

# EIR

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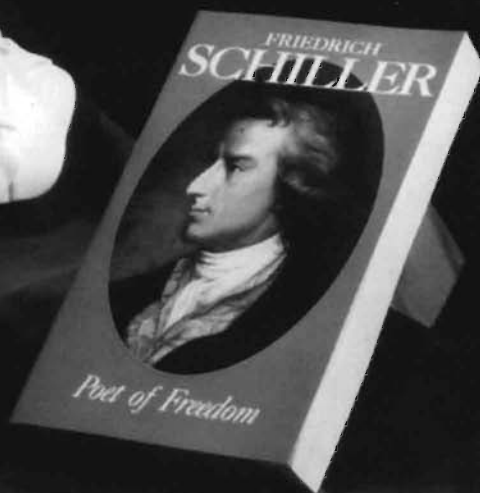
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## From the Associate Editor

**I**s the British oligarchy really crazy enough, to goad Israel's Jabotinskyite loon, Bibi Netanyahu, into launching a nuclear "Armageddon"? After you read this amazing issue of *EIR*, we are sure you will be convinced that they are.

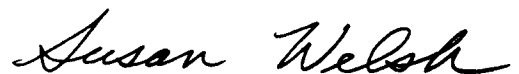
Lyndon H. LaRouche, Jr., in a memorandum to *EIR* staff on the threat of nuclear war in the Mideast, underlined that "the source of the threat is not Britain's Israeli puppets, but the British monarchy itself. This is a classical British Middle East operation of the type run by London under the cover of the British Israelite 'evangelical' cult-operations based in the British Commonwealth and the United States (e.g., 'right-wing Elmer Gantrys' of the type of Robertson, the Promise Keepers, et al.)." What can be done to block the lunatic British strategy? LaRouche writes: "A resolution against Britain, for its admitted role as the leading harbinger of international terrorist organizations, is the minimal first action required, if this nuclear scenario is to be aborted."

See *International* for a documentary package, including background material on the British harboring of international terrorism, and new revelations about "Diamond Pat" Robertson.

This issue also includes the speeches by Lyndon and Helga LaRouche, from a Nov. 5 conference in Bonn, Germany, "For a New Bretton Woods System." Mr. LaRouche breaks new ground in conceptual analysis of the world financial breakdown, using the methodology of 19th-century mathematician Carl Gauss to show that the current collapse is no "cyclical crisis" on the model of 1929, but something much, much worse. Mrs. LaRouche then elaborates the potential for worldwide economic reconstruction, based around the Eurasian Land-Bridge—with particular reference to the German economy.

In *Strategic Studies*, LaRouche and Rogelio Maduro hit at a vulnerable flank of Prince Philip's apparatus: eco-terrorism.

Our *Investigation*, by Jeffrey Steinberg and Allen Douglas, is an exclusive report on the assassination of Princess Diana, proving beyond a doubt that it was high-level officials of the French Socialist government—remnants of the fascist Mitterrand machine—who personally carried out the murder of Princess Diana, who otherwise would have survived the Place de L'Alma tunnel crash.



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## Asia crisis threatens global 'discontinuity'

by William Engdahl

Far from calming down after the dramatic \$40 billion International Monetary Fund-led emergency rescue package of Nov. 4 for Indonesia, the second in only four months for an Asian country, the Asian financial crisis has taken on an alarming new dimension. In early November, shock waves sweeping the former high-growth countries of East Asia, have exploded with a qualitative new force in South Korea and Japan, the two largest industrial economies of Asia. As well, fears are growing that the largest Ibero-American economy, Brazil, is threatened with major capital flight, despite a savage government austerity package designed to "reassure" foreign investors that Brazil's currency, the real, and with it the dollar value of their Brazilian stock and bond market investments, would hold firm.

Senior City of London financial strategist S.J. Lewis describes the events in Asia as "approaching a systemic discontinuity in several Asian economies, a discontinuity which could rapidly become a global one." Lewis dismisses the common argument among complacent fund managers, that the 30-40% devaluations of Asian currencies will be good for Asian export profits. "This is foolish. How can an industry produce, if the country has no liquidity to keep the factories running? In some of these countries, it's dangerously close to that kind of meltdown situation."

His analysis is a far cry from the prevailing mood in Wall Street firms or European banks, summed up by one European banker as "complacency. The large U.S. fund managers I deal with all tell me, 'Asia is too small a part of the world economy to have any large negative impact on us.' Needless to say, I think they're dangerously wrong, especially after what is developing in Korea and Japan in recent days."

### Crisis in Korea, Inc.

The most alarming immediate problem is in Korea, the 11th-largest industrial economy in the world, and the newest member of the "club of industrialized nations," the Paris-

based OECD. "The problem in South Korea," one Korea fund manager at a major bank commented, "is far different from that in, say, Thailand or Indonesia, where we may see one or several banks go under. In this case, it is a crisis of Korea, Inc., the entire complex of banks and their related *chaebol*, or industrial groups."

Complicating the Korean crisis, where the central bank has depleted its dollar reserves in a vain effort to keep the national currency, the won, stable against the dollar, are the Korean Presidential elections on Dec. 18. "The elections mean no government action, rather, complete paralysis until after that date," the Korea fund manager said. "That is only worsening the pressures on the won."

"Korea is right now in an impossible situation," Lewis added. "I see no way out at this point, but for the government to put the entire Korean economy and banking system through some form of 'national Chapter 11' bankruptcy reorganization."

The dilemma is that Korean companies have borrowed a huge sum from foreign banks in the past two years, some \$30 billion from Japanese banks alone, to keep going. Today, Korea has a total foreign debt, public and private, of more than \$120 billion. Of that debt, \$80 billion or so comes due in less than 12 months. For the past two years, with the won rising along with the U.S. dollar, against the falling Japanese yen, Korean exports went into a sharp decline. Korea competes directly with Japan in all major export markets. That export slump has led to a wave of the worst bankruptcies since the beginning of Korea's industrialization, following the Korean War in 1953. Large companies, like Kia Motors and Hanbo Steel, have had to be rescued or closed in the past six months. Their bad debts are now on the books of the large Korean creditor banks.

To ease the problem for Korean banks, now privately owned but still government "guided," in terms of setting interest rates on loans or deciding who gets credits, the govern-

ment, in the week of Nov. 10, announced that it was creating the Korea Asset Management Corp., with an initial fund of \$3.5 billion, to buy bad bank loans. However, this is a drop on a hot stone. Official domestic bad debts are at least \$60 billion, and actual numbers are believed to be far higher. Government officials have reportedly told the banks to conceal more bad news until after the elections.

To make matters worse, not only their loans to *chaebol* industrial firms have increasingly gone sour, but, at the encouragement of the government, the banks went heavily into the Seoul stock market in 1994. "The government saw it as a sign of its own success, if the stock market rose like elsewhere in Asia," the Korea fund manager said. "The problem is, the stock boom turned negative at the end of 1994, and since has fallen precipitously."

Korean officials are caught in a nasty double-bind. To defend the won, deemed urgent to convince foreign bank creditors to roll over the \$80 billion coming due in the next few months, the Bank of Korea has drained liquidity from the banking system, forcing domestic interest rates sharply higher. That, in turn, has helped collapse the Seoul stock market and the value of bank investments, as banks are forced to call in broker loans. Seoul stocks have fallen 23% since September. Were the government now to let the won go, and try to save the stock market, a full-blown Ibero-America-style debt crisis would detonate.

In the past days, as he toured Asia, IMF Managing Director Michel Camdessus repeatedly offered IMF emergency help to Korea. The government refused, reportedly fearing disgrace in the elections. "The IMF would have to come up with a record-breaking package," stated *Crédit Agricole-Indoseuz* economist Steven Jennions in London. "We're probably talking twice the size of the Mexican package of 1995." That, if true, would mean \$100 billion.

If Korea's stock and currency markets collapsed, this would increase the scale of the Asian economic and financial crisis twofold, by some estimates. That would then hit Japan with devastating force. According to senior advisers to Japanese Prime Minister Ryutaro Hashimoto, for such reasons, Korea is "worry number one" in Tokyo.

