debt, are some remaining elements of this deal with Pinault. The Financière Pinault owes FF 1.5 billion to Crédit Lyonnais, and the bank still holds a 24.6% participation in Artemis, at the heart of Pinault's company. Crédit Lyonnais had originally paid FF 3 billion for all this. Today, to help Crédit Lyonnais, Pinault offered at first to buy up these assets for FF 800 million, and then, gallantly moved up his offer to FF 1.5 billion, making a nice profit of FF 2 billion.

Among the left-wing, the scandal over the extensive phone taps ordered by the Elysée Presidential palace during the Mitterrand era, is hitting the old Mitterrand networks full force. The entire set of transcripts of the phone taps on thousands of people were just recently discovered in a box rented by Major Prouteau, the former head of the Elysée anti-terror unit. Some elements of those archives, in which most of whose information is protected under defense secrecy laws, have been published. A letter by Prouteau to Mitterrand, in which he details all the new taps that he has asked for, and the missions to be accomplished, as well as reports with notations by Mitterrand himself, leave no doubt that the late President was personally leading these black operations which spied on thousands, in some cases for no other purpose than to protect the secrets of François Mitterrand's private life, including the existence of his illegitimate daughter, Mazarine.

Another element of the political havoc is the judicial system, in which the judges, using the corruption of politicians as a pretext, have gone out on a limb and are castigating

politicians and industrialists in a comprehensible, but dangerous revolt. Not only are the heads of many top industries under investigation or in jail, but judges are handing down extremely harsh sentences, going way beyond the crimes actually committed. If some of these sentences are well deserved, other cases show a dangerous bias. This is the situation in the case of Paul Suard, the former head of Alcatel, one of the top high-tech infrastructure companies in the country, who will probably get a non-suspended jail sentence for having taken FF 1.4 million of company money to set up a security system at his private home. However, Suard had this security system installed, on the advice of police, at the height of the wave of kidnappings launched by Direct Action terrorists who had already killed several industry heads. Similarly, the prison conditions under which Loik Le Flock Prigent (the former head of the national oil company Elf Aquitaine, who is accused of having used Elf money for personal purposes, and another target of the judges' crusade) is being detained, are abominable.

The French Mussolini

Who benefits from this degenerate climate? The xenophobic Jean Marie Le Pen, whose National Front is gaining momentum nationwide. The victory of Catherine Megret, the wife of one of Le Pen's top lieutenants, Bruno Megret, in a mayoral race in the southern city of Vitrolles, has reinforced the Le Pen camp, and there is much concern that a real breakthrough for Le Pen could occur in the 1998 legislative elections.

A French version of Mussolini, Le Pen speaks "straight," denounces the corruption of all politicians, and reduces all problems to a demagogic, below-the-belt attack against immigrants, whom he accuses of stealing French jobs, causing the deficit of the Social Security system, increasing rates of crime, and whatnot. More recently, Le Pen has successfully tailored his campaigns to a working class audience, denouncing globalization and outsourcing as one of the main reasons of unemployment. The recent victories of Le Pen have led to a broad reaction and mobilization of new layers against such antics.

Hideous as Le Pen might be, however, it is the traditional parties which, through their corruption and incompetence, have created the conditions, the ocean in which the Le Pen movement swims, fostering the growth of his movement. Sometimes those parties have directly aided Le Pen. Without Mitterrand, who opened up the national media to him as a means to split the right wing, Le Pen would be nothing to this day. It is the lack of design, the lack of vision, the pettiness and corruption of the so-called traditional parties, which are responsible for the growth of the Le Pen electorate. Just as in Germany, where the optimism created by reunification virtually destroyed the fascist Republikaner party of Schönhuber, so in France, enthusiasm raised in the population for the realization of a grand design of development for the world will be the only way to send Le Pen back to the oblivion which he should never have left.

International intervention, aid program needed to stabilize Albania

by Konstantin George

Albania, the first European nation to have plunged into a process of outright disintegration as a result of International Monetary Fund (IMF) policies, is perched to fall into an even deeper level of chaos. The one prospect for even a fragile, very limited degree of stability, is, as of this writing, the planned arrival on April 14 of an International Protection Force, under Italian command, to assure the distribution of humanitarian and reconstruction aid. The final hurdle to permit its arrival was cleared when the Italian Senate and Chamber of Deputies approved the deployment, in votes on April 9 and 10. On April 8, the French contingent of the international force sailed from the French Navy's Mediterranean base in Toulon, and an advance party of French troops is expected to take up positions in the Albanian port of Durres before April 14.

The international force will consist of about 6,000 troops, with the largest contingent, 2,500, coming from Italy. France will provide 1,000 troops, and Greece 700 troops (Albania has officially asked for a larger Greek contingent); Turkey and Romania will provide 500 each, and smaller contingents will come from Spain, Portugal, Slovenia, Austria, and Hungary.

Relief supplies needed soon

The ravages of the IMF have left Albania bankrupt and with mere remnants of a physical economy. Unless international relief supplies arrive by late April or May, the country faces mass starvation. The relief supplies to be protected by the international force are primarily meant for south-central, central, and northern Albania. The southern third of the country is not included for two reasons: First, a major relief effort blanketing that area of Albania (and in some cases beyond), bringing in food, medicines, and other necessities, has been under way since the third week of March, through overland aid convoys from Greece. The relief action has been funded in part by the Greek government, but mostly through an outpouring of contributions from hundreds of thousands of Greek citizens, responding to a massive TV and radio campaign to help Albania. This campaign alone raised tens of millions of dollars, strangely enough receiving all but no coverage in the Western press.

The response of the Greek population is not surprising to anyone familiar with what has transpired in Greece during the 1990s. Greece houses about 400,000 Albanian guest workers (300,000 ethnic Albanians and 100,000 Albanian citizens of the ethnic Greek minority). Given that Albania's physical economy has been all but destroyed by the IMF, southern Albania lives on the remittances from these workers in Greece. Otherwise, the effectiveness of the Greek aid effort can be seen through the simple fact that to date, except for a few thousand who have been absorbed into Greek society, there has been no refugee exodus from southern Albania into Greece. The Greek aid effort is not a real solution, but it has bought critical time, and, for the time being, prevented the worst-case scenario from occurring.

The second reason why the aid channeled through the international force will not be earmarked for the southern third of Albania, is that none of the international participants wish to have their contingents stationed there. A passionate request from Albanian Prime Minister Bashkim Fino for Greece to do so, was politely turned down by the Greek government, which said that the risks are too high. Because of insistent Albanian requests, this position may change. The first indication in this direction came on April 8, when Greece agreed to station its contingent in the south-central port of Vlora.

Whatever limited containment of the crisis has been achieved so far, there are no grounds for complacency. The prospect of starvation and/or the next level of chaos could trigger a mass exodus of Albanians in all directions, including to the Republic of Macedonia. There, where tensions are already high between the republic's Slavic majority and its 30% Albanian minority, a mass influx of desperate, and possibly armed, Albanians, could ignite civil strife. This would lead to the southern Balkans nightmare scenario: a pre-war situation, characterized by a simultaneous conflict and disintegration sweeping both Albania and Macedonia.

In addition, there is the always-present danger of the tinderbox represented by Kosova, the region of Serbia with a 90% ethnic Albanian majority, which has suffered brutal repression under Serbia's fascist Milosevic regime since 1989, when Kosova's autonomy was revoked.

Efforts to contain the crisis

The danger of spreading chaos has sparked a major international effort, in addition to the International Protection Force, to contain the Albanian crisis. Most noteworthy has been the historic reconciliation between Greece and the Republic of Macedonia. This occurred, with full U.S. backing, during a visit to Macedonia's capital of Skopje by Greek Foreign Minister Theodoros Pangalos on March 19. There, he and Macedonia's President Kirill Gligorov agreed that Greece and Macedonia would set aside differences, and work together to stabilize the region. The urgency of the reconciliation was highlighted on the day of their meeting, when the Bulgarian news agency, BTA, made public what both Athens and Skopje had already known: that large quantities of arms, including Kalashnikovs and Makarov pistols, plundered from military garrisons in southern Albania, had made their way into Macedonia, and across Macedonia, flooding the bazaars of Bulgaria.

Also with clear U.S. backing, efforts are under way on the Kosova front. For the first time since Serbian dictator Slobodan Milosevic began his repression against Kosova, talks between Serbs and ethnic Albanians to defuse tensions in Kosova began in New York on April 8 and continued on April 9. At the meeting were representatives of most Serbian and Kosova Albanian parties. The glaring exception was the Socialist Party of Milosevic, which angrily boycotted the talks.

Splits widen on all fronts

In Albania, the Army and Navy no longer exist, and the same is true concerning the police. The state and whatever was left of the economy, have disintegrated. The country has been de facto partitioned since early March into a southern Albania, uncompromisingly opposed to the "Project Democracy" creature who is Albania's President, Sali Berisha, a man who, until all hell broke loose, had been hailed by the IMF as their "model pupil" in the Balkans. Since early March, all the districts of the southern half of Albania have been in the hands of various rebel groups, which in each district have formed "Citizens Committees." The districts of northern Albania, Berisha's home region and his base of support, is under the control of pro-Berisha armed "volunteer" units, supplemented by the units of the SHIK, Berisha's secret police.

The line of partition follows the course of the Shkumbin River, the traditional divide between northern and southern Albania. However, except for a broad pro- or anti-Berisha sentiment, there is no politically coherent "north" or "south." Each district has its own regional leadership, and within each district, there are competing armed gangs, including the criminal element.

At the top, the government is nominally the "all-party" government formed in March, headed by Prime Minister Bashkim Fino, from the anti-Berisha opposition Socialist

Party, with a cabinet divided between Fino's and other opposition parties, and Berisha's Democratic Party. Alongside the all-party government, remains Berisha as President. President and prime minister, and the cabinet, are as hopelessly split as the country.

Rupture of the 'all-party' government

The split between Berisha and the Socialist Party component of the government has been widening since mid-March, to the point where an open rupture could occur at any time. If the international force doesn't arrive, the rupture is all but certain.

The President and the prime minister are operating on two different agendas. Berisha is counting on the limited stability that relief supplies would bring to the north, to continue using what remains of state funds to recruit enough armed units for the purpose of ultimately crushing the rebellion and restoring his unopposed rule in the country. Prime Minister Fino is eager to reach a political agreement with the rebel committees in the south, because this would pave the way for restoring a semblance of order there. Without agreement with the rebels, the preconditions won't exist for holding elections in June, as stipulated in the formation of the all-party government. As both Fino and Berisha know, elections in June mean the end for Berisha, and their maneuvers have been governed accordingly.

This is why Berisha has blocked any negotiations between Prime Minister Fino and the rebel "Citizens Committees" that run the districts of southern Albania. This stance, along with Berisha's refusal to resign, has maintained the de facto partition of Albania, which in turn blocks elections. The stance has also precipitated a rebel escalation, visible in the context of the March 28-29 first meeting of all the "Citizens Committees" in the town of Vlora. The committees reiterated their demand that Berisha step down, as the condition for negotiations with the Tirana government, with the goal of ending the country's partition. They were joined in this demand by figures from the Socialist Party who attended the proceedings.

Then, on March 30, Berisha for the first time threatened openly to torpedo the all-party government. He declared that unless Prime Minister Fino and the Socialists "distance themselves" from the southern "Citizens Committees" (a strange formulation, as it was in reluctant compliance with Berisha's orders that Fino and his supporters in the cabinet had not held any talks with the rebels till that date), he would pull the Democratic Party (his party) members out of the cabinet, in effect dissolving the government. Another fight that has erupted into the open, and which further shows how fragile this all-party government is, concerns the June elections, which all sides have agreed to in principle. The issue is, under what election law will they occur? Fino and the Socialist Party insist on proportional representation. Berisha has rejected this outright.

Reconstruction assistance needed

The chain of escalation did not stop there. Fino successfully defied Berisha's ultimatum, flying by helicopter to the southern rebel stronghold of Gjirokaster, in a mission that was clearly backed by the European Union. From there, he flew to Athens, accompanied by five ministers, for two days of talks with the Greek government and with representatives of the EU and Organization for Security and Cooperation in Europe, led by Netherlands Foreign Minister Hans Van Mierlo and former Austrian Chancellor Franz Vranitzky, respectively. From Greece, Albania procured an \$80 million reconstruction credit, the first credit since the crisis began, and an agreement was reached by which Greece will help reconstruct Albania's police force, and provide similar assistance in rebuilding at least the skeleton of an Army. Two high-ranking Greek police officials were dispatched to Tirana by Greek Police Minister Romaios, for talks on the matter.

Meanwhile, within Albania, the split between President Berisha and Prime Minister Fino continued as deep as ever. On April 5, after a cabinet meeting, Fino left Tirana with a cabinet motorcade, in his first attempt to visit the north of Albania since becoming prime minister. He intended the trip as a "reconciliation" attempt, a followup to his trip to the southern rebel stronghold of Gjirokaster the week before, as

part of the attempt to reunite the country, and, among other things, to allow elections to be held in June. The motorcade was stopped by a group of armed men—typical of the armed pro-Berisha gangs, de facto ruling in much of the north—short of its destination, the northern city of Shkoder. Two hand grenades were hurled in front of the motorcade, and shots were fired in the air. Fino and his ministers had to turn back to Tirana. Fino declared he had wanted "to show that I am the prime minister of all Albania, and the head of the government of national reconciliation. If a prime minister cannot enter a city, what will happen to the representative of a political party during the election campaign?"

Barring a breakthrough in the policy of the United States and Europe, nothing will stabilize inside Albania, and a spill-over of the crisis will remain a constant danger. What Albania needs minimally, is a "Marshall Plan" type of international reconstruction aid project. Nothing short of that will save Albania, and, by saving Albania, spare the entire Balkans the ultimate horror. For a country with an official population of only 3.3 million (in actuality, a good deal less than 3 million, given the mass exodus of the 1990s), the "cost," even in nominal accountants' terms, would be trivial. Otherwise, any complaints about cost should be answered with the question: What would be the cost of a Balkan war?

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Great Lakes crisis: a view from Belgium

by Dean Andromidas

The British-orchestrated war and genocide that have engulfed the Great Lakes region of Africa raises the question of the role of Belgium in this crisis. After all, Rwanda, Burundi, and Zaire are former colonies of the Kingdom of Belgium. Why has it remained so conspicuously silent, at a time when the last remnants of its influence in the region are being wiped out by this invasion of Zaire by the Ugandan Army, deployed by the British stooge, Ugandan President Yoweri Museveni? Why has Belgium been unable to put forward any independent initiative to stop the genocide now being perpetrated against Hutu refugees?

In an effort to find answers to these questions, this writer travelled to Belgium, as part of an effort by an *EIR* team of journalists and investigators. We were surprised to find, on the one hand, that the Belgian government has officially put the Great Lakes crisis close to the bottom of its agenda, while, on the other hand, among well-informed political, economic, and church-related circles, there is a surprisingly serious awareness of the role of Uganda, the British, and allied American interests, in fueling the crisis.

One Africa expert based at the University of Antwerp told *EIR*, that if the so-called Zairean rebel leader Laurent Kabila were left without his Ugandan and Rwandan Tutsi troops, his rebellion "would immediately collapse." A former Belgian functionary with several decades of experience in the region, was asked for his assessment of Kabila's army. He replied, "He has 15,000 Ugandan troops" and no Zaireans to speak of. When asked who supplies Kabila's weapons, he said, "The British." And the role of the United States? His reply, "We at first saw the Americans and British as being completely in one boat, but now we are not so sure." But when asked what the Belgian government's policy is, he answered, "The government has no policy. Africa is at the bottom of the list."

One obvious reason for this disinterest, is the fact that the country is embroiled in several major domestic crises, such as, the Dutroux pedophile murder ring, in which a high-level political coverup is almost universally condemned by the general population. Also, the related, ongoing investigation of the 1991 murder of former Belgian Socialist Party leader André Cools, and other corruption scandals, could very well bring

down the fragile coalition government of Prime Minister Jean-Luc Dehaene. Furthermore, the closing down of a steel mill and one of the largest automobile factories in the country, has sparked a mass strike process whose intensity has not been seen in the country since World War II. Given these problems, coupled with the peculiarities of Belgian national politics, which is split down the middle between French-speaking Wallonia and Flemish-speaking Flanders, national governments in the last ten years have walked a political tight-rope. Prime Minister Dehaene presides over a four-party coalition, including two socialist parties, one representing Flanders and the other Wallonia, and, similarly, two Christian Democratic parties.

In better days, Zairean President Mobutu Sese Seko often chided the Belgians, saying, "We in Zaire do not have the tribal problems you Belgians seem to have."

Wiping out Belgian influence

The wiping out of Belgium's influence in Central Africa was instrumental to the success of redrawing the political map of the Great Lakes region of Africa. Zaire, the former Belgian Congo, had been a crown colony of Belgium since the 19th century, until it was granted its independence in the 1960s. Neighboring Rwanda and Burundi, formerly part of imperial Germany's East African colony, became Belgian colonies after World War I. Under Belgium's colonial system, the colonial economy was dominated by Société Générale, the country's largest holding company, which had tremendous holdings in industry, mining, trading, and banking. Civil society was dominated by the Belgian Catholic Church, religious orders, and charitable organizations. Société Générale's interest in these countries' economies gradually lost its dominant position. It is important to note that Société Générale has very little mining activity in the region, which is dominated by British, South African, and Canadian companies.

By contrast, the role of the Catholic Church, particularly its missionary activities, continued to play an important role in education, health care, and charitable work, particularly in Rwanda. In the post-colonial period, the missionary movement and allied groupings in the Belgian Christian democratic party, known as the Christian People's Party, continued to play an important role and exerted considerable influence with the government's Secretariat for International Development Cooperation.

In 1990, at the same time that the United Nations began the so-called democratization process in Rwanda, the country was invaded by Ugandan troops and the rebels of Paul Kagame and his Rwandan Patriotic Front. The above-named Belgian grouping gave strong support to President Juvenal Habyarimana. As a Catholic, he also enjoyed a close friendship with former Belgian King Badouin. Habyarimana also enjoyed considerable support among his people, Hutus and Tutsis alike. It took his assassination, in 1994, when the plane carrying him and the President of neighboring Burundi was

shot down outside Kigali Airport, to ignite the preplanned catastrophe that has thrown this region into the current genocidal war that threatens all of Africa.

Following the UN's lead

From 1990 on, a campaign was undertaken in Belgium to isolate this grouping, especially by a group within the Belgian Socialist Party. So divisive was this struggle, that it threatened to create a government crisis, which merely served to prevent the Belgian government from putting forward any independent initiative. The result was that Belgium simply followed the lead of the United Nations, with disastrous results.

At the time of the assassination of Habyarimana, Belgium had 600 elite paratroopers in Kigali, Rwanda when the rioting and ethnic clashes began. Under United Nations orders, the troops were forbidden to intervene militarily, not even to fire their guns in the air to stop the bloodbath, and suffered serious casualties. This is currently the subject of a parliamentary inquiry, and could lead to yet another government crisis. Some observers suggest that if Belgian troops had had a mandate to intervene militarily, they could have reestablished order and thus averted the catastrophe that followed.

Similarly, Belgium lost credibility in Zaire, as Brussels fell behind a policy of supporting a strictly anti-Mobutu line, at the expense of being able to deal with the unfolding genocidal disaster of both the refugee crisis and the expanding war. This is best reflected in the failure of the so-called "Tindermans plan," named after the former Belgian foreign and prime minister, Leo Tindermans. According to a report in the Belgian daily *La Libre Belgique* on April 4, the plan had the support of French President Jacques Chirac, and within the cabinet of European Union President Jacques Santer. Its purpose was to prevent a widening of the war in the region. The idea was to remove the tens of thousands of Rwandan refugees away from the Rwanda-Zaire border as a means of preventing their becoming a source of provocation that might lead to an attack by the Rwandan and Ugandan armies. Chirac requested Tindermans, as a senior European political figure, to negotiate an agreement with the Zairean government to allow these refugees to resettle much deeper within Zaire. Once away from the border, the International War Crimes Tribunal would be able to separate out any suspected perpetrators of war crimes.

Once again, the Belgian government refused to endorse such an initiative, on the grounds that it would give support to Mobutu. As was feared, it was precisely allegations that the Hutu militias were using the refugee camps, which served as the pretext for an invasion into Zaire of up to 15,000 Ugandan and Rwandan troops.

As of this writing, Belgian political circles have told *EIR* that their government would be ready to support a strong U.S. initiative, especially to save the refugees. Such an initiative would enable the government to overcome partisan resistance.

All Sudanese choose peace, except Garang

by Muriel Mirak Weissbach

In the second half of April, a momentous event is scheduled to take place in the Sudanese capital, Khartoum. No one should expect that CNN or any major Western media outlet will cover it, because it flies in the face of the slanders which have been spread by those media against Sudan. Nonetheless, the event will have vast consequences on the future not only of Sudan, but of many neighboring African nations.

On April 21, a definitive Peace Treaty is to be signed, between the government of Gen. Omar al Bashir, and leaders of the rebel forces who had been waging war against the central authorities since 1983. The signing ceremony is to take place just over one year after the two sides signed a Political Charter, outlining the principles on the basis of which a final treaty could be negotiated. At the time of the April 10, 1996 Charter, two leaders of major factions of the rebel forces had signed, Commander Dr. Riek Machar Teny Dhurgon, chairman of the South Sudan Independence Movement (SSIM) and commander in chief of the South Sudan Independence Army (SSIA), and Commander Kerbino Kuanjin, chairman of the Sudan Peoples Liberation Movement (SPLM/A), Bahr el Ghazal group. Witnesses to the signing included the founder of the SPLAS, Arok Thon Arok. By now, leaders of five factions are part of the peace process, including James Othow Along, SPLM/A-United, Fashoda; Theophilus Ochang, of the Equatoria Defense Force (EDF); Mohamed Haruka Kafi, of the SPLA/M, Nuba Mountains; the Independent Group led by Kuanj Makoi, Arok Thon Arok, Shal Deng, and others; and Lawrence Lual, minister of education of the SPLM. Yet others are expected to join, as well.

The 'ultimate challenge' to Garang

This means, that the only rebel force which is holding out, refusing to join the peace process, is that of the Sudanese People's Liberation Army faction of John Garang. It lays bare the fact, that the continued military and political opposition identified with Garang, has nothing to do with the internal dynamics of the 14-year civil war, but is the expression solely of the commitment, on the part of the British Privy Council and its allies in the United States, to manipulate local forces, like those of Garang, Uganda, Ethiopia, and Eritrea, to fuel a war, in hopes of breaking up the nation.

As President al Bashir said, in announcing plans to sign the agreement after the Adhha Eid holiday, this peace treaty represents the "ultimate challenge" to Garang and his backers.

The draft treaty, which has been hammered out through a year-long process of negotiation among the parties to the Political Charter, satisfies literally all the demands which those insurgents have *claimed* were behind their rebellion. Were they honest in that claim, they would have no other choice than to join the process, and sign as well.

On April 6, Mohamed Al Amin Khalifa, secretary general of the Supreme Council for Peace which sponsored the talks, held a press conference in Khartoum, to illustrate the main lines of the agreement. Implementing the principles agreed upon in the Political Charter (see *EIR*, Jan. 24, pp. 22-45), the treaty establishes a transitional period of four years, after which a final status will be determined, through a referendum. The transitional period is due to begin as of the establishment of a Coordination Council for the southern states, which make up 10 of the 26 federal states. The Coordination Council will be made up of a chairman, deputy chairman, and 13 coordination ministers, as well as the 10 *walis* of the southern states. The council will be affiliated to the Presidency of the Republic, and will run the affairs of the south in the transition period.

The responsibility of the Coordination Council will be to coordinate between the states and the government, the general supervision of the federal government and of the development process in the south, and the peace process. The priorities during the interim period are reconstruction and development of the economy of the southern part of the country, which has been devastated by the civil war, the repatriation of the refugees and displaced persons back to the region, completion of the establishment of the political institutions in the south, and holding of the referendum. The referendum, as President al Bashir confirmed on April 8, would allow citizens of the south to choose between remaining within the national unity of Sudan, or separating from it.

Power- and wealth-sharing

As for power- and wealth-sharing, which is guaranteed in the Political Charter, the treaty envisions the following: The federal institutions will have authority over questions pertaining to national defense, security, foreign policy, and economic planning, whereas the states will have executive power over agricultural and industrial development, education, health, tourism, internal security, and order. Taxation will be both federal and local, and the revenues will be accordingly allocated. In addition, a national fund will be established for the distribution of federal income, whereby a percentage will be made available to the least developed states and states participating in national projects.