## Japan's crisis deepens

*EIR* has described the seven-year-long Japanese economic decline, which inside Japan is officially given the name The Great Heisei Depression, in honor of the present Emperor. Japan, whose banks continue to choke on the legacy of an estimated \$1.1 trillion in bad debts to construction, real estate, and other companies from the "bubble economy" of the late 1980s, is in its deepest economic depression since the 1960s. Political paralysis has so far prevented a resolution of the bad debt problems. Depositors, fearing bank failures, have fled to the government Postal Savings Bank (helping make it the world's largest bank, controlled by the Ministry of Finance) or into Japanese government bonds, driving interest rates below 2%. The last time government bonds of an indus-

trial economy were that low, was U.S. Treasury bills during the Great Depression. The domestic economy is in negative growth, and only a cheap yen is driving large exports, the only bright spot to date.

Japan not only sends 43% of its exports to the Asian region; Japanese banks, in order to get high profits to offset bad domestic loans, have become the largest lenders to Asia—\$119 billion, as of December 1996, according to the Bank for International Settlements (BIS). The figure today is significantly higher. In Thailand, Japanese banks hold \$37.5 billion; and, \$30 billion in South Korea. Japanese banks are under enormous pressure to "throw good money after bad," by rolling over these loans.

This grim outlook has led to selling by investors in Tokyo of stock shares, especially those of banks and financial brokerages. The result has been an almost 20% plunge in the Nikkei Dow Tokyo stock index since September. More alarming, Japanese banks count the value of "core stock holdings," shares they hold as long-term holding in related industrial or other companies, as part of the bank's core capital reserve. As the Nikkei falls, these so-called hidden reserves fall with it.

On Nov. 11, the London bank rating agency IBCA Ltd. announced that it was reviewing 11 large Japanese banks for likely credit downgrade. If the Nikkei hits 15,000, no less than 11 of Japan's 20 largest banks would see their entire hidden reserve value disappear. That would force many banks to cut back loans to meet mandated BIS capital reserve rules, in order to continue to do business internationally. On Nov. 12, the Nikkei stood at 15,435.

"Already in the past two weeks, the dreaded Japan bank risk premia have returned," Lewis noted. "Two weeks ago it was zero over the standard London LIBOR rate for interbank credits. Today it is 0.25%. That's an ominous sign, if not yet as severe as in 1995, when the U.S. Federal Reserve and Treasury extended an emergency \$500 billion credit line to calm the crisis." Already, Korean banks have reportedly become forced sellers of large sums of Russian and Brazilian government bonds. They had bought the securities in hopes of getting far higher interest rates. Now, desperate for dollar cash, they are liquidating, sending interest rates in both countries skywards and collapsing the financial markets there.

Speculators have begun dumping dollars. "The crisis is seen as a crisis in the dollar regions of the world," Lewis said. "Europe is regarded, right or wrong, as relatively unaffected by the Asia and Brazil events. That's why the German mark has been rising, and the yen and dollar falling in recent days. If the dollar goes into free-fall, that could detonate the real systemic crisis Mr. LaRouche has long expected."

The spread of the Asia crisis to Korea and Japan has put Washington on a state of "financial red alert." If the central banks of Korea and Japan are forced to liquidate their huge holdings of U.S. Treasuries, the United States would be faced with a financial meltdown. If Japan were to sell even a fraction of its \$500 billion in private and government hands, it would detonate a dollar collapse. That point is near.

# Behind the ouster of Russia's Berezovsky

by Konstantin George and Rachel Douglas

On Nov. 4, Russian President Boris Yeltsin lifted restrictions on foreign ownership of one of Russia's most valuable assets, its oil companies. The next day, he fired financial tycoon Boris Berezovsky from the post of deputy head of the Security Council. The two decrees, issued just after Yeltsin met with the International Monetary Fund's (IMF) chief enforcers within the Russian government, First Deputy Prime Ministers Anatoli Chubais and Boris Nemtsov, magnified the turmoil, into which the global financial and economic collapse has thrust Russia.

Berezovsky is one of the top dozen financial-corporate oligarchs in Russia. Last summer, with backing from Prime Minister Viktor Chernomyrdin, he led and lost the fight to prevent international speculator George Soros (in partnership with Vladimir Potanin's Oneksimbank) from acquiring the Russian telecommunications giant, Svyazinvest, at its privatization auction. Chernomyrdin's attempts to postpone the Svyazinvest sale were overruled by Chubais and Nemtsov, who prevailed by going over his head, to Yeltsin. Berezovsky's business partners submitted a losing bid.

In this latest round of political brawling, it is plain that the pressure of the international financial crisis is driving the clan warfare at the top of the Russian power structure. Berezovsky himself charged on Nov. 5 that the entire package—his ouster and the permission for foreign investors to purchase up to 100% stakes in Russian oil companies—had been engineered by Chubais during the latter's visit to London during the week of Black Monday, Oct. 27. Chubais was a Bolshevik, a hypocrite, and an agent of Oneksimbank, Berezovsky said, and Oneksimbank was about to bid in partnership with British Petroleum, to purchase the Rosneft oil company. The oil decree, *Kommersant-daily* wrote on Nov. 6, was "a complete victory for Anatoli Chubais."

The shock waves from the global financial crash, however, are wrecking Chubais's ability to buy social peace with cash infusions from the IMF and other foreign borrowings, while he delivers Russia as an "emerging market" to supply the international financial bubble with more loot. The week of Black Monday shook the political complacency and smugness of many in Moscow, leading to new desperation moves on the part of the regime, but also to ever more open discussions, that there must be a better way to run an economy.

Economist Lyndon LaRouche has received extensive press coverage in Russia, for having forecast the crash. The opposition daily *Pravda Pyat*'s Oct. 30 article by Prof. Taras Muranivsky, which presented LaRouche's diagnosis of how the \$100 trillion derivatives bubble will annihilate the international financial system (see *EIR*, Nov. 7, p. 12), was followed by Muranivsky's commentary in the weekly *Ekonomicheskaya Gazeta* of Nov. 7, "The Thirty-Year World Crisis, into Which Russia Is Being Dragged." Muranivsky outlined LaRouche's step-by-step instructions on how governments should act to bankrupt the speculators, and cited *EIR*'s report on the evaluation by a senior European analyst of Russian affairs, who differentiates between the Russian financial oligarchy, which is ready "to take the money and run," and the serious people in Russia, who are looking for a way out of the crisis.

The Russian press has also given significant coverage to the scathing attacks on Soros and other speculators, by Malaysian Prime Minister Dr. Mahathir bin Mohamad. The Oct. 31 issue of *Ekonomicheskaya Gazeta* devoted several pages to the worldwide battle against currency speculators. Its package included the first full translation into Russian of Mahathir's speech to the September IMF meeting in Hongkong, as well as an article by Muranivsky, "After the Explosion of the Financial Bomb in Hongkong," in which he analyzed the importance of the Mahathir speech and the attempt to create an Asian Monetary Fund. On Oct. 30 in the daily *Finansovyye Izvestiya*, economist Vladimir Popov warned that an outflow of short-term capital, such as had provoked the rapid devaluation of Southeast Asian currencies, was likely to occur in Russia soon, too, because alleged "good macroeconomic indicators," like low inflation, a positive current account balance, etc., were no guarantee against attacks on a country's currency. Popov noted that the daily volume of currency transactions, worldwide, exceeds \$1 trillion, or 50 times the total volume of international trade.

## State finances hang by a thread

The events warned of in such forecasts, are already taking place. The assault by Soros and the other speculators against Asian currencies sent heavy after-shocks into the fragile Russian financial markets.

Shares on the Russian Trading System (RTS) lost 17.4% during the week of Oct. 27. Wire services reported jitters among Russian brokers, about whether there was even sufficient liquidity in the market to settle up the trades made during that week. "We'll know some time in the middle of November who is going to go bust," one broker was quoted. Other Russian *nouveaux riches*, who name their companies things like Montes Auri (Mountains of Gold) or Alfa (after the Alpha-people in Aldous Huxley's *Brave New World*), talked as if the worst were over. *Finansovyye Izvestiya* of Oct. 30 quoted Maksim Shashenkov of Alfa-Kapital, who believes that the



“correction” on the financial markets of industrial countries will be followed by a growth of demand for Russian securities. Russian share prices will rise, he said, followed by a period of calm; November will be a dull month on the Russian stock exchange. One week into Shashenkov’s “dull month,” the RTS experienced drops of 8.3% on Nov. 10 and 9% on Nov. 12.

When the RTS temporarily rebounded from its biggest one-day slide (down 19% on Oct. 28), Russian government officials, too, had been singing the tune of emerging-market suckers everywhere. On Oct. 29, Chairman of the Federal Securities Commission Dmitri Vasilyev told the third All-Russia Conference of Professional Stock Market Participants that Russia was a winner: “We assessed the situation correctly, which has made Russia more competitive compared with other countries.” In a Russian yuppie’s version of “the fundamentals are sound,” Chubais said in London on Oct. 28 that Russia’s stable currency, low inflation, and recently rising foreign-exchange reserves, “allow me to say that the current economic situation in Russia is safer than that in Southeast Asia.”

If that is not true, which it is not, Chubais’s schemes go up in smoke. The attractiveness of Chubais to Yeltsin depends on his satisfying the President’s pragmatic notion of how to keep state finances going, three months at a shot. The cumulative destruction of Russia’s tax base after six years of IMF-designed “reforms,” makes it impossible to finance a state budget with ordinary revenues. To keep the budget functioning, even at brutal austerity levels, Chubais depends on:

1. Quarterly financial injections from an IMF credit line, known as “tranches”—money which goes straight into the black hole of current operating budget outlays, to pay off soldiers, workers, and others, enraged after months of receiving no wages. In the summer, as part of the package whereby Chubais and Nemtsov secured the green light for the privatization of Svyazinvest and Norilsk Nickel by Soros and his allies, Russian state finances got another rescue payment, in the form of the first-ever multibillion-dollar World Bank loan to stabilize the Russian budget.

2. The sale of three- and six-month Treasury bills, known by the Russian acronym GKO, with high interest rates. Already, over 25% of budget spending is for debt service! A single jolt to the GKO market, could bring down the entire house of cards of Russian state finances.

The Russian debt market is composed of about \$58 billion worth of GKO, of which at least one-third are held by foreigners. On Nov. 10, the Russian Central Bank announced emergency moves to keep investors in the GKO market and protect the ruble: the Central Bank’s refinancing rate was raised from 21% to 28%, and the ruble fluctuation band expanded to 30% around a new fixing of 6,100 rubles to the dollar (6.1 new rubles, after the redenomination pending for Jan. 1, 1998). The bank had reportedly spent \$2 billion of its



*First Deputy Prime Minister Anatoli Chubais, the shock therapy fanatic who, some observers forecast, will be ousted in the new year, as discontent grows with the regime’s bankrupt economic policies.*

\$25 billion reserves, trying to defend the ruble at a higher rate. According to the London *Financial Times* of Nov. 11, “South Korean and Brazilian investors are heavily exposed in the Russian debt market and may need to repatriate funds to meet margin calls at home.” During the first wave of the international hedge funds’ assault on Asian currencies, in July and August, South Korean and other Asian banks had jumped into the Russian market in an attempt to replenish their drained liquidity positions, by taking advantage of the exorbitant interest rates paid on three-month GKO. The exact figures are not known, but Korean and other Asian GKO holders already began to pull out on a large scale, with the October crash.

On Oct. 31, Chubais’s other income spigot was turned off by the IMF, which declined to issue the latest, \$700-million tranche of its credit, citing poor tax collection. For the first nine months of 1997, tax revenues were at only 60% of the budgeted level, and covered less than half of originally budgeted spending. Poor as they are, those receipts included a huge one-time infusion provided when the natural gas monopoly, Gazprom, paid its tax arrears.

## Privatization under fire

The stock market crash presents Chubais & Co. with a new dilemma. The Russian government is desperate to get on with the next round of privatization of state companies, its remaining major source of revenue. Slated for sale before the end of this year are stakes in five oil companies. Rosneft and another 25% of Svyazinvest go on the block in 1998. Going ahead with these big sales is a dicey proposition in a crashing market. "The people who are willing to buy these assets will not be so numerous as they were before," a J.P. Morgan economist was quoted in the *Financial Times*, so Russia will get even fewer peanuts for the jewels of its industry.

Chubais and Nemtsov convinced the Russian President to proceed. Nemtsov confirmed that Yeltsin's Nov. 4 decree, lifting the 15% ceiling on foreign ownership of Russian oil companies that was in effect since 1992, means that foreign investors may now take over 100% stakes in these firms. Yeltsin took six oil companies off the list of companies protected from any foreign ownership for national security reasons, earlier this year.

As much as \$70 billion foreign investment in Russian oil projects has been discussed, but the government hopes to raise a quick \$4 billion from oil company sales. Rosneft, the biggest, is supposed to go for \$1.5 billion. Besides the British Petroleum-Oneksimbank team, alleged by Berezovsky, Rosneft chairman Aleksandr Putilov told reporters that Gazprom (which just raised a \$3 billion credit from Cr dit Lyonnais and others in France) and the Anglo-Dutch Royal Dutch/Shell group are considering a joint bid for the company.

## Political explosions in store

What is in store for the weeks ahead? At "only" \$100 billion total capitalization, the Russian stock market might seem to be a tiny spot on the world financial map, but its collapse and the vaporization of Russia's state finances can ignite economic, political, and social explosions with a worldwide impact. One forecast came from Pavel Felgenhauer, military correspondent of the daily *Segodnya*, with whom *EIR*'s Mark Burdman spoke on Nov. 11.

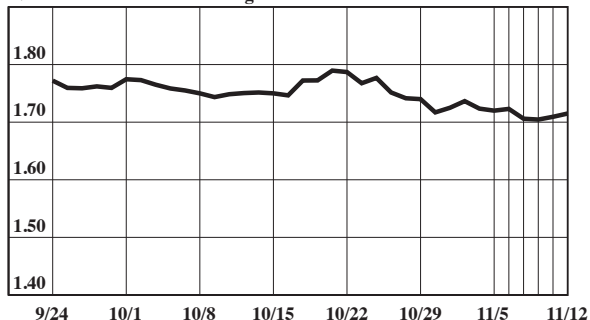
The growing impact of the international financial crisis on Russia situation virtually ensures a major political confrontation by early next year, said Felgenhauer. "I very much recall what you from *EIR* have been telling me about the global financial crisis," he said. "By January, the situation will become absolutely clear to the rank and file, when the promises that they would get their wage arrears will not work. The fact is, there is no money. An equivalent of \$10 billion would be needed, and that amount is impossible, all the more so because of what is happening outside Russia, internationally."

Felgenhauer forecast that Chubais "will be kicked out in the new year. Maybe that will be our present for New Year's Day, or for Russia's Orthodox Christmas, on Jan. 7. Chubais, as finance minister, will have to pay the political price."

## Currency Rates

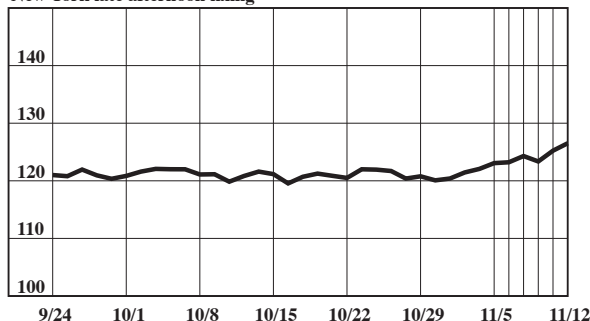
### The dollar in deutschemarks

New York late afternoon fixing



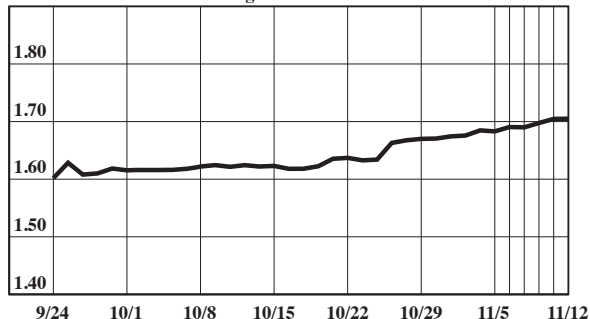
### The dollar in yen

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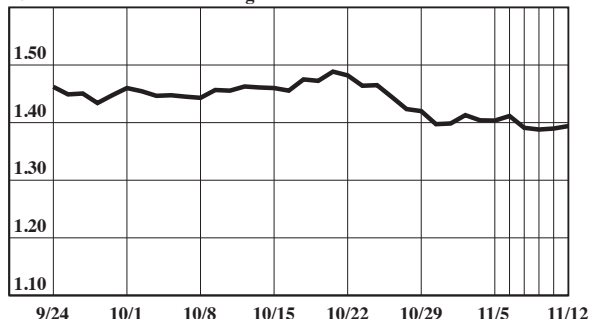
### The British pound in dollars

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### The dollar in Swiss francs

New York late afternoon fixing



# Mexico: from crash to concussion

by Carlos Cota Meza

What happened to Mexico's government and financial and business circles last Oct. 27, that "Black Monday" when stock markets crashed around the world, was not really a stock market crisis, but a cerebral concussion.