Regarding the questions of religion and related legal regimes, an area of significant debate during the last year, an agreement has been struck whereby Islamic law (*Sharia*) and custom (the prevailing legal norms) will provide the basis for legislation. In addition, as spelled out in the charter, "states may enact legislation complementary to the federal law in matters peculiar to those states." Such fine differentiations

have been considered necessary to satisfy the aspirations of the population, which is multi-ethnic, multi-religious, and multi-lingual. The national language agreed upon in the treaty is Arabic, and the second language is English.

Fundamental freedoms guaranteed

The peace agreement confirms the principles laid out in the charter, that all fundamental freedoms are guaranteed: freedom of expression, movement, belief, thought, press, and organization, as well as all human rights defined in international charters. The Supreme Court is recognized as protector of the constitution, and as mediator in conflicts among institutions. After it has been signed, the treaty itself will be introduced to the National Assembly (the parliament) for ratification as (constitutional) law. This law would be subject to amendment by a majority of two-thirds in the parliament.

Finally, on the military front, a general amnesty is to be declared after the signing. According to the *Dawn* newspaper on April 9, Minister al Khalifa said, there would be a "joint government and rebel military council to oversee the implementation of the cease-fire and coordinate the activities of the government Army and the rebel forces which will remain under their respective commanders for the whole of the four-year interim period," and the "future of the rebel forces will be determined after the interim period."

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Cargill, Inc. targets Australian wheat supply

by Robert Barwick and Allen Douglas

The free trade “restructuring” which has savaged Australia’s agricultural sector over the last 20 years, is accelerating under John Howard’s Liberal government, now in its second year in office. Howard’s minister for primary industries, John Anderson, has presided over a dismantling of the quarantine service, the abolition of sugar tariffs, and, most recently, a complete overhaul of the organizational and marketing structures of the wheat and meat industries, in particular the partial privatization of the Australian Wheat Board (AWB). The loudest applause for Anderson’s efforts comes from the international commodity cartels in Australia: Cargill, Inc. and ConAgra.

At stake in the AWB privatization is control of almost one-sixth of the world’s annual wheat exports. While Australia is expected to harvest 3.5% of the world’s total wheat supply in 1996-97 (20.2 million tons out of 573.2 million tons worldwide), its share of the world’s exports is much greater—an expected 13.2 million tons for 1996-97, or 16% of the total. It is the cartels’ control over the world’s export markets, which allow them to rig prices and control production worldwide.

On March 5, the Grains Council of Australia, made up of the grain grower organizations of each state, voted 4-1 to adopt a proposal for the privatization of the AWB, which was recommended by the Australian subsidiary of Bankers Trust of New York and the Australian law firm Mallesons, Stephen Jaques. Originally a statutory body that was the sole selling agent for all Australia’s wheat, the AWB’s privatization had been dictated by Anderson as part of his government’s strategy of “reducing government involvement in industry.” Anderson had given the Grains Council a deadline of March 5 to decide what sort of privatization model they “preferred.” At issue is the control of more than AUS \$550 million (\$385 million) in grower levies either already in hand, or to be collected by July 1, 1999, which is to be the capital base of the new organization. The new AWB will be a dual-class share model whereby each grower will be issued one A-class share, with an accompanying single vote, while B-class shares, with less voting rights, will be floated on the open market. The A-class shareowners will elect the majority of the seven members of the board of the new, privatized entity, while B-class owners will elect a minority.

These changes, according to Max Johnson of Western Australia’s Rural Action Movement, were opposed by the

majority of growers. “Most growers want the old AWB charter—single-desk, elected board,” Johnson told *EIR*. “However, the single desk has been dying under GATT [General Agreement on Tariffs and Trade].” Although the new structure is a compromise, the cartels will soon get what they want: deregulation. The single-desk nature of the AWB—its export monopoly—will be reviewed in the year 2000, at which time it is expected to be scrapped, and Cargill, Inc., the privately owned cartel, is poised to move in. Johnson pointed out that the original proposal to restructure the AWB came from the Cargill-dominated grain exporters association, Newco. Newco wanted a new AWB body to be a completely privatized, publicly listed company. Cargill’s chairman, Ernest Micek, told the Feb. 28 *Australian Financial Review*, “We would hope that the Australian producer would see that we are really an ally [!] and would welcome the opportunity to work together if the system becomes less regulated.”

An intense propaganda campaign to lure farmers to use the futures market for their sales has accompanied this AWB restructuring. Farmers have resisted this, but last year’s price drop, from a record high of \$240 per ton to \$170 per ton—the largest single drop in history—has convinced many producers to use futures, in an attempt to capitalize on all-too-scarce better prices. The role of Bankers Trust, a heavy player (and loser) in the derivatives market, as an “independent” adviser to the AWB, has obviously been key to this: Johnson also reports that the AWB itself is trading more than 90% of the wheat supply through the futures-dominated commodity markets, rather than directly to foreign buyers.

Export raw materials, Australians are told

Australian farmers, who have been driven off the land in record numbers in recent years because of high interest rates, falling prices, and drought, are angry at the AWB (ostensibly their organization) for its role in the privatization. In a resolution passed in the third week of March, the Merredin and Kondinen branches of the Western Australian Farmers Federation called for the resignation of AWB Chairman Trevor Flugge because he “misrepresented and ignored the instructions given to him by the vast majority of the wheat growers of Australia.” The WAFF growers, who produce 40% of Australia’s wheat, say they will ask Primary Industries Minister Anderson to dismiss Flugge “forthwith.”

Anderson is most unlikely to comply. He acknowledged his own role as a virtual puppet for the commodity cartels, in remarks to the *Weekend Australian* of Jan. 11-12: “Australia should focus more on improving its exports of raw materials rather than developing processing industries,” he said. While Anderson’s constituents—the producers of the “raw materials”—are reeling from the release of the latest Australian Bureau of Agricultural and Resource Economics forecasts, which predict yet another year of disastrous commodity prices, the cartels are in no such dilemma: Cargill, Inc.’s global operations pulled in \$56 billion last year.

On the future of U.S.-British relations and the political crisis in Africa

The following interview with Lady Lynda Chalker of Walsley, Minister of Overseas Development, was done on April 1 by Scott Thompson. As Minister of Overseas Development, Baroness Chalker is the British case officer for Africa policy, and has avowed her close relationship to Ugandan President Yoweri Museveni. According to a spokesman for the British Monarchy's Privy Council, of which Baroness Chalker is a member, the Council relies directly on Chalker for the implementation of its policies. Baroness Chalker's Overseas Development Fund, the U.S. Agency for International Development (AID), and the Save the Children Fund recently held a three-day conference in London on the Great Lakes region of Africa.

Q: There are three parts to my inquiries with you. I've been doing a series on the U.S.-U.K. special relationship still being alive—

Chalker: Oh yes, very much so.

Q: As you know, it's been up and down over the years. It probably reached its high point when Dr. Kissinger said at Chatham House in 1982 that during his incarnation in the White House, he kept the Foreign Office more fully informed and more closely engaged than he did the U.S. State Department.

Chalker: I think that was a slight exaggeration, but never mind. I wasn't in the Foreign Office in '82.

Q: Anyway, the British press attaché to Her Majesty's Embassy in Washington said that you were one of the people who come to the United States frequently, and help keep the special relationship alive.

Chalker: Yes. Well, we have a lot of common interests.

Q: I would like to know if you can tell me who some of the people are within the Clinton administration with whom you discuss policy and practice?

Chalker: Well, quite a range of people, going through the current undersecretary at the State Department, Tim Wirth; George Moose. Certainly, I have had dealings with others. I've gotten to know Madeleine Albright through our work on Bosnia, in which I've been the constant factor in the British

relationship with you. Certainly, at a working level, many other people in the NSC [National Security Council], from Tony Lake downward. I've not met his successor at NSC, simply because there wasn't time when I was over for three days last. I also, of course, look after the IMF [International Monetary Fund], the World Bank, and the UN. So, I'm seeing not only State, but particularly people working in those three institutions.

I see a whole range of people who have an interest in South Africa, particularly, because [I have] 10-11 years experience dealing with them. Basically, we're talking very much about how to develop the ability of countries to stand on their own two feet, to have good government, and to work on a productive partnership basis. And, obviously I talk to U.S. AID.

Q: Now, are there any people in Congress that have been particularly helpful?

Chalker: Well, let's see. [Sen. Nancy] Kassebaum did. She was tremendous. And, over the years, many others. Sorry, you're asking me to dig into my memory bank, and I'm afraid I have an early onset of Alzheimer's when people ask questions. The foreign affairs key people. Robert, ah, it begins with an "L." He's retired now. Matthias, he retired some time ago. There really are a range of people, but they come and they go, depending upon the issue. Obviously, those who have been trying to get some balance in the debate over foreign aid and politics. The Republican majority committee. I'm sorry, I should have dug out all of my reports.

Basically, the thing is, that I have asked, as time permitted on my visits, to talk to the key people who either are standing in the way of progress or who had a hang-up on something, where I thought an exchange of practical views, practical experience, would actually help things forward. And, on one occasion when Vice President Gore was over here, I had quite a good chat with him about development in Africa, in which he is very interested. Down in Rio, I talked with all the key people, while I was down there. But, you know, the contacts are as we need them to do the business. They are not a very chummy-chummy thing. But, they do make business a lot easier to do, because most of the characters know me, and I know them, except when I'm

asked direct questions on a phone line and I'm not prepared for it. I'm sorry. I'm being silly, but I just should have done a bit more homework. I think it's going to be a bad day today.

Q: Now, Baroness Cox has a lot to do with human rights questions—

Chalker: Yes.

Q: She works with both government and private individuals in the United States, through her Christian Solidarity International—

Chalker: Um, hum.

Q: Are there private individuals with whom you collaborate on Africa in the United States, like Randall Robinson, or somebody like that?

Chalker: Not directly, although I have met and had contact with a number of such people. We work very much in this country through the non-governmental organizations. We work also with the leaders of those, and some of the international writers on those issues, we try to keep well abreast of all the human rights issues, political development issues, as well as development issues.

Q: It seems that the United States has heretofore paid too little attention to the question of Africa. I would like to ask you some questions on this for our readers here. First, the situation in Central Africa is undergoing a dramatic change. There is a question whether Zaire will be partitioned. Do you see it being partitioned, and, if so, how?

Chalker: No, but I think that the best way for Zaire to resolve its problems is to have a government of national unity or transition, to bring together some of the younger, newer politicians from the different parts of the country, and the different viewpoints.

Q: Would you see Kabila's rebel forces as being part of that?

Chalker: Oh, yes. They would need to be part of it. They wouldn't be the whole, but they would certainly be part of it.

Q: There is also a war going on against Sudan. How do you think things are going there now?

Chalker: I'm a lot bleaker about Sudan, strangely, than I am about Zaire, because I think that the control that the NIF [governing National Islamic Front] has over everything is making it very difficult for people who might want to participate in an open democracy, to do so. The SPLA [Sudanese People's Liberation Army] continues their advance. While I have no particular brief for the SPLA and [its leader John] Garang, one can understand why they are doing it when you see the attitude of the Khartoum government. [Sudanese President Omar al] Bashir is perhaps not the key man. There are others behind him who decide what is going on.



Baroness Lynda Chalker.

Q: Do you then believe that it is sheer propaganda that the Khartoum government has stopped the advance of the invasion in the South?

Chalker: Yes. I'm not geographically responsible for Sudan, but because developmentally, I've had to give emergency aid over all the eight years I've been minister here, I've had to try to talk things out. I've met Bashir. I've met Garang. I'm afraid I see that country as going on having big problems for a considerable time.

Q: There was just a regional summit in Nairobi, Kenya. This was a key summit for the Central Lakes region. Who do you think is capable of taking leadership for the region? Nelson Mandela appears to have tried and failed.

Chalker: I would not say he failed. This is something that will take a great deal of time to resolve. It's a little bit like the time it took to get a resolution on the problems in Mozambique. We had years, literally, of negotiations to resolve the problems in Mozambique. I think it is going to take a long time to resolve the problems in Central Africa, particularly in Zaire itself. And, I don't think any of us should expect miracles overnight. What one has to do is see an end to the killing, the arms dealing, and to the breakdown of law and order. It's in the next period that law and order must be established, and then a democratic government established, and that's what we donors should be doing.

Q: Do you see anyone who, as Nelson Mandela played the role in South Africa, would play that role in the Central Africa peace process?

Chalker: Well, I think it will happen in different ways in the different parts of the whole area. Zaire will need to take people from its different geographical areas and different viewpoints and team them together. Rwanda is probably going to continue to be relatively peaceful, as long as we continue to help them with the assimilation of the returnees. Burundi is the one that worries me most. . . . Sorting out the Burundi problem, which is a country much smaller than Zaire as a whole, may prove to take longer than Zaire.

Q: Do you think that the problems are so great that there should be greater intervention by the United Nations. Is that possible?

Chalker: Well, intervention by the UN or anybody who makes up the UN, can only be successful if there is actually a climate which is one of ceasing hostilities and then preparing them to build peace. One of the reasons why I have, in a sense, some more hope about Zaire than I have about small, difficult Burundi, is that there is a will for peace by a lot of people in Zaire. A much greater number, whereas I think people in Burundi are much more entrenched against it.

Q: It seems that none of the powers really want to become involved in a major way through the United Nations.

Chalker: No, it's not that they don't want to, but they are realistic. And, a lot of countries, their electorates—you have only a semi-democratic Kenya and a semi-democratic Uganda—but, what they don't see is that they should be explaining to their electorates why their own soldiers might get killed, if you put them into a country that doesn't want peace itself. And, this is why the UN special representative in the area is absolutely right. . . .

Q: Should there be regional bodies?

Chalker: Well, you've got the building up of regional bodies. I don't think you can force it. I think one of the things we don't and should be doing is to help the OAU [Organization of African Unity] to prepare more to take some positions that a regional body can actually help with. You look at West Africa; you can see the example of Ecowas [Economic Community of West African States], that has actually tried to help the countries' buildup. Now, they haven't been 100% successful. You have the tragedies of Liberia, Sierra Leone, and we have problems in Nigeria. But, Ecowas has done a lot of good for West African countries. But, you can only have that, it will only succeed, with a willingness to accept that when the governments come to a decision to do something that will get implemented. That means having responsive government in the country, but also accountable government in the country.

Q: There's an idea being floated—speaking of regional bodies like the OAU—to create a peacekeeping force in Africa that would be under the command of the UN Security Council. How do you think this would work?

Chalker: Well, I think it could work. And, we and others have been involved in building up skills of African peacekeepers in their own countries. We have held a number of seminars with military and political figures in Ghana, in Cameroon, in East Africa, as well to look at how we build up the ability of Africans to police their own country, and countries. But, particularly if there is an outbreak of terrible fighting, you have to have a Chapter Seven Resolution from the UN, which would lead back to those Africans. And, it may be that the donor nations need to do more as donors with the provision of equipment or, indeed, it may be airlifting troops, something like that. But, there is a greater willingness in Africa now than when I came to do the Africa job over 11 years ago, to help themselves. They just need a bit more support.

Q: So, you are talking about giving technical assistance in order to bring together such a force.

Chalker: That's right. And, that's what I find. . . . I think it's very important. . . . I mean, your country had a really bad experience in Somalia. Not only because of the technical situation, that I think was not fully understood before they went in. But, also, because there was no real willingness to have peace in Somalia at that time. Yes, thousands of babies and old people were kept alive by having tremendous forces, but the mission went into a country not really ready to receive it. Now, in Haiti, you worked extremely hard to make sure in that much smaller area, the Haitians could actually accept—there was a will for peace, there was a will to actually calm the whole situation down. Unfortunately, in Mogadishu, particularly, there wasn't.

Q: Now, my last question about Africa, before I move into the future of the world in general is, what kinds of reforms do you think need to be carried out in African countries in general for them to stabilize?

Chalker: Oh, golly. Well, first of all, economic reform, which is beginning to happen. First of all, structural adjustments that take account of the social needs and development needs of the country. That is, the government of the country concerned must put money—basic health care, basic education, not doing it all for them but, at the same time—the payback of the balance-of-payments which it gets from donors, through the proper structural adjustment program. The second thing is building up the Parliament, democracy, and the openness, the openness and transparency of [being] accountable, because the government has to be seen. And, different countries need a bit more of this and a bit less of that, so they all need capacity building: the ability to manage their own resources.

Q: In terms of the world in general—if you take the situation in Africa, where hundreds and hundreds of people are dying each day—what sorts of developments do you think need to take place in the world in general for there to be a future for the children and grandchildren of ourselves into future generations?

Chalker: Well, I think one needs a partnership between the donors and the African countries, one-by-one, a tailor-made program to fit the needs of that country. In nearly every one of those—certainly where there has been a great deal of drought—one needs not only very substantial water programs, health programs, education programs, and also food security programs, and above all one needs a boundary planning program: a voluntary boundary planning program.

Q: What about infrastructure and industry? Do you see these as two key questions for these countries, or, do you think it is too early to become engaged in such activity?

Chalker: Well, some infrastructure is very necessary, because where we're getting good development of vegetable and food crops, which are good for export; hence you need the lorries and at least a modicum of road to take those perishable goods to an airport to transport those goods out of Africa, to markets that are crying out for them. So, a great deal of basic infrastructure needs to be maintained. There is also the need for the use of dams, in order to build up the water that can be saved. I mean, in general I don't like flooding land, but at times, unless the water is collected and sanitation properly done, you are going to have crisis after crisis.

Q: Would you consider such things as desalination or reverse flows of rivers?

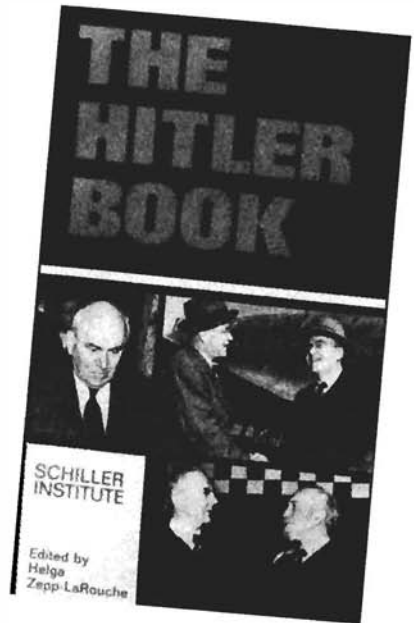
Chalker: I think one has to look at the potential of the river basin very, very carefully before you start to reverse its flow, because you can actually change the whole ecology. I am very keen that we protect the environment.

Q: You may not be in a position to say much about this—although you are in the House of Lords and a minister. I'm certain you've given consideration in Britain of the princes that would become the future kings of the British Empire. And, I was wondering if you have given any thought to the kind of education you would like to see them have, in order to be able to deal with the sorts of problems that will emerge in the forthcoming period?

Chalker: Well, the most effective education for anybody who would take a leadership role—whether they be royal or normal like us—is actually to get out in these countries and actually see what is the example, what is being done, what can be done, what needs to be done, and getting advice from people who have managed effectively to improve the situation for large numbers of people in their own countries.

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Political power play threatens to derail India's Deve Gowda government

by Ramtanu Maitra and Susan Maitra

Just as the Indian government was moving ahead with a series of foreign policy initiatives, a sudden decision by Congress Party President Sitaram Kesri on March 30 to withdraw his party's support from the ruling United Front (UF) cabinet, has pulled the rug from under the Deve Gowda government. The 14-party coalition government under Prime Minister H.D. Deve Gowda, supported from outside by the Congress Party, is now on the verge of collapse. However, there is no clear indication yet how the instability built into the system can be immediately removed.

Following Congress Party President Kesri's meeting with India's President Shankar Dayal Sharma, the President's office asked Prime Minister Deve Gowda to show his coalition government's majority at the Parliament on April 11. The present breakdown shows that the ruling UF, with the support of 177 coalition members in a House of 540 members, has little chance of surviving a roll call vote. Hectic negotiations have been in progress, but as of April 8, no clear solution has emerged. President Sharma has said in no uncertain terms that he is opposed to a fresh parliamentary election to resolve the crisis. The last parliamentary election was held in June 1996, and there are indications that the leading parliamentary party, the Bharatiya Janata Party (BJP), is in the process of preparing for new elections on short notice.

The Gujral doctrine and the Land-Bridge

This latest round of political instability has hit hard at the UF government's foreign policy initiatives, particularly those in the South Asian region. Indian Foreign Minister I.K. Gujral's initiatives (now referred to in Delhi as the "Gujral Doctrine") have worked wonders, bringing India closer to its smaller neighbors and opening up possibilities for long-term economic development.

During its less than ten months of active rule, the Deve Gowda government can claim credit for the following successes and initiatives on the domestic and foreign policy fronts:

- India and Bangladesh resolved a long-standing water-sharing dispute with a new 30-year bilateral agreement. This involves agreement on the quantum of water to be released

by India to Bangladesh. The agreement has been hailed as "fair and just" by both sides.

- Solution of the thorny water-sharing issue led to Bangladesh agreeing to allow India to have transit through Bangladesh for access to northeast India. Northeast India, connected by a chicken-neck strip of land north of Bangladesh along the foothills of the Himalayas, has remained neglected because of transit problems. Such physical inaccessibility led to the consolidation of various terrorist-secessionist activities in northeast India. Moreover, railroad and highway transit through Bangladesh will open the way for linking up the sub-continent with Southeast Asia through Myanmar (Burma), an essential connection for the development of the southern tier of the Eurasian Land-Bridge.

- As a further fallout of the water-sharing treaty, the Bangladesh government in Dhaka has committed itself to push out the northeast insurgents who had set up camp inside Bangladesh's borders to escape the Indian security dragnet. The situation also led to a rapid growth in drug- and arms-infiltration into the area. As a corollary, Dhaka also has invited back the Chakma Buddhist refugees who had been driven out of Bangladesh and were residing in India, causing friction along the borders.

- As an adjunct to the improvement of relations with Bangladesh, Prime Minister Deve Gowda visited northeast India with the purpose of making proposals for improving infrastructural and economic conditions in the region. He is personally involved in bringing the militant Naga leaders to a series of peaceful talks. Following his visit to northeast India and Bangladesh, India suggested the formation of a sub-regional economic grouping involving northeast India, Bangladesh, Nepal, and Bhutan.

- At the end of September, a reasonably free and fair poll was held in the troubled state of Jammu and Kashmir, to reestablish a democratic form of government. Delhi's ability to hold polls peacefully shifted Washington and Beijing's views about the ground realities in Kashmir. It was realized by both the United States and China that New Delhi is much less disliked by the Kashmiris than the terrorists and secessionists who rule by the gun. Subsequent to

the polls, however, things have not remained peaceful and there are signs of fresh violent activities.

- Prime Minister Deve Gowda made a highly successful visit to Moscow following the Clinton-Yeltsin summit, a few days before the Congress Party president withdrew his party's support to the UF government. During this visit, Moscow, smarting from yielding on NATO expansion plans pushed forward by Washington, committed itself to supply India with two 1,000-megawatt nuclear reactors, along with 50% financing. Moscow also affirmed its commitment to supply Delhi with cryogenic rocket engines, and supporting technology, sought by India for its own space program. The trip reestablished scientific, technological, and military relations with Russia.

- Soon after the prime minister's successful visit to Moscow, the foreign secretaries of India and Pakistan met after a lapse of six years to discuss "all issues that aggravate the relations" between the two neighboring countries. Precisely at the point that Delhi was thrown into turmoil by the Congress Party president, discussions were afoot to improve economic and trade ties between the two countries and set the ground for much more substantial talks which could lead to discussions toward resolving the Kashmir dispute. The subject is of vital importance for the viability of the proposed southern land-bridge corridor, a concept which is now being discussed in the subcontinent and in Southeast Asia. The southern land-bridge corridor, which must have a high-speed railroad from Singapore to Iran, needs to pass through Pakistan.

As a corollary to the above developments, India has agreed to the concept of an Iran-Pakistan-India land-based gas pipeline through Pakistan. Prior to Foreign Minister Gujral's initiatives, the pipeline was considered "unsafe" by the Indians from a security standpoint, because it would pass through Pakistan.

Tinkering by others?

These foreign and domestic policy initiatives, some of which have already begun to bear fruit, may in fact have a more direct bearing on the present developments in Delhi than one might expect. According to some observers, these initiatives were targeted to foil the geopoliticians involved in the colonial containment game of yesteryears and could be the reason why the Congress Party acted hastily. The Congress Party's decision to unseat the UF at a crucial point, namely, when talks with Pakistan were in progress and the summit of the Non-Aligned Movement was scheduled to be held in Delhi in early April, came in for severe criticism. At the same time, no one in Delhi has formally accused Sitaram Kesri of acting as a foil for any foreign power. Former Prime Minister Chandrashekhar, who is critical of Kesri's decision to quit at this juncture, told a business daily in Delhi that the showdown seemed to be "a deliberate attempt to create a

crisis," and warned against all those who might like to seize this opportunity to "destabilize the nation."