As defined in high-risk contact sports, a concussion occurs after a hard blow to the head causes the brain to strike the inside of the cranium, and the brain stem twists, which produces unconsciousness, convulsions, amnesia, and loss of vital functions. The symptoms which then follow are loss of memory, irritability or euphoria, and, in extreme cases, profound depression.

These are the symptoms which were observed in Mexico in the last week of October.

Treasury Secretary Guillermo Ortiz declared on Oct. 28 that, "once the dust settles," Mexico will find itself "in a relatively improved position; it will even be among the first to achieve a recovery of the markets."

Macario Schettino, economic adviser to the mayor-elect of Mexico City, Cuauhtémoc Cárdenas, the leader of the left-wing Democratic Revolutionary Party (PRD), said, "with a little luck, the exchange rate could stabilize at 8.30 to the dollar, and we will have received a blessing from the crash."

President Ernesto Zedillo, in the course of reviewing reconstruction efforts after Hurricane Pauline hit Mexico (efforts, incidentally, which were handled well by the Mexican Army), declared that the Mexican economy is in such good shape, that it can withstand these natural phenomena and "financial hurricanes coming from abroad."

Miguel Mancera, head of the Banco de México (the central bank), as euphoric as he is capable of, declared that the policy of maintaining a free-floating exchange rate "saved Mexico" from another crisis, and that the exchange-rate instability of that week of October only cost the country \$2 billion.

By the first week of November, as strong shocks continued in stock markets around the world, some of those who had been euphoric became depressive; others, such as Foreign Minister José Angel Gurría, regained consciousness not knowing where they were, and, out of place, tried to give advice to the Group of 15, the developing countries' counterpart to the Group of Seven developed nations, on how to deal with the crisis.

The Mexican foreign minister began his speech at the G-15 meeting with that well-worn expression: "Mexico does not intend to give advice, but . . .," and then proceeded to

unfurl the International Monetary Fund's prescriptions as the only option for poor countries. The G-15 conference took place in Malaysia, whose Prime Minister Mahathir bin Mohamad waged an open battle against the IMF and its "adjustment" policies.

To understand the delirium of the Mexican officials, we have to take into account that they are exhibiting symptoms of the "second-shock syndrome," medically more dangerous than the first, since the Carlos Salinas economic model (remember that?) blew apart in December 1994 with worldwide repercussions, and 34 months later, in October 1997, similar convulsions have returned.

## What happened, and what comes next

What happened over the last few weeks in Mexico, swept along by the worldwide crash, is straightforward: with a generalized mass sell-off of stocks under way (panic), the speculators turned to buying dollars, which, as it spread (capital flight), devalued the peso. As an automatic reflex, the government raised interest rates to attract capital, attempting to make national speculative circuits "sufficiently attractive" for investors.

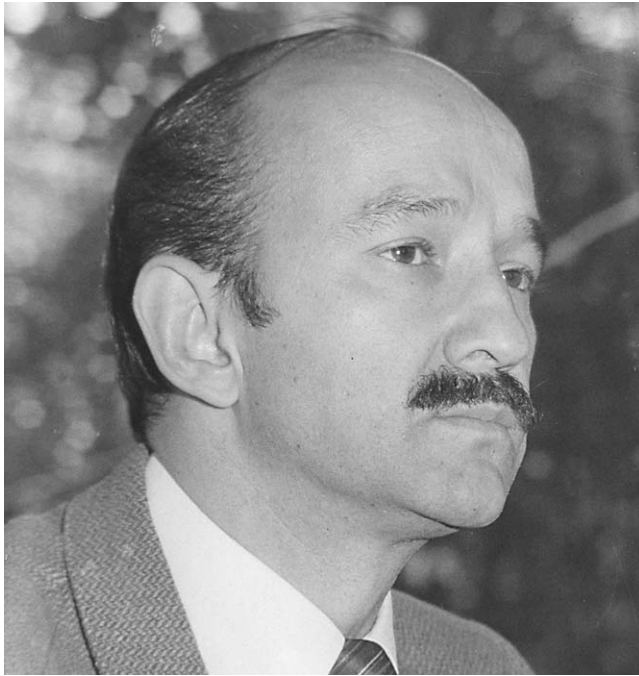
Up to this point, it would appear that everything was going to proceed as it had in 1995-96, and part of 1997. However, the recurrent crises, in ever-shorter time-frames and progressively encompassing more and more of world finance, has led to maximum chaos, which the Mexican government hysterically refuses to see. Mexico today has the very same vulnerabilities as in 1994, only worse: a collapsing physical economy (which the official GNP statistics only cover up), and a bubble of debt, both foreign and domestic, which is growing like a cancer. Mexico only appears relatively "healthy," when it is lined up alongside Brazil and Argentina.

What comes next, within the parameters adopted by the government, is another devaluation of the peso like that of December 1994 (over 40%). If all the markets hit by the crash respond the same way as Mexico, then we will tend to see a generalized rise in interest rates, and the dollars now circulating inside Mexico will be sucked out of the country, possibly by rising U.S. Federal Reserve interest rates, as occurred from February 1994 until "Black December" of that year.

A drastic devaluation of the peso would, among other things, blow up the servicing of the public and private foreign debt, the which would become more onerous in proportion to the devaluation, and would quickly become impossible to pay.

Obviously, Miguel Mancera lied when he said that Mexico got out of the October crisis cheaply. From Oct. 27 to Nov. 7, the Banco de México intervened in the exchange market three times, using about \$600 million of foreign reserves to support the peso. But that is not all.

Since August 1996, the Banco de México decided to "buy" Mexican commercial banks' "excess" dollars. This system began with the purchase of \$130 million a month, to later grow in February 1997 to \$300 million a month. In July, purchases increased to \$500 million a month, and by October,



*Former President Carlos Salinas oversaw the crash of 1994-95. The much-touted “fundamentals” are no more sound now, than they were then.*

the purchases had dropped slightly back to \$400 million. These “purchases” cumulatively pulled into the central bank some \$3.35 billion in foreign reserves.

Not much is known publicly about this shady mechanism between the Banco de México and the commercial banks, which is carried out by buying and selling of so-called “options.” An “option” gives its holder the right, but not the obligation, to buy or sell an asset at a set price at a future date, which presumably provides the holder protection against potential losses from future price fluctuations—for example, a devaluation.

This means that the commercial banks have been buying the “option” to sell their “excess dollars” to the Banco de México. Options in general are very short-term (for example, one week), and if not exercised, they expire at the end of that term.

According to the central bank’s records, the dollar total of “options” *not* exercised by the commercial banks over the course of 1997, adds up to \$829 million. What is most likely, is that the commercial banks took the dollars they did not sell to the Banco de México, and shipped them out of the country over the course of the last few weeks. Thus, this amount should in fact be added to the \$600 million officially spent by the Banco de México to support the peso, which means that total capital flight over the ten days in question was actually about \$1.4 billion—and counting.

To get an idea of the magnitude of the problem actually facing the government, consider the new \$2.5 billion “contingency fund for shocks from abroad,” which 31 private finan-

cial institutions from ten countries have created, to try to prevent the inevitable from happening in Mexico.

The domestic public debt is another major problem. The Banco de México has been paying for its purchase of “excess dollars” from the banks by issuing government bonds (Cetes, Bondes, Udibonos), at an accelerating rate since September of this year. Over the first three quarters of 1997, the domestic public debt had already grown, according to official figures, from 150 billion pesos in December 1996, to 267 billion pesos in October 1997—an increase of 78% in less than a year! A runaway rise in interest rates (e.g., to “attract” fickle speculative capital from abroad) will not only dramatically increase the internal debt, but it will tear apart the 1998 Federal budget. It will also create major additional problems for the already insolvent commercial banks, by dramatically raising the non-performing component of their debt portfolios.

Some economic analysts in Mexico even fear that, if IMF prescriptions prevail in the “restructuring” of the economies of Southeast Asia, then the “Mexican model” will become even more devalued. According to this school of thought, the so-called Asian Tigers would become even greater exporters in the globalized economy, with freshly devalued currencies and reduced wage bills, in areas that would compete with, and eventually displace, Mexico products in various international markets. That, of course, assumes that there are still markets left to export to, as the financial firestorm sweeps the world economy.

### ‘El Niño’

Giving President Zedillo the benefit of the doubt, one might argue that his economic policies will withstand the financial hurricanes coming from abroad, for as long as the international financial institutions can maintain this fiction called “Mexico” on their books.

But, Mexico’s physical economy, will not respect this line of argument. For example, the effects of the weather phenomenon popularly known as “El Niño,” is leaving the Mexican physical economy in a situation which some describe as a “natural disaster,” but which in fact reveals the woeful lack of essential economic infrastructure, which was either never built or was destroyed under the IMF’s dictatorship over the last 15 years.

Consider, for example, the agricultural sector. In the last 15 years, IMF policies have produced a calamity in this sector, as we have documented on various occasions: a drop in the number of hectares under cultivation, a collapse of per-capita production, an increase of imports of basic grains which previously were produced within the country, etc. On top of this IMF catastrophe, the damage done by Hurricane Pauline has to be added.

According to the Agriculture Ministry, in the state of Guerrero, the hurricane destroyed 180,000 hectares of coffee, banana, corn, lime, papaya, and peanut crops. In Oaxaca, 120,000 hectares (mainly corn and coffee) were destroyed. The mudslides were so great that much land will not be cultivable again for two years. As for livestock, the losses

are said to reach some 6,500 head of cattle.

Agriculture Minister Francisco Labastida Ochoa reports that damage caused by climatic changes this year (rains, droughts, and freezes) will affect 1,667,000 hectares, more than double the average 735,000 hectares affected annually. He argues, however, that these losses will not affect national production of food, because these disasters have occurred "in largely unproductive lands" where the effects, more than being economic, "are of a social order."

The devastated areas are in fact lands dedicated mainly to subsistence farming, so that the affected populations are in danger of starvation, when government assistance programs and the distribution of humanitarian aid run out.

The people affected by Hurricane Pauline are largely strata who are already suffering extreme poverty. According to the UN Economic Commission for Latin America and the Caribbean (ECLAC), in 1992 there were 13.6 million Mexicans who did not even consume the minimal market basket of food. The households of another 23.6 million Mexicans, consumed less than two minimum market baskets — still a paltry amount.

And at that time, the "hurricane" of December 1994 had not yet occurred, nor had the Mexican economy been treated to the "successful" IMF reconstructions of 1995 and 1996. And so arrived at 1997. Unfortunately for the agriculture minister, the phenomenon, with all its "natural" features, is in fact eminently economic.

One Mexican agricultural insurance company, Agrosemex, projects major continuing damage from El Niño. Between November 1997 and March 1998, the weather pattern will enter into its second phase, they forecast, with a substantial increase in rains in Mexico. Thus, excess humidity is projected to put corn cultivation at risk in the state of Baja California, and excess rains will endanger the corn harvest and the planting of wheat in Sonora. In Jalisco, the corn production will be limited by rainfall levels expected there. In Sinaloa, beans and chickpeas are expected to be affected. Nayarit may face floods, affecting the production of tobacco in that state. Michoacán, Guerrero, Oaxaca, and Chiapas could be flooded by new torrential rains.

Altogether, Agrosemex calculates 1.2 million hectares in the Pacific coastal zone will be affected, with the investment that is at risk of being lost possibly rising to 8 billion pesos — nearly \$1 billion. Whether or not El Niño hits with the specific severity projected, here we are talking about regions which are the heart of Mexico's national food production.

For all the amnesia, unconsciousness, and convulsions, real or feigned, which Mexican government officials and politicians are displaying, the nature of the financial crisis and natural climate phenomena is telling them that their world of virtual reality is over. The symptom of profound depression in those affected by concussions could lead to suicide, medical experts warn.

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## Transrapid needs political backing

*Ecologists, backed by their budget-cutting allies, still hope to stop the maglev rail technology.*

**I**n 1835, the first steam-driven railway in Germany, the *Eagle*, began to ride on the 6.1 kilometer line between Nuremberg and Fürth," Transport Minister Matthias Wissmann recently explained. "And 15 years later, already 6,044 km of rail lines connected the German production centers." The same rapid progress can be expected when the first German maglev train, the Transrapid, begins daily operation in 2005, on the 285 km line between Hamburg and Berlin, Wissmann said.

His statement of technological optimism came in the context of an unprecedented event, on Oct. 30, in which 120 foreign diplomats rode on the maglev prototype on the test track in Lathen. The event had been arranged by President Roman Herzog, together with Wissmann, to promote the revolutionary technology on the world transportation markets of the early 21st century.

The most spectacular interest in the maglev technology from abroad, has come from China's Deputy Prime Minister Zhu Ronghi, who told a visiting German government delegation in mid-October that he considers the Transrapid the ideal vehicle for the planned high-speed rail connection from Beijing to Shanghai. But also, the government of Brazil has recently signalled interest in the Transrapid, for its rail project from São Paulo to Rio de Janeiro.

And, among much other interest, the U.S. Senate is debating the maglev for projected rail connections along the east and west coasts.

In all these cases, even in fast-developing China, it still will take several years before such projects become

reality. Ironically, it might even be that the maglev will operate abroad, before it runs in Germany itself. The problem inside Germany is an ideological one, having to do with ecologism and the penchant for fiscal austerity. The ecologists have run out of arguments, because the Transrapid's ecological advantages are apparent. And, unlike the 1970s and 1980s, a majority of Germans view jobs and social security as bigger concerns than pollution and other "green" issues.

But, the opposition against the Transrapid has been rekindled by the budget-balancers: By insisting that the state save money by setting up the Hamburg to Berlin project as a mixed public-private venture, an endless chain of frictions over funding has been created, leaving the new technology vulnerable to administrative and fiscal sabotage.

For example, in October, when Herzog announced his plan to invite the foreign diplomats to ride on the maglev, an alliance of 60 ecologist groups and two parties, the Greens and the (post-communist) Democratic Communists (PDS), announced its intention to collect 80,000 signatures against the Transrapid from among the citizens of the state of Brandenburg. A good part of the Hamburg to Berlin line will run through that state, and the fact that the national parliament in Bonn had to amend the national transportation laws to authorize the state-private character of the project, was believed to guarantee that the line would be built on schedule, and completed by 2004-2005. Also, the Brandenburg state government okayed the project. But, unlike other German

states, Brandenburg's Constitution provides its citizens a right to veto or revoke a government decision, through a referendum.

The 80,000 signatures which the anti-maglev alliance wants to collect during Oct. 20 to Feb. 19, are intended to force the state government and parliament to review the project. With black propaganda claiming that funds "would be better spent on local job-creation projects, creating many new jobs, than for the expensive Transrapid, which only creates a few jobs," the alliance hopes to spark the state parliament of Brandenburg to approve a referendum on maglev.

Because, for cost-cutting reasons, that referendum would be held on the date scheduled for the next national elections, in mid-September 1998, the okay to hold the referendum would imply that the state government would be freezing its previous approval of the Transrapid project, until then. But, construction on the Hamburg to Berlin line is scheduled to begin in spring 1998. The question now, is whether the national government will stick to that schedule, or in yet another bout of pragmatism, delay the project by half a year or so. The national government also is under heavy budget-cutting pressure from the banks, which are arguing that in view of shrinking tax revenues, a delay of the Hamburg to Berlin project could provide the money urgently needed to balance the budget.