On the other hand, the arrangement by which the UF came to power last July made instability inevitable. The coalition, with Congress Party support under the leadership of then-Congress President P.V. Narasimha Rao, was put together with two objectives in mind: to prevent the BJP from getting power through one coalition or another, and to prevent another round of futile parliamentary elections. The process was dictated by the Left, which, with 50 seats, has until now refused to allow the Congress Party (with more than 140 seats) to join the Deve Gowda cabinet. The Congress, for its part, was hesitant to become a full-fledged partner of a government which was likely to fail. Hence, Congress chose to support the UF government from outside without working out a mechanism by which the Congress Party, the second largest party in the Lok Sabha (the elected house of the Parliament), could provide any input in the overall policymaking apparatus.

Arrangements designed to fail

It is also no secret that a large number of Congress Party members are not happy today with the economic policies pursued by the Deve Gowda government. The economic policies initiated so far have done little to overcome the stagnation of industrial production; deterioration of dilapidated infrastructure; high inflation, which is causing a continuous rise in prices of essential commodities; weak investor confidence in a high-interest-rate regime; a shaky and a highly underdeveloped capital market; growing unemployment; and a pervasive concern among foreign investors about whether India is actually moving forward or backward. There is no doubt that most of the government apparatus stopped functioning from day one because of the lack of policy focus to guide them.

All of this was enough to force the Congress Party to break away from what can best be described as a "false knot," that had the two conflicting interest groups pulling in opposite directions. The arrangement, in other words, was designed to fail.

Now, add to this the emerging political realities. With the weakening of the Congress Party following Indira Gandhi's assassination, and the late Rajiv Gandhi's failure to organize a massive party in disarray, it became obvious that there was no room for both the Congress Party and some of the parties which became constituents in the UF government in 1996. Most of the constituents of the UF, except the Left and some regional parties, were "breakaways" from the Congress Party beginning in the early 1970s. These parties came into existence under leaders who were unwilling to be politically dominated by the Nehru-Gandhi clan.

With the rise of the Hindu BJP party in the mid-1980s, it became necessary for like-thinking politicians (who identify themselves as "secular" and left-of-center) to form a com-

mon front against the BJP. The issue, of course, was whether such a front would be formed under the umbrella of the dying, yet still large Congress Party, or under the umbrella of an irrelevant United Front, which encompasses a mish-mash of parties with conflicting world views.

Because the Congress Party was in the doldrums following a shattering electoral defeat in 1996, and with most of its major leaders under criminal investigation for indulging in corrupt practices and amassing wealth, Prime Minister Deve Gowda seized the opportunity and aggressively pursued more Congress leaders, including Sitaram Kesri himself, with fresh criminal charges. The objective behind the

prime minister's "initiative," one surmises, was to smash up the Congress Party and pick up the pieces to enrich the UF. There were accusations from the Congress Party camp that the prime minister personally was working hand in glove with the BJP on this "demolition" project, an allegation which the prime minister denied forthwith.

Meanwhile, the BJP has gained visibly in a string of elections in these ten months, at the expense of both the Congress Party and the UF, both of which had poor showings. These include the Punjab State Assembly elections, civic elections in Delhi and Mumbai (formerly Bombay), and by-elections in Madhya Pradesh.

Pakistan-India dialogue promoted by China

Indian Foreign Minister Inder Kumal Gujral was optimistic about progress in reestablishing bilateral relations with Pakistan, in an interview with the Italian financial daily *Il Sole 24 Ore* on March 29. If the discussions begun in New Delhi on March 28, between the undersecretaries of the two countries' foreign ministries (Salman Haidar and Ashamsad Ahmad), turn out to be positive, he believes, then the two foreign ministers should meet in early April, opening the way for a summit between Indian Prime Minister H.D. Deve Gowda and Pakistani Prime Minister Nawaz Sharif.

After giving his view of the Kashmir dispute (that India will not "yield one meter" and that a referendum can take place only after "the territory is in Indian hands"), Gujral is asked an intelligent question by Nicol Degli Innocenti, of *Sole*: "Could the same happen with Pakistan, which happened with China, that is, that a decision be made to 'freeze' the thorny question of the borders, negotiating everything else, and accelerating political and commercial collaboration?" Gujral answered, "Precisely. Relations with China have improved immensely, to the point that there is an agreement on the progressive and joint reduction of troops on the border. The point had been reached at which the choice was between being friends or being enemies, and fortunately we chose friendship. Chinese President Jiang Zemin himself advised the Pakistani government to follow the track of the Sino-Indian talks: improve economic, commercial, and cultural relations, and with time, a new atmosphere of détente and reciprocal trust will be established. This tranquility will help then to solve the key question of Kashmir as well."

Asked about concrete projects of economic coopera-

tion, Gujral said: "Some multinationals invested a lot of money in electrical energy in Pakistan, to then discover that the country did not need it yet. The World Bank asked India to buy the surplus energy generated in Pakistan: We'll buy 2,000 megawatts this year and 5,000 in the future. Then, there is the question of the gas pipeline from Turkmenistan and Iran: It makes sense economically, only if India, as well, will utilize the gas. Regional collaboration should be given incentives for reasons of economic common sense."

Asked to illustrate the fruits of his "Gujral doctrine," he replied: "The heart of the doctrine is India's clear desire to have good neighborly relations with the countries of the area. India is big and strong, and therefore must help its neighbors without expecting anything in exchange and without interfering in the internal affairs of other countries. After years of conflict and tensions, we have signed an historic agreement with Bangladesh on the waters of the Ganges, and we have relaunched good relations with Sri Lanka, Bhutan, and Nepal. Pakistan remains a shadowy area, but the dialogue is going ahead. In general, I think the success [of the doctrine] has been this: None of our neighbors fears India because it is big."

In the context of responding to a question about the South Asian Association for Regional Cooperation, Gujral said that cooperation will improve as bad political relations are overcome. He cited the removal of tariffs in trade with Sri Lanka, Bangladesh, and Nepal, and added: "We have to be realistic: The 'leap' out of poverty for the neighboring countries will take place only if India is for it. It is the presence of the enormous Indian market which makes investments in Bangladesh or Nepal attractive. And let it be clear: 'My' foreign policy aims at privileging subregional cooperation and at contributing to the economic development of the neighboring countries, not out of altruism, but to protect India's interests. It is in India's interests to have neighbors which are economically, socially, and politically stable."

Parliament overturns euthanasia law

The Australian death lobby has been handed a setback, but it is redoubling its efforts.

The world's first law permitting doctors to help kill their patients was nullified on March 24, when Australia's federal senators passed the "Andrews Bill" by a vote of 38-33, which revokes the Northern Territory's (N.T.) "Rights of the Terminally Ill Act." Named for its sponsor, Liberal MP Kevin Andrews, the bill makes it illegal for Australia's three territories (over which the federal government has constitutional authority) to pass such legislation. Four people had killed themselves in the two years since the N.T. act was passed. Dr. Philip Nitschke, the physician who had personally overseen all four deaths, burnt a copy of the Andrews Bill on the steps of Parliament.

The N.T. law has been thrown out, but a "death lobby" of MPs, academics, and sections of the news media, most notably Melbourne's *The Age* newspaper, is trying to breathe new life into the subject. The press generally has condemned the Andrews Bill, and its polls claim that 70% of the population supports euthanasia. *The Age*, in particular, has claimed that euthanasia is a widespread practice among doctors and the medical fraternity, despite the fact that the Australian Medical Association and nursing profession oppose the law.

In fact, *The Age* helped create the atmosphere to pass the N.T. act in the first place. In 1995, the paper brought in a Briton to Melbourne, Nick Davies, who contacted seven doctors in the surrounding state of Victoria who admitted to killing AIDS patients. Davies then wrote a story about it, which kicked off a nationwide debate. Davies did not report, however, that at least

one of the doctors was already a member of the Voluntary Euthanasia Society.

Two other prominent members of the death lobby are Dr. Helga Kuhse and Prof. Peter Singer of Monash University's Center for Human Bioethics. Marshall Perron, the former N.T. chief minister who pushed through the "Rights of the Terminally Ill Act," said, when he received the Saba Award from the World Federation of Right to Die Societies in October 1996, that his actions were inspired by Kuhse.

In the Feb. 17 *Medical Journal of Australia*, Kuhse and Singer claimed that in 30% of all deaths in Australia, "a medical end-of-life decision was made with the explicit intention of ending the patient's life, of which 4% were in response to a direct request from the patient."

The survey methods used by Kuhse and Singer have been widely condemned, and 36 prominent academics and senior medical officers signed a letter which branded their study "misleading."

Singer has also been condemned by Melbourne Catholic Archbishop George Pell as "King Herod's propaganda chief in Australia," for creating a "culture of death." Singer says, in his book *Rethinking Life and Death*, that children under one month old are not human, and the killing of such a child wouldn't be murder. Singer reserves his compassion for animals; he founded the animal rights movement with his 1975 book, *Animal Liberation*.

The death lobby's next move will be an attempt to pass a euthanasia law through one of Australia's six states,

which, according to Australia's Constitution, have ultimate jurisdiction over health matters. Already last November, state MP Ann Levy introduced a bill based on the N.T. legislation into the parliament of South Australia. Levy told *EIR*, "There is no way those people in [the federal capital] Canberra are going to make laws for South Australia."

Outside of the *New Citizen*, the newspaper of Lyndon LaRouche's co-thinkers in the Citizens Electoral Council, the first person to call the practice of euthanasia what it is—a Nazi crime—was Sen. John Herron, when he spoke on the Andrews Bill in Parliament on March 17. Herron said, "Last year was the 50th anniversary of the Nuremberg war crimes tribunal, where 23 physicians and scientists were accused . . . of euthanasia. In every profession there are some who are incompetent and inevitably a few who are venal and dangerous. It is in this category that I would put those who believe that killing can be justified by higher motives, just as those physicians and scientists did during the Second World War. Those 23 physicians were accused . . . of euthanasia of undesirable racial groups. Sixteen were found guilty and seven were sentenced to death by hanging. *It is chilling to know that the main Australian proponent today is a doctor who pleads similar higher motives.*"

Nitschke hysterically threatened to sue, ranting, "He's linking me to doctors of the Third Reich."

But "Nazi Nitschke" has co-thinkers in high places. In 1995, the Queen's representative in Australia, Gov. Gen. Bill Hayden, spoke to the Royal Australian College of Physicians about the "diminished usefulness" to society of elderly people. "There is a point where succeeding generations deserve to be disencumbered . . . of some unproductive burdens," he said.

International Intelligence

Brit gamemasters move to isolate, destroy Iran

As events continue to confirm the successes of Iran's foreign policy and economic policy approach, the geopoliticians bent on sabotaging its central role in the Eurasian Land-Bridge, are moving into high gear. The most recent indication appeared in an article by Ian Black in the London *Guardian* of April 7, entitled "Iran Faces Crackdown from EU." Black reports that, at the European Union meeting in Brussels, which opened on April 1, "Hawks, led by Britain and the Scandinavian countries, are pushing the Dutch presidency of the EU to take concerted action against Iran."

The pretext is the final decision, which had been expected later that week in a Berlin trial, in which Iran was accused of responsibility for the murder of three Iranian Kurds in 1992. Black hoped that the court would hold Iran responsible for the murders, and that European governments would therefore take punitive action. Black specified: "Despite differing national agendas and strong trade interests among EU countries . . . there are hopes for a real blow to Iranian intelligence activities across Europe. . . . The U.S. and Britain have been pressuring Germany to sever the intimately close and controversial relationship between its and Iran's intelligence services, but it is unlikely that Chancellor [Helmut] Kohl will agree."

Bush in Milan challenged on LaRouche jailing

Former President George Bush was challenged on the LaRouche case and his own involvement in drug-trafficking, in Milan on April 5, at a conference of the Non-Governmental Peace Strategies Project, where Bush, former UN Secretary General Javier Pérez de Cuellar, NATO General Secretary Javier Solana, former Swedish Prime Minister Ingvar Carlsson, and former Soviet President Mikhail Gorbachov signed the "Milan Charter" against intolerance.