Now, the fact that Herzog arranged the Oct. 30 promotional, seems to indicate that if the government is committed to sell the Transrapid abroad, hopefully, it will also launch an offensive against the opposition at home. The LaRouche movement in Germany has already begun to do so: An open letter endorsing the maglev is being mailed to all relevant institutions in Brandenburg.

## Government pays farmers to get out

*Free-market bluebloods and the greens are plotting the extinction of an endangered species—the family farmer.*

**P**rime Minister John Howard has just announced the Rural Adjustment Scheme (RAS), a new initiative to “rescue” Australia’s rural industry. Under the RAS, as of Dec. 1, the government will pay food producers to *leave their land*. Howard conjured up images of euthanasia, in claiming that the RAS allows farmers to “depart with dignity.”

The RAS is another nail in the coffin of Australia’s drought-ravaged farmers, and will allow the bigger property holders, especially the food cartels, to buy up intensively improved agricultural properties for a song. Yet, most shocking, the policy was developed by the major rural lobby, the National Farmers Federation (NFF), in conjunction with the farmers’ enemies, the green movement.

Australian agriculture was booming in the mid-1960s: Australian Bureau of Statistics figures show that there were then 252,162 farmers; today, there are 115,368, and almost two-thirds of them are barely viable, due to drought and cartel-rigged low prices, even though farm productivity increased 60% during 1977-93.

Leading the charge for the RAS is Primary Industries Minister John Anderson, the deputy leader of the National Party, which used to be called the Country Party, and which supposedly represents the rural population. Anderson, and party leader and Deputy Prime Minister Tim Fischer, have been ramming free trade down farmers’ throats—a far cry from legendary National Party leaders like “Black” Jack McEwen and Doug Anthony, who, particularly the former, fought

bitterly with the aristocratic landholders who dominate Australian rural politics and who fanatically propound British free trade. Anderson is a private school-educated “blueblood” who thinks Australia should be deindustrialized. He told the Jan. 11-12 *Weekend Australian*, “Australia should focus more on improving its exports of raw materials rather than developing processing industries.”

To oversee the implementation of the RAS, Anderson has appointed a collection of bankers, greenies, bureaucrats, and a vice president of the NFF, also dominated by pro-free-trade bluebloods. The council is chaired by Neil Inall, chairman of Greening Australia Ltd., set up to plant a billion trees by the year 2000. The RAS Council’s guidelines are to ensure that the only farmers left growing food, are ones “able to operate competitively in a deregulated financial and market environment.” This will allegedly “improve the competitiveness of the farm sector in an [environmentally] sustainable manner.” The RAS provides various “incentives to leave farming,” including a reestablishment grant of up to AUS \$45,000 (if farmers have no more than AUS \$90,000 in assets).

Maurice Hetherington, a cattle and wheat grower in central Queensland, and the chairman of the Citizens Electoral Council, the co-thinkers of Lyndon LaRouche in Australia and a national political party with a strong rural base, sees this as a bad joke. Even if the farmer wanted to sell his property, “there are just no buyers,” he said. “I went to a farm auction just last week, and it was just like what was happen-

ing in the rural sector in the United States during the 1980s. A lot of people were there, but no one was buying anything, especially the big machinery.”

Anderson and the NFF are also attacking farmers through environmentalism and indigenism. NFF Executive Director Wendy Craik is the former head of the Great Barrier Reef Marine Park, a World Heritage conservation area, and the NFF has joined with the Australian Conservation Foundation (ACF) in the Landcare program, a huge operation to turn farmers into greenies, including convincing them to agree to the banning of chemicals and fertilizers. The ACF, founded by Prince Philip, is the mother of all environmentalist and indigenous operations downunder.

Another joint ACF-NFF operation is the Natural Heritage Trust, a billion-dollar environmentalist fund to be financed by the privatization of Telstra, Australia’s national telecommunications carrier.

With Australia, traditionally one of the world’s major food exporters, placing so much emphasis on tree planting and other greenie initiatives, while pushing farmers off the land, one might wonder what the prospects for future food production are. According to John Anderson, we should return to an “indigenist” mode of hunting and gathering. On World Food Day, Oct. 16, Anderson said that the answer to global food security could well be “cooperation among indigenous communities in harsh environments.” To this end, his department, and the Commonwealth Scientific Industrial Research Organization, have announced they are “collaborating to fund two Aboriginal women from central Australia to visit an indigenous community in Niger, West Africa, to exchange information on the use of acacia seeds as a food source.”

# Business Briefs

## Space

### Brazil attempts launch of indigenous satellite

A decade after an embargo by the space powers against the export of rocket technology to Brazil forced that nation to develop its own space technology, Brazil attempted to launch its first orbital satellite on its own rocket on Nov. 2. The launch was unsuccessful; however, very few first launches are successful.

One engine on the VLS rocket failed to ignite, and after 65 seconds, the range safety control destroyed the rocket, as it is supposed to do. The VLS was carrying a Brazilian-made satellite, the SCD-2A, which was to have relayed remote sensing data from terminals at remote sites in Brazil, to the rest of the country. According to news reports, Brazil will continue its program to launch one rocket in each of the next three years.

Brazil's launch site, Alcantara, has been a major investment for the country, of about \$300 million, which the Brazilian space agency hopes to rent to other national launchers. Located only 2° south of the equator, the site enables satellites to be launched into equatorial orbit, using less energy than launches from higher latitudes.

In October, Brazil signed an agreement with NASA to contribute about \$120 million worth of hardware to the International Space Station, in return for the flight of a Brazilian astronaut. It is the first developing nation to join the international project.

## Asia

### 'Tigers' need science, technology to survive

Southeast Asian nations, even before the onset of the recent stock market disasters and currency crises, began to focus on the need for education and science and technology, if their economies are to survive. The so-called "Asian Tigers," despite appearances, never had sound economies, fundamentally because of their lack of machine-tool capabilities, as *EIR* has outlined (see *EIR*, Feb. 7, 1997, pp. 10-59). Education and science and

technology are key to building up the machine-tool sector.

Reported on Oct. 28, were two cases in point. First, Indonesia's wire service Antara reported on the two-day meeting of the Association of ASEAN (Association of Southeast Asian Nations) Economists on Oct. 25-26. There, Prof. Dorodjatun Kuncorojakti, the chairman of the Economists Association and an economics professor at the University of Indonesia, stressed that with greater effort spent on "enhancing human resources, we would have been able to improve economic productivity and activities in each sector."

On Oct. 28, Malaysian Deputy Prime Minister Anwar Ibrahim, during presentation of the 1997 Science Awards, stressed that greater emphasis on education in science and technology is essential to the country's progress, and that success cannot be measured only on the basis of corporate profit. Anwar said that in the history of great civilizations, progress was achieved through mastery of knowledge, and science and technology are key.

## Trade

### Iran deepens ties to South Africa

On completion of a three-day visit to South Africa, Iranian Foreign Minister Kamal Kharrazi announced that two agreements and a letter of intent had been signed, to improve trade relations. A joint communiqué was issued by the Iranian-South African economic commission, which met at the same time. On the economic plane, they explored "ways to expand relations" in the transportation sector, especially railroads; launch joint ventures in the metals and mining sectors; and carry out agricultural projects in the sugar and sugar cane industry, IRNA reported.

The two sides stressed the importance of cooperation, not only between the two, but also among the regional economic groups to which they belong: the Economic Cooperation Organization and the South African Development Community. The two sides discussed Iran's proximity to the Central Asian, Caucasus, and world markets, as well as the

possibility of using Iran's transportation routes for the movement of South African goods.

*Iran News* said the visit marked a turning point in Third World unity, considering that Iran will be the rotating chairman of the Organization of Islamic Conference for the next three years, and South Africa will lead the Non-Aligned Movement, following the summit it will host.

## Infrastructure

### Industrialist: Great projects indispensable

Big infrastructure projects, such as the Three Gorges project in China, are indispensable to economic growth, Adolf Huettl, head of Siemens-Kraftwerkeunion, which is delivering three power generators for the project, said in an interview with the German weekly *Die Zeit* on Nov. 7. He said that almost all the arguments against the Three Gorges project are nonsense. First, it is not "Mao's dream," but was already worked out in 1919 by Sun Yat-sen. Upon completion, the project will generate 18 gigawatts of electricity; but, he said, China will need 15 GW of new installed power-generation capacity every year. Do our ecologists want this to be coming out of nothing but coal-fired power plants? he asked.

Those who are criticizing the dam construction have one thing in common, he said: "They don't bear the responsibility for China's future." They are trying to give the impression in the media, that the project was worked out by isolated hard-liners behind closed doors. But, before construction started, there were decades of preparations, which involved many international institutions, including many German engineering experts, Huettl said. There had also been extended negotiations between the central government and the provinces.

Since 1870, about 700,000 Chinese have been killed in Yangtze River floods, which the dam will control. Three Gorges is one cornerstone in the overall industrialization program, including the build-up of a power net in China's interior, which is very important to develop. And, the best way to improve



the environment in China, is to "build up new factories," which are much less polluting than the old ones, Huettl said.

## **Southeast Asia**

### **Go-ahead given for Land-Bridge link**

The Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) group approved projects which will link Southeast Asia to the Eurasian Land-Bridge, the Malaysian government wire service Bernama reported from Ipoh in Perak state, where the group met on Nov. 5-6. Construction reportedly will start in 1998. If confirmed, this means an about-face on the October decision by all three nations to put these projects on hold, because of the financial crisis.

IMT-GT and project official Abdul Rahman Maidin, who headed the Malaysian delegation, was quoted saying, "The pilot company for the project will be formed soon to build the land-bridge, which includes the construction of road and rail links as well as oil and gas pipelines." Rahman reported that the Thai government has given its approval for the project to proceed. And, the wire service reported that Indonesia has approved plans for the 95-kilometer bridge linking peninsular Malaysia with Sumatra.

The land-bridge link was proposed in 1994, and would run from Penang, Malaysia to Songkhla, Thailand, giving Indonesia a land link to continental Asia, through Malaysia.

IMT-GT's business council voted to conduct business in their respective currencies, not U.S. dollars. Rahman said this was a demonstration of their support to help strengthen regional currencies.

## **Labor**

### **Union membership plummets over decade**

The International Labor Office in Geneva has released a report showing that union membership, worldwide, has fallen to less than 20% of workers in 48 out of 92 countries

surveyed, over the last decade, the Australian *Herald Sun* reported on Nov. 4. This included a 30% decline in Australia, 55% in New Zealand, 25% in the U.K., and an average decline of 36% in the countries of central and eastern Europe.

The ILO blamed the declining membership on "shrinking manufacturing and public sectors, fierce economic competition, and restrictive government policies," as well as "laws weakening union protection," i.e., trends which have been part of the policies of privatization and globalization, which have accelerated the decline in standards of living globally. They also said that unions had increasingly tended to ignore workers in small and medium-size enterprises, and that the "super unions" had lost touch with their grass roots.

According to the ILO, only 164 million of the world's estimated 1.3 billion workers belong to unions, and only 14 countries had membership rates exceeding 50%. In the last decade, only 20 countries recorded a percentage rise in union membership, most notably South Africa, where union membership skyrocketed 130.8%.

## **Nuclear Energy**

### **South Africa, Egypt step up cooperation**

An official of the South African Atomic Energy Organization (SAEO) said, in an interview with the Middle East News Agency on Oct. 31, that technological cooperation with Egypt in the use of nuclear energy for peaceful purposes, is vital to realize the African renaissance and to resolve numerous economic and political problems which plague the continent. The official began a visit to Egypt on Nov. 2, to boost cooperation.

An agreement on supplying Egypt with chemical and medical radioactive isotopes might be signed soon, the official said.

Since 1990, the SAEO has been embarked on a program to transform South Africa's strategic nuclear technology program, into one for improving living conditions. South Africa's nuclear weapons-manufacturing program, he said, was never able to produce an atomic bomb.

**MALAYSIA** has allocated 2 million ringgit (\$612,000) for a feasibility study for the Trans-Asia Railway project, Deputy Transport Minister Wira Mohd Ali Rustam said on Nov. 5. The line will link Singapore, Malaysia, Thailand, Cambodia, Vietnam, Laos, Myanmar, and China, with links to South and Central Asia.

**140 MEMBERS** of Iran's Majlis (parliament) sent a letter to President Seyed Mohammed Khatami, urging him to allocate a special credit in next year's budget, to complete the Bafq-Mashhad rail link, which will shorten travel from the Central Asian Republics to the port of Bandar-e Abbas, IRNA reported on Nov. 7.

**THE PHILIPPINES** Supreme Court, by a vote of 9-2, has again shown its nationalist streak, overturning a key element of the government's IMF-backed "trade liberalization" program, the oil deregulation bill passed last February. Ironically, it said its decision is to uphold "interaction of market forces," by deterring "monopolistic power."

**RUSSIA** and Iran agreed to expand scientific cooperation, at the sixth session of the joint scientific and technical commission, on Nov. 6. In a parallel development, the head of Gazprom said on Nov. 4, that Russia would not be deterred by the D'Amato sanctions from dealing with Iran.

**BECHTEL CORP.** is drafting a master development plan for the Congo, a company spokesman confirmed on Nov. 5. This "conceptual study" includes major infrastructure projects, industry, and a cataloguing of the strategic, precious, and base raw materials.

**U.S. HOUSEHOLDS** have more than half their liquid assets in the stock market, the Securities Industry Association reports. In 1980, households held 52.6% of their liquid assets in bank deposits and CDs, falling to 25.9% by 1996. This shift poses a great danger for U.S. households, as the stock market collapses.

## 1997 is not 1929: a lesson from Carl Gauss

by Lyndon H. LaRouche, Jr.

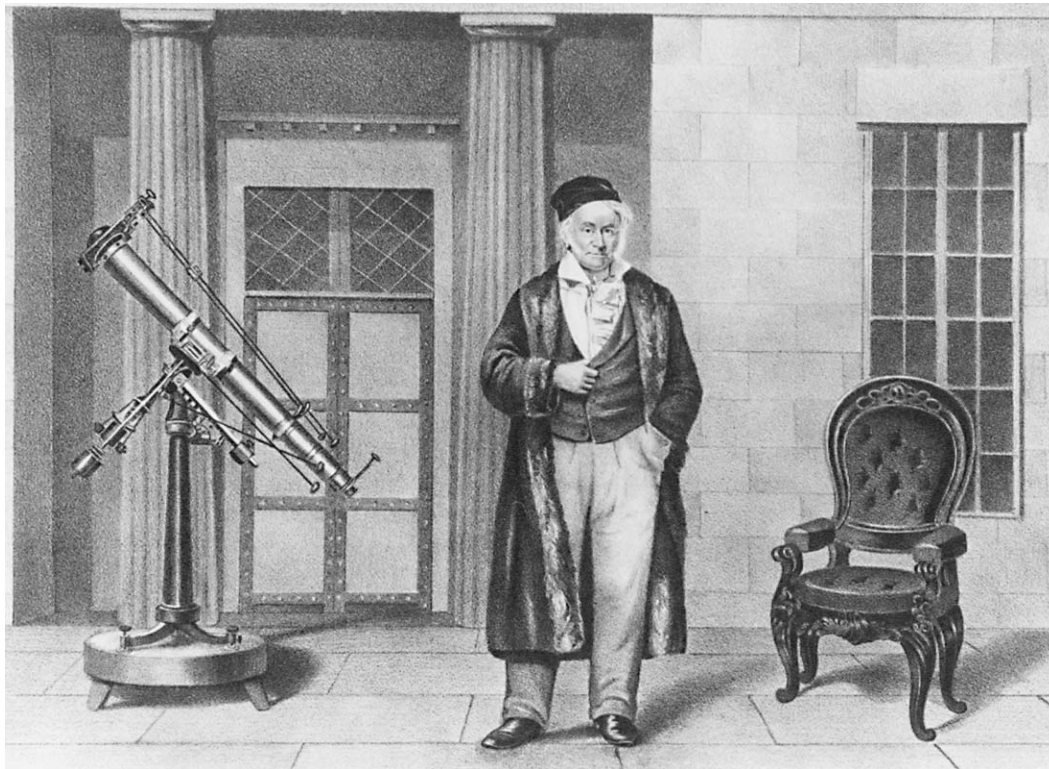
*The following is the keynote speech to an EIR Symposium, "Toward a New 'Bretton Woods System,' " in Bonn-Bad Godesberg, Germany, on Nov. 5.*

We are in a phase-change, right now, in world politics. With the partnership which was established between the President of the United States and the President of China, a turning-point has been reached in planetary political relations. This agreement, this partnership, signifies a long process, since 1989, of a shrinking of importance of the Atlantic relationship, and a relative increase of the polarity of the Pacific relationship.