During the question period, *EIR* correspondent Andrew Spannaus asked from the

microphone, "I am very surprised that you, George Bush, have come here to speak about tolerance, since, in the United States, you put your political enemies, Lyndon LaRouche and his colleagues, in jail, because they were exposing your Iran-Contra operations of drug-running . . . and arms-running. How can you possibly come here and talk about tolerance?" Bush retorted: "If I'm not mistaken, the *Intelligence Review* this gentleman works for is run by a crackpot named Lyndon LaRouche. LaRouche was put on trial in a court, and convicted of tax fraud. And he's a crackpot, in my view. A crackpot."

Bush's role in the international weapons- and drug-running networks reached its pinnacle, according to information uncovered to date, when, as vice president, he headed up the Special Situation Group, under Executive Order 12333. The frameup of LaRouche was run under the same "national security" cover. *Il Giornale* covered Spannaus's challenge, referring to him as "impertinent," and characterizing Bush as "forgetting the fair play and the paeans to tolerance which had just been enunciated in perfect harmony with his former colleague Gorbachov."

Commonwealth head runs Papua New Guinea coup

The crisis in Papua New Guinea over the government's decision to hire Sandline International, a British mercenary firm, to deal with an indigenist insurgency in the P.N.G. island-province of Bougainville, reached a peak on March 25, when the Secretary General of the British Commonwealth, Chief Emeka Anyaoku, made a secret visit of only a few hours, to convince Prime Minister Sir Julius Chan to "stand aside" from office while an inquiry is held into the hiring of the mercenaries.

For the last two years, Chan and his government have been in a running battle with the International Monetary Fund and the World Bank. In early 1996, Chan kicked a World Bank team out of the country, charging that they were violating the country's sovereignty, and that the Bank had "destroyed countries."

Although getting reliable news from P.N.G. is difficult—phone lines are out for hours or days at a time—two things, at least, should be noted: 1) As *EIR* reported in our March 14 issue, there is an ongoing raw materials grab by Rio Tinto Zinc and allied firms against P.N.G., which has some of the richest gold and copper deposits in the world; and, 2) the crisis in P.N.G. (which shares the island of New Guinea with the Indonesian province of Irian Jaya), is also usefully viewed from the standpoint of Britain's destabilization of Indonesia (see *EIR*, March 21, p. 37).

China must adopt 'rule of virtue,' says daily

The Chinese national daily *Renmin Ribao* of Feb. 23 urged China to foster and practice a national policy associated with the Confucian principle of the "rule of virtue," in an article headlined "Rule of Virtue Works." The article names Mencius, Zhu Xi, and Sun Yat-sen as among those who understood this principle in Chinese history.

In China's 5,000-year civilized history, "between the pre-Qin days and modern times, from Confucius to Sun Yat-sen, some thinkers, politicians, and officials with foresight and sagacity put forth quite a few views on how to govern and rule a state. Mencius, Zhu Xi, and other ancient thinkers represented by Confucius made a lot of expositions, urging emperors, ministers, and officials to ensure rule of virtue and cultivate a more systematic governing ideology and virtue by stressing virtue; serving the people; building a diligent and clean government; recommending capable people to higher positions; cultivating a good moral character; and so on," wrote *Renmin Ribao*.

China must now adopt such methods, said *Renmin*. In China's ancient *The Book of History*, one of the country's earliest state documents, it was written that "rule of virtue works, failure to do so leads to chaos." Confucius also stressed the rule of virtue, and, "in the Han Dynasty, Emperor Wu accepted Philosopher Dong Zhongshu's view" and "banned all schools of thought except the Confucian school."

Briefly

"Confucian ideology on virtue also influenced some outstanding personalities in China's modern history. For example, Dr. Sun Yat-sen, great revolutionary forerunner in China's modern history, time and again said: 'With rule of virtue, we can ensure long-term nationwide peace and stability.'"

Galbraith: Serb Republic facing utter collapse

U.S. Ambassador to Croatia Peter Galbraith, in an address to the Carnegie Endowment for International Peace in Washington on April 4, sounded a loud note of caution regarding the Republika Srpska entity within Bosnia-Herzegovina, in the context of an otherwise optimistic report. Gailbraith compared the Republika Srpska, one of the two entities created by the Dayton Peace Accord, to Serb-occupied Krajina in Croatia just before the August 1996 Croatian offensive: There is very little economic activity to sustain the population, and young people are leaving in droves to search for work, he said.

"People won't invest in a place where the political future is uncertain, war criminals run free, and property titles are unclear as to who the legitimate owners are," he said. The Bosnian Serbs "don't want to disturb the ethnically pure state that they've created, but it may collapse" for this very reason. Later, in response to a question, Galbraith expressed concern that if the Republika Srpska does collapse, there would be renewed violence and refugee flows.

Red Cross sounds alarm over N. Korean famine

International Red Cross officials on April 2 warned of imminent famine in North Korea, saying that household food stocks were bare, people were eating grass and tree bark, and children were weakening. Yasuo Tanaka, a Red Cross official who visited North Korea the previous week, told a news conference: "In some kitchens, there was no rice, no food at all. I asked them what they ate and they showed me natural grasses." Another Red Cross official, Johan Schaar, stressed,

"Without urgent international aid, a large number of North Koreans will face starvation. Food stocks in North Korea can run out any time now." Schaar said that 600,000 head of livestock had been slaughtered to divert feed grain for human consumption.

The Red Cross assessment coheres with an April 1 report from the UN World Food Program, which said it planned to double its \$41 million aid appeal for North Korea, citing fears of starvation "on a massive scale." "As a result of our trip, we have decided to double our appeal to 200,000 metric tons of food and to increase our caseload to include all children under six in the country," Michael Ross, a member of the program's inspection team, said.

Algerian GIA engages in bloodletting orgy

The Algerian Armed Islamic Group (GIA) has committed its greatest series of atrocities so far, according to various European press reports on April 7. Militants killed up to 90 civilians over the weekend, butchering them with chainsaws, and setting them on fire after dousing them in gasoline. A week earlier, the army had killed "100 guerrillas" in the area near Tizi Ouzou. In retaliation, 40 GIA operatives, armed with saws, axes, and swords, slit the throats of every villager in Thalit, except one person, who managed to escape. Another GIA squad, allegedly led by their chief, Antar Zouabri, hacked to death 15 civilians in Amroussa, in the province of Blida. Similar atrocities occurred in Sidi Naamane in Tizi Ouzou province, in Moretti, and near Beni Slimane, all near the capital.

The killings are a brutal expression of this overtly Satanic death cult. The GIA, as *EIR* has reported, is a countergang created by one faction of the Algerian leadership, in military intelligence, in an attempt to outflank and destroy the Islamist political opposition, the Islamic Salvation Front (FIS), which had been poised to win elections in 1992, when a military coup blocked them. Although publicly presented as an armed "Islamist opposition," the GIA has always targeted the FIS, eliminating members and their families.

THE SCHILLER Institute performed excerpts from Bach's *St. John Passion* on Good Friday for the congregation of Dalsheim's Untere Kirche outside Worms. The chorus and orchestra, punctuated by spoken narration, was assembled from Schiller members from Germany, France, Italy, Denmark, and Poland, and was joined by the chorus of the church conservatory of Bratislava, Slovakia. Local press hailed the performance as "true to the composer's intentions."

BRITAIN'S Foreign Secretary Malcolm Rifkind has brokered an agreement by Sri Lanka's government and opposition to open peace talks with the terrorist Liberation Tigers of Tamil Eelam, it was announced on April 3. Some 50,000 people have died as a result of the insurgency, during which British SAS forces have helped train the Tigers.

JOHN GARANG and his Ugandan allies suffered a heavy blow at the hands of Kerbino Kuanyen, head of a group that split from Garang's Sudan People's Liberation Army last year. Kuanyen said his men "have inflicted heavy casualties" on Garang's forces in the Bahr el Ghazal region bordering the Central Africa Republic, and his men were "chasing Garang's rebels who are backed by Ugandan troops in the area."

THE UNITED STATES shut down its Central African Republic embassy late last month, because of escalating strife between African peacekeeping forces and mutineers within the C.A.R. armed forces. U.S. Ambassador Mosina Jordan and her staff will cover the C.A.R. from Cameroon.

TWO DIPLOMATS from the People's Republic of China were among the more than 90 people who attended a Mexico City presentation on *EIR*'s now-famous Land-Bridge Report on March 20. Others who attended included students and representatives from the Government Workers Union, the Bank of Foreign Trade, and the National Agronomy Federation.

Is the Republican Party headed for a crack-up?

by Jeffrey Steinberg

One hardly needs to be a brain surgeon to see that the Republican Party is going through a bout of fratricidal warfare that could lead to the permanent dismemberment of what's left of the "Party of Lincoln." The most obvious expression of this deep crisis within the GOP ranks is the punching-bag treatment of Speaker of the House Newt Gingrich, at the hands of a broad coalition of right-of-center Republicans who were once among his most loyal boosters.

In the past several weeks, Gingrich has been attacked in the pages of the *Weekly Standard*, the neo-conservative magazine launched several years ago by British media baron Rupert Murdoch; *Human Events*; and the *Washington Times*. The spectacle of the Grand Old Party cannibalizing its own leadership has been grabbing headlines in daily newspapers throughout the United States. And overseas, for example, on April 5, the London *Economist* posed the question on its cover: "What Happened to the Republican Revolution?"

Gingrich is on the ropes

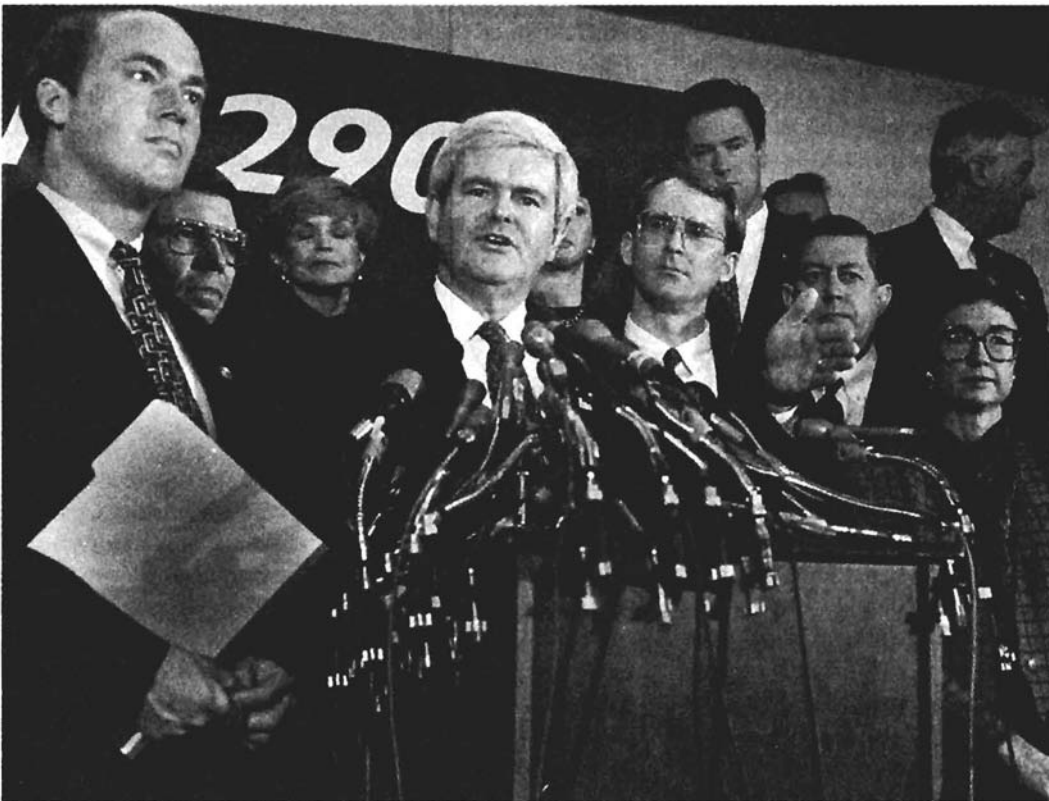
Gingrich's problems began at the opening bell of the 105th Congress, when the bipartisan House Ethics Committee ordered him to pay \$300,000, as part of the resolution of a year-long ethics probe of the Speaker, centered around a string of tax-exempt groups and political action committees that he used, interchangeably, to funnel cash into Republican Party campaign activities. For those Republicans who jumped on the Hollinger Corp.'s British bandwagon, and adopted the idea that the destruction of the Clinton Presidency, through a barrage of corruption scandals, was the number-one priority, Gingrich's tarnished reputation posed a major impediment, so long as he was out-front as the GOP's leading spokesman.

Gingrich's fundraising shenanigans left a lot of other Republicans vulnerable. The Internal Revenue Service is report-

edly still investigating several of those Gingrich-linked groups, including GOPAC, the Heritage Foundation, and the Abraham Lincoln Opportunity Fund. On April 10, the *New York Times* reported that another group of Gingrich-boosted fundraising operations had been served with subpoenas, to submit their records to the Senate Governmental Affairs Committee, chaired by Sen. Fred Thompson (R-Tenn.). The committee is investigating possible illegal campaign fundraising practices in the 1996 general elections. Among the groups subpoenaed was Americans for Tax Reform, headed by Gingrich confidant Grover Norquist.

According to the scathing attack against Gingrich that appeared as the cover-story in the March 31 *Weekly Standard*, under the headline "Newt Melts," all hell broke loose inside the House Republican Caucus on March 17, when Gingrich, without canvassing his fellow GOP congressmen, announced that he would be prepared to forgo deep tax cuts, in order to achieve a balanced budget. This provoked a torrent of angry public statements from both supply-siders and libertarian zealots, among especially House Republican sophomores, who consider tax cuts to be a sacred principle—one of the last issues that holds together the post-Reagan GOP.

The *Weekly Standard* also featured a signed piece by Rep. Peter King (R-N.Y.), under the headline "Why I Oppose Newt." King, who got into a public brawl with Gingrich, House Majority Leader Dick Armey (R-Tex.), and other Republican Southerners last year over their ideological opposition to an increase in the minimum wage, let flow a torrent of condemnations of Gingrich, calling him "the most powerful liberal in American politics." "Coming out of 1996 with a public-approval rating a few points shy of the Ebola virus, Newt Gingrich had become a clear liability to the Republican Party," King said. "As roadkill on the highway of American



Many of Newt Gingrich's former allies are now maneuvering to dump him as House Speaker. Here, Gingrich (at mike) in January 1995, with some of his Conservative Revolutionaries, shortly after they took control of the House of Representatives.

politics, Newt Gingrich cannot sell the Republican agenda. So instead of replacing Newt, the Republican leadership has replaced the agenda. Gone is the Contract with America. In its place is an amorphous 'agenda for a governing majority'—13 suggestions carefully crafted to upset no one and accomplish not much of anything. As a consequence, congressional Republicans are adrift. We are in danger of losing our identity as a party."

According to a news report by *Washington Times* editorial-page editor Tod Lindberg, Gingrich spent much of his flight back to Washington from the Far East at the beginning of April, fuming over the *Weekly Standard's* ambush. Gingrich, according to the account, holds the magazine's editor, William Kristol, personally responsible, and has referred to Kristol as a "dangerous" man with a hidden agenda. The Rev. Sun Myung Moon's *Washington Times* disagreed. Lindberg called Kristol's assault on Gingrich's leadership "informed criticism."

The next blow to Gingrich came from *Human Events*, the national conservative weekly that has been a voice for both the Religious Right and what are referred to as the "paleo-conservatives," the old-line neo-isolationists and social conservatives who often spar with the neo-conservatives over their slavish allegiance to the Israel lobby. Under the front-page headline, "Gingrich Hold Slipping, As . . . Backbenchers Ponder Palace Coup," John Gizzi spelled out three possible scenarios, by which the House Republicans could dump

Gingrich from the speakership. The most likely of the three options, reported in *Human Events*, would involve invoking Rule 7 of the House Republican Charter. Under Rule 7, a petition by 25 House GOPers could trigger a no-confidence vote within the Republican Caucus. A simple majority of Republicans could then remove Gingrich, and leave the caucus free to select a successor, who would enjoy the unanimous backing of the Republican legislators, thereby assuring them of being able to beat back a Democratic Party effort to have Minority Leader Richard Gephardt (D-Mo.) elected to the post.

Human Events quoted several House Republicans, that they would give Gingrich until August to reassert leadership, or else the Rule 7 option would be activated. Others told *Human Events* that they are not prepared to wait that long.

It's bigger than the issue of Newtzi

While Gingrich has been drawing most of the fire in recent weeks, the malaise inside the GOP runs far deeper than the Speaker's fall from grace. There are ample signs that the party is deeply divided, along several ideological fault-lines, and that demoralization and anger has gripped the party at its most vulnerable point: its fundraising. Sources in Washington have told *EIR* that even the most up-beat GOPers acknowledge that, with President Clinton's reelection victory in November 1996, despite the fact that the Republicans held onto control of the Congress, the GOP is a minority party. Its electoral

success is based largely on its ability to outspend the Democratic Party by 50% or more. For a typical Republican Congressional candidate to win against a Democratic incumbent, he or she must be able to outspend the opponent by three to one. The GOP hierarchy, the source insisted, will never allow campaign finance reform to go through this year, because it would kill the Republican prospects of retaining control of the Congress and winning the White House in the year 2000.

On April 7, thirty of the Republican Party's biggest financial backers, all members of the Republican Eagles, sat down with Republican National Committee Chairman Jim Nicholson at the Capitol Hill Club and delivered an ultimatum: Clean up the GOP mess in Congress or the checkbooks will slam shut. As this issue of *EIR* goes to press, the party's top brass are meeting with all 50 Republican state party chairmen, in an effort to stem the revolt, and chart out a coherent strategy for the next round of state and federal elections. That may prove to be a more difficult task than putting Gingrich's reputation back together again.

Ironically, Gingrich's recent move to back down from his earlier pledge to balance the budget, while implementing big tax breaks—skewed to benefit the wealthiest 10% of the population—was, perhaps, one of the few smart things that Gingrich has done since taking over the Speaker's gavel. Only a lunatic, or someone out to bring a reign of economic

terror down on the United States, could conceivably peddle a deep tax cut on top of the draconian austerity already imposed by the balanced-budget frenzy. Having barely survived the fallout from two government shutdowns, and an earlier standoff on the tax cut question, Gingrich opted to avoid the chaos, and another bloody battering at the hands of President Clinton and the Congressional Democrats. Instead, he was attacked by Senate Majority Leader Trent Lott (R-Miss.), nearly physically accosted by Rep. Steve Largent (R-Okla.), a former professional football player, and ambushed by several score House and Senate GOP Conservative Revolutionaries.

'Institutional' alliances

To this picture, add the following: The so-called Christian Right, associated with groups like the Christian Coalition, and figures such as Patrick J. Buchanan, is attempting to assert its clout within the GOP, after having been silenced at last August's nominating convention. Their agenda is an amalgam of single issues, from abortion to home-schooling to school prayer, that are among the most divisive issues being thrashed around today. A second group, associated with Congressional austerity fanatics, like Senator Lott and Representative Arme, is equally obsessed with tax cuts for the rich and murderous austerity measures. This "nasty lott," given half a chance, could help trigger the biggest social explosion since the Civil War—a prospect that has London's Club of the Isles salivating. The London-centered financial oligarchy fears that, in the context of the looming world monetary and financial blowout, President Clinton could adopt Lyndon LaRouche's plan for a New Bretton Woods Conference. Engulfing the United States in social chaos and racial strife is one way to diminish the chances of Clinton going with the LaRouche plan.

The Republican Party also has another pro-London tendency, associated with former President George Bush and the remnants of the 1980s corrupt Iran-Contra apparatus. Bush has let it be known that he intends to aggressively push his son, Texas Gov. George W. Bush, as the next GOP Presidential nominee; and, Bush has launched a number of dubious fundraising efforts to push that prospect forward.

There are, within this stew of contending unhealthy factions called the Republican Party, a number of decent representatives, senators, and elected officials at the state and local level, who could be called the "institutional" Republicans. Increasingly, these individuals are finding themselves at odds with the party leadership and all of the factions identified above. These institutional Republicans have forged alliances with like-minded Democrats on a number of issues, including the recent compromise on shaping a Senate probe of 1996 campaign finance irregularities, and possible criminal conduct. Increasingly, as the GOP disintegration continues, as it all but certainly will, such bipartisan "institutional" alliances will become the order of the day.

DO YOU
KNOW

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- that Washington and Franklin championed Big Government?
- that the Founding Fathers promoted partnership between private industry and central government?



Edited by Nancy Spannaus and Christopher White

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Wall St. Underground spreads new poison

by Charles Tuttle and Jeffrey Steinberg

Over the past few weeks, hundreds of thousands of American homes have received copies of a vicious propaganda sheet from the *Wall Street Underground*, published by Nick Guarino. Under bright red, banner headlines, “Bill Clinton Will Be . . . Tried for Treason within Nine Months,” Guarino regurgitates, in wildly exaggerated terms, the China-gate, Lippo-gate garbage that has flooded the “Get Clinton” “media food chain” for the past few months. On the few occasions in the 12-page diatribe where Guarino cites “sources” to back up his “first-hand” knowledge, they are all British: either the London *Times* (Lord William Rees-Mogg’s more “respectable” current address) or Reuters. Guarino mixes these wild slanders against the President with his own pitch for his latest con-job, a “free” (with a \$99 subscription order) pamphlet called “How to Survive and Profit from the Clinton Crash.”

Financial market genius that he is, Guarino pins the entire global financial debacle, which has been brewing for decades, on Bill Clinton alone.

Guarino claims that the impeachment, indictment, and jailing of Clinton will be the trigger for a 50% crash on Wall Street, and that Federal Reserve Board Chairman Alan Greenspan’s recent pronouncements about the stock market bubble were all linked to the looming jailing of the President. Guarino then writes:

“In 1987, I saw the handwriting on the wall. Stocks were completely overvalued. Inflation had begun to reappear. Government spending was out of control. It was clear that the market was sure to collapse soon—and I told everyone who would listen. And I did more than that. I recognized a rare opportunity to make a fortune. In early October, I moved my clients into investments that would earn them \$25,000 with every 100-point drop in the Dow. *The day millions of investors took a pounding, my associates and I walked home \$14 million richer.* Everyone who followed my advice made about 5,000% profits when the market crashed. They multiplied their money by 50 times. In one day.”

A different picture emerges

But, Federal court records seem to tell a different story, as the newspaper *New Federalist* reported last autumn. It

seems that in 1989, Guarino was indicted by a federal grand jury in Fayetteville, Arkansas on 10 counts of mail fraud and 15 counts of wire fraud, stemming from his so-called sure-fire investment advice. Guarino reached a two-count plea agreement with federal prosecutors, which would have sent him to jail for two years, and forced him to repay \$1.25 million to customers he had ripped off.

However, instead of serving his time in jail, Guarino fled to Honduras, a country with no extradition treaty with the United States. In his various “investment newsletters,” he had boasted of being involved in George Bush and Oliver North’s Contra gun-for-drug operations, but this may be as bogus as his claims of “knowing” Governor Clinton, during the several-year period in the 1980s, when he ran a precious metals firm out of Harrison, Arkansas.

Nevertheless, Honduras was one of the focal points of the Contra gun-for-drug program of the 1980s, and it may be that Guarino, indeed, was somehow affiliated with that criminal enterprise.

In December 1991, Guarino was captured by the FBI on a yacht off the coast of Honduras. According to the federal prosecutor who brought the wire and mail fraud case against Guarino, at that point, he was brought back to the United States and he served his jail sentence; however, he has yet to pay the \$1.25 million, and he is once again living somewhere offshore.

A high-cost operation

How things shook out between Guarino and the FBI, is still unclear. But, what is clear, is that Guarino’s *Wall Street Underground* is the most far-out of the Clinton-bashing rags; and, he spends millions of dollars on his propaganda mailings that certainly don’t come from his subscriber base. His latest 12-page bash was sent out by first class mail. According to industry sources, the minimum cost for a 200,000-person mailing of his latest rubbish is \$82,000.

In the run-up to the 1996 Presidential elections, Guarino sent out millions of copies of a vicious smear against President Clinton, called “Murder in the First Degree,” which accused the President of ordering the killing of Commerce Secretary Ron Brown, and 55 other people. In Guarino’s fantasy world, even Contra dope pilot Barry Seal was murdered, by the Colombian cocaine cartels on orders from then-Governor Clinton. Documents published by Iran-Contra special prosecutor Lawrence Walsh told a different story. They identified Seal as an operative for George Bush and Oliver North.

The “Murder” report was printed to appear to be a government document, and bore the description, “Top Secret Government Classified Information Leaked May 14, 1996 by Military Informant Eye Three.” That 37-page piece of slander was an even more costly propaganda assault against the Presidency, one that was certainly not bankrolled by Guarino’s 5,000% “profits” from his investment activities.

National News

Privatizers attack patent law protections

A fight in Congress over plans to weaken U.S. patent law and privatize the Patent and Trademark Office is brewing, with bills on both sides of the issue having had hearings in the House Judiciary Committee. Patent rights were guaranteed to inventors by the framers of the U.S. Constitution, and such protections are key in fostering a high rate of scientific and technological changes in the economy.

H.R. 400, introduced by Rep. Howard Coble (R-N.C.), would privatize the patent office, allowing appointed officers to be selected from corporations, and would reduce protection time. It would also make a key change to the patent challenge process, whereby the challenger would get access to all the information about the patent and be involved in the decision in the patent office hearings. This would allow big corporations to challenge small inventors, and effectively steal their discoveries. H.R. 400 would also make it mandatory to publish in full all patent applications after 18 months, regardless of whether they have been accepted or not, which would also make theft easier.

In opposition to this bill, Dana Rohrabacher (R-Calif.) has introduced a bill to restore patent law to the way it had been for over 100 years, before the 1994 General Agreement on Tariffs and Trade made a change in the patent laws, cutting back the length of protection. His bill, H.R. 811, is still in the Judiciary Committee, while H.R. 400 has been reported out of committee, but is not yet scheduled for further action.

Black farmers plan march on Washington

John Boyd, Jr., national president of the Virginia-based National Black Farmers Association, has called on all people who are concerned about the food crisis and loss of family farms to join him at the Department of Agriculture in Washington, D.C. on April 23, to protest continuing discrimination

against black farmers. He will lead the protest with his mule, to symbolize the broken promise of "40 acres and a mule" for every American, he said.

Invited speakers include Rep. Bennie Thompson (D-Miss.), Rep. Maxine Waters (D-Calif.), Rep. Eva Clayton (D-N.C.), and House Speaker Newt Gingrich (R-Ga.). Boyd had testified in March before a Congressional subcommittee about the plight of black farmers, and announced the demonstration then.

Boyd told *New Federalist*: "This is not just a black problem, this is a small farmer problem that has been occurring all across this country." Noting that the cartels direct agriculture policy, he pointed to the insanity of cartel farmer Frank Perdue getting \$17 million recently to build a processing plant in North Carolina. "Here is \$17 million that could have been used to keep the small family farmer on the farm."

Gingrich attacks China in speech to GOPAC

In a speech to GOPAC on April 7 in Washington, D.C., House Speaker Newt Gingrich (R-Ga.) compared the United States to the Roman Empire, and suggested that China is attempting to corrupt the United States in the same way that the Roman Empire was corrupted.

"The United States is today to the world what the Roman republic became to the Mediterranean world. We are the only superpower. We are the center of economic, political, diplomatic, and military influence," Gingrich said.

"When Rome defeated Carthage, the republic and its senate found themselves the center of power in the Mediterranean world. However, their institutions were not strong enough to withstand the influx of wealth from throughout their world. . . . Throughout the Mediterranean, rich businessmen and governments came to believe that they could bribe the Roman senate. Sending lobbyists and offering bribes to Rome became the easiest and most profitable route to wealth and power for many local leaders.

"Today the United States faces the first real experience of the challenge that con-

fronted the Roman Republic. The real core of the current investigations is not about campaign finance or about politics in any normal American sense . . . [but] the penetration of the American system by foreign businesses and foreign governments seeking to corrupt the very process by which we govern ourselves."

Gingrich then declared: "If it is proven that the Chinese Communists were trying to funnel money into a Presidential defense fund, then the Roman model of foreign corruption will indeed be raising its head within the American system."

Ex-CIA head promotes disarmament at UN

At a UN press briefing on April 9, former CIA Director Adm. Stansfield Turner called for creating public pressure to promote nuclear disarmament. The press conference was held in connection with representatives of 180 nations gathered at the UN to discuss the Nuclear Non-Proliferation Treaty, for the first review process since its indefinite extension in April 1995.

Turner argued that the Comprehensive Test Ban Treaty, which was introduced by former President George Bush, and mainly supported by Republicans, was in danger of being scrapped. He said he was alarmed by the outcome of the recent Helsinki summit between Russian President Boris Yeltsin and U.S. President William Clinton.

"We need to find a new process," Turner said, and proposed that President Clinton initiate a program of "strategic escrow" which would remove warheads from operational weapons, and place them in storage, where they could be observed. All Clinton has to do is to order that the United States take down 1,000 warheads, under the eyes of Russian observers, and then ask the Russians to do the same, he said. This could then be followed by other "slices" of warheads, he said.

"We don't know what is going to happen in Russia in the next 10 years. We don't know what is going to happen in China in the future," he said.

Turner, who was CIA Director under Democrat Jimmy Carter, was joined by Aus-

tralian Ambassador Richard Butler, who convened the Canberra Commission on the Elimination of Nuclear Weapons in the summer of 1996.

States seek to delay food stamp cutoff

April 1 was the deadline, set by the 1996 federal welfare reform act, for the cutoff of a million legal immigrants from the federal food stamp program. About half the \$54.6 billion in six-year savings in the welfare bill came from denying food stamps and disability aid to legal immigrants. Governors in 34 states and the District of Columbia have announced that they will take advantage of an option in the law that allows them to keep legal residents in the program until Aug. 22, but the delay affects only those who were receiving food stamps on Aug. 22, 1996, when the welfare law was signed. Legal immigrants who have applied for benefits since that date are not eligible, and have been turned away. However, states can extend their own benefits to replace the federal benefits, to the extent to which they have money to do so.

Advocates for the poor and immigrants filed suit in New York and California in early April to block the law, charging that denying benefits to legal immigrants was unconstitutional.

IISS, Cato predict Persian Gulf conflicts

On April 8, Lawrence Tal, a research fellow at London's International Institute of Strategic Studies, told an audience at the Cato Institute in Washington, D.C., that border conflicts were going to characterize instability in the Persian Gulf in the short to medium term. He said the causes of border disputes have little to do with lines on maps, but rather are exacerbated and militarized as the result of internal economic and political pressures within the countries involved. He said that Iraq's 1990 invasion of Kuwait was the result of such pressures, calling it a "raid on the banks" to help recoup the costs of the

1980-88 Iran-Iraq War.

Tal laid out four possible conflict scenarios for the Gulf. The first one is a re-igniting of the Iraq-Kuwait conflict, which he described as "cyclical, due to Iraqi belief that Kuwait is part of Iraq." The second is the Iran-Iraq conflict, which could result from a shift in the balance of power which convinces the stronger side to press its claims in the border areas. The third is around the Gulf island of Abu Moussa, which Iran occupied militarily in 1971 in the aftermath of British withdrawal from the region, and the last is a current territorial dispute between Qatar and Bahrain. Qatar, he said, has appealed to the International Court of Justice at the Hague, but Bahrain does not recognize the Hague's jurisdiction, and Saudi Arabia is backing Bahrain in the dispute.

Such "predictions" are usually to be read as statements of intent by geopoliticians. In fact, there is a process of reconciliation going on between most of the nations in the Gulf, notably Saudi Arabia and Iran.

PBS's Frontline takes aim at Salinas networks

In a development that holds promise for further action against the networks of drug kingpin George Bush, the Frontline program of the Public Broadcasting System (PBS) ran a feature story on the international drug-trafficking and money-laundering ring of the Mexican Salinas family, on April 8.

While the emphasis was on the case of Raúl Salinas, the older brother of former Mexican President Carlos Salinas, the show raised the question as to what the former President and member of the Dow Jones board might know. Carlos Salinas, pictured in the show giving a sombrero to President Bush, refused to be interviewed on the record.

Frontline interviewed Dr. Valentin Roschacher, the Swiss national police chief of the Central Office for Narcotics, who is in charge of investigating Raúl Salinas's bank accounts, and who stated that the \$100 million Salinas had in Swiss bank accounts, was mostly from drug trafficking. Citibank's role in setting up Raúl Salinas's finances was also mentioned in the special.

Briefly

REP. FRANK WOLF, a board member of Christian Solidarity International and promoter of destabilization of China and Sudan, was confronted by a truthsquad from the FDR Political Action Committee, at town meetings he held in his Virginia district in early April. Wolf's hypocrisy was especially highlighted by his lack of concern for the foreign invasion of Sudan, and for human rights violations in his own district, namely, the case of Lyndon LaRouche.

PRESIDENT CLINTON could "govern much as Franklin D. Roosevelt," if he's faced with a "national crisis of undisputed dimensions," writes former Labor Secretary Robert Reich in his new book on the Clinton Presidency.

TWO PROSECUTORS in the Lost Trust case, a South Carolina federal sting which has been overturned by 4th Circuit Judge Falcon Hawkins, have filed personal notices of appeal in the case. The federal authorities have preserved their right to appeal, as well.

REP. TOM DELAY has reintroduced his bill for radical deregulation of the electric utility industry. Delay, a Republican from Texas, is widely thought to be interested in doing favors for the nation's largest private energy company, the Texas-based Enron Corp.

WHITE HOUSE spokesman Mike McCurry, under pressure from the press to explain why there were 200 articles written attacking Webster Hubbell, if there was no scandal, reminded the journalists: "Allegations appearing in print is different from something being true. You know, I think some people in this room have a little hard time remembering that . . . it's not the same thing."

THE TOKAMAK FUSION Test Reactor at Princeton University was shut down on April 3, at the conclusion of its final experimental run. Funds to continue its operation were dropped from this year's budget.

A new feudalism, or new Bretton Woods

Over the course of the last six weeks, the political forces associated with Lyndon and Helga LaRouche have carried out a mobilization to build political support for a New Bretton Woods system, based on the absolute necessity of replacing the collapsing, bankrupt world financial system at the point of its demise. In this issue of *EIR*, we publish the first sampling of supporters, from among the international political dignitaries who have voiced their support.

But, at the same time that we have been building an alternative system, there has been frenetic activity being carried out by those who wish to save the International Monetary Fund (IMF) system. Totally aware of the fragility of their edifice, the investment bankers, IMF officials, cartel managers, and their mouthpieces have begun to put together plans for *their* survival, at the expense of humanity as a whole.

Some of these plans were laid out at an April 4-5 conference of the "Reinventing Bretton Woods Committee," held in New York City. According to the committee's executive director, Marc Uzan, the purpose of the committee is to "try to manage the crisis," through setting up "a private-sector IMF." There is enormous fear, he said, that there will be a series of Mexico-style crises, and that the current institutions can't handle them. Their solution? To brush aside the role of governments and the government-funded IMF altogether, and set up the kind of private club of investors and creditors which would be modelled on 19th-century British imperialism, in particular the "Council of Foreign Bond Holders."

An even more honest, if dramatic, vision of the system these financiers seek, was presented recently in the new book by Lord William Rees-Mogg and James Dale Davidson, *The Sovereign Individual*. This book, recently excerpted in the London press, "predicts" that private wealth and "market forces" will supersede the nation-state in the coming era, and anticipates "the re-emergence of associations of merchants and wealthy individuals with semi-sovereign powers," who will take

over not only economic functions, but even the military protection of those individuals' properties.

What is envisioned here is, in fact, simply a new feudalism, one under which the nation-state is dismantled, and populations are left at the mercy of private supranational financial powers. It is the end result of the process which the IMF has already begun, by insisting upon the elimination of state protections and industries, and the subordination of all economic policies to "market forces." This is an attempt to reverse the strides achieved by mankind beginning with the founding of the nation-state in France in the 15th century—and it will lead to a dramatic devolution in health, welfare, and population density, i.e., genocide.

Already, we see the implementation of this policy on the continent of Africa. Under IMF "structural adjustment" policies, the power of governments to provide for their populations has been destroyed. Country after country has been forced by the financial authorities to sell off their mineral-producing wealth to private international companies. Governments can no longer support military forces to keep order—so the military function is turned over to private, mercenary armies such as Executive Outcomes, who get paid in mineral wealth. Those regions of the continent which are not considered creditworthy, are simply to be left as *terra incognita*, no man's lands outside the boundaries of the "civilized" global system.

These are the lengths to which the British and banking feudalists are prepared to go, in order to save their system. The genocidal outcome of such a system is predictable, and should horrify any moral human being. Yet, governments and policymakers continue to shrink from endorsing the alternate policy, the New Bretton Woods system, which has been constructed on the workable parts of the postwar economy. Instead, they keep clinging to the sinking ship.

We are running out of time to face reality. Has there ever been a time in which saving humanity did not require acts of intellectual courage?

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