This has been due to two processes: One was the collapse of the Soviet system, beginning in 1989. The importance of the European economies became less, particularly after George Bush, then President of the United States, supported the policies of Mrs. Margaret Thatcher of England and François Mitterrand of France, to destroy eastern Europe, and to prevent Germany from rising in the wake of the collapse of the Soviet system, to become a stronger power in Europe. The result of the self-destruction of the European economies since then, plus the destruction of eastern Europe and the former Soviet Union itself, means, that the economic center of gravity on the planet is no longer Atlantic, but it is presently Pacific.

The agreements between the two Presidents—whose importance, I think, is even underplayed greatly in the European press, the depth and profundity of the practical understanding between the two heads of state—that this will become a strategic bloc, a partnership, not a fixed kind of partnership, but a partnership-process, which will engage Japan, which will engage Russia, which is already engaging Southeast Asia, which will hopefully engage South Asia, centered around India, Bangladesh, Pakistan, as well as Iran. That process is in place.

What I should say today, in the nature of addressing the subject, will include: Under these circumstances, what is the role of Europe, and especially western Europe, in these circumstances? What crucial strategic role and what crucial strate-



*Carl Gauss (1777-1855) successfully determined the orbit of the asteroid Ceres, by looking at the curvature of action in the very small. Using this method, LaRouche proves that the current collapse of the world financial system is no "cyclical crisis," but is comparable to a comet which is heading directly for the Sun.*

gic interest does western Europe, especially western continental Europe, have, in these circumstances?

In addressing this problem, it is important, as we assemble in Germany today, to emphasize four leading thinkers of Germany, whose words bear directly upon the problems and solutions we have to consider here. The first is Johannes Kepler; his follower Gottfried Leibniz; his follower Carl Gauss (it is a very specific work, that he did as a follower of Kepler); and the work of a follower of Gauss and Leibniz, Bernhard Riemann. These four figures of German thought are crucial for understanding both the nature of the problem which faces us, and the possibility of a solution.

What I shall do this morning, in keynoting this particular morning session, is to define the nature of the problem and the direction of the solution. Helga Zepp LaRouche, who will be keynoting the afternoon session, will be addressing the practical approach of the problem from the standpoint of Europe as such.

In the recent period, particularly in the past weeks, we can say that the number of persons who doubted that we were in a systemic crisis, has greatly diminished. Virtually all intelligent, influential statesmen, economists, and so forth, agree, at this point, that we are in a systemic crisis. They may not want to use the words, but they will describe it as such. The references are made commonly, as I have been doing this past month, to the October 1987 stock market collapse in New York City.

In the past week, more and more references were made,

misguided references, nevertheless, to the 1929-1931 process leading into the 1930s' depression. It is useful, of course, that people will recognize the severeness of the crisis; but, it is a great error to assume, that we can learn something from the 1929-1931 experience which will be of any use to us today in defining a solution. As I shall indicate, there are no similarities of substance between the present crisis and that of 1929-1931. Today, it is qualitatively different and much worse; and, with the help of Kepler, Leibniz, Gauss, and Riemann, we can demonstrate the difference.

Go back to 1801 in Germany, when an Italian-Swiss astronomer had recently discovered the presence of a new heavenly body, which we refer to today as the asteroid Ceres. A great number of observations were made, and a number of people used statistical methods of the time, to attempt to construct the orbit of this newly discovered heavenly body.

Most were erroneous; only one young mathematician of the time correctly determined the orbit of Ceres to be that, in harmonic values, defined for a missing planet between the orbits of Mars and Jupiter, which Kepler had provided years before. Kepler had specified the existence of a missing planet between Mars and Jupiter, and gave the harmonic overall values for that planet. Gauss was able to show that the newly discovered body was a fragment, in effect, of this missing planet, and had the same harmonic orbital characteristics, that Kepler had specified for the missing planet.

Most of the people who investigated this and attempted to construct the orbit, tried to measure it by statistical methods:



*A homeless woman in Frankfurt, Germany. The self-destruction of the European economies since 1989, means that "the economic center of gravity on the planet is no longer Atlantic, but it is presently Pacific."*

methods superior, then, to most of statistical methods used today in economic studies. They were wrong. Gauss selected, out of all the studies, three intervals, orbital intervals, which he used to determine the orbit of this, or the trajectory of the particular heavenly body. And, he was right.

He used a principle which we can call self-similarity. That is, the body had certain characteristics in the small, the orbit had characteristics in the small, which could be used to determine the characteristics of the trajectory in the large. That method, which is central to the work of Gauss, was actually a continuation of the work of Kepler, and of Kepler's definition of astrophysics earlier: and, by way of Kepler, after Kepler, also Gottfried Leibniz. So, these things become crucial to understand that today.

Now, I should demonstrate that not only is this not like the 1929-1931 period of crisis, but, rather, much worse, of a much more serious and more profound nature; but, that the policies which might be adduced from studies made of the so-called Great Depression and the 1929-1931 crisis—these policies, studies, are virtually worthless, and worse than worthless, for defining policies today. There is a fundamental difference, and it would be fatal, if we did that.

We have people debating the question: "Let's go back and study the 1929-1931 crisis; let's look at the policy considerations then; let's apply the policies we should have applied, then, to the situation now, and that will be the answer." That would be the most fatal error one could make.

There is no way to fix this system, in the way the former

crisis could have been fixed. We have a completely different kind of problem, which was called by some economists, back in the 1920s and 1930s, and earlier—was called "a general breakdown crisis" of the entire global system.

The causes of this problem we have today are not economic. The crisis on the surface is an economic crisis, it manifests itself in economic effects, but the causes are not economic; they are political and ideological. The beginning of this crisis is the years 1964-1972, in which, after the missile crisis and the assassination of President Kennedy, a number of powers decided that the process of détente had been secured with the Soviet system, as the result of negotiations coming out of the missile crisis. At that point they said: We are no longer in danger of general warfare, of what was called an annihilation warfare in German strategic studies, formerly. But, we would now have only limited wars, wars which would manage the diplomatic edges. We would have limited wars, which would be conducted to adjust diplomacy, and would be managed as a matter of diplomacy. This was called the new phase of balance of power.

Under these conditions, the emphasis, which is always laid in modern warfare, upon developing an adequate logistical basis and technological military basis for conduct of general warfare, this was thrown out the window. And, with it, there was a process of taking down the machine-tool design and other economic and scientific sectors, which would be essential for modern warfare.

## **A large-scale cultural paradigm shift**

At the same time, there was introduced, beginning 1964, a large-scale cultural paradigm shift, which targeted, principally, people entering universities during the middle to late 1960s. The degeneration of society, the degeneration of economy, over the past 30 years, is a result of the effects, not only in Europe and in the United States, but in other parts of the world, of the so-called “march through the institutions” of the new generation of radicals, out of the universities of the second half of the 1960s.

These policies were not only the rock-drug-sex youth counterculture, which echoed the youth counterculture in Germany, for example, of the 1920s. This was a synthetic counterculture, which utilized a principle of shock.

This was, for example, studied by the London Tavistock Clinic, and Tavistock Institute: that if you take people, as this was studied in the First World War—if you take soldiers and you put them under great stress, you produce an effect, among many, which was called, in the First World War period, “shell shock,” from the effect of extended service on the French-German front in France, in which soldiers would go again and again into combat, charging against the machine guns and the barbed wire, and the artillery; and, they would be broken men; and they would be taken back and treated as mental cases.

Now, the people who studied the so-called “shell-shock” effects, including the Brigadier General Rees who set up the London Tavistock Clinic, determined, that people in this condition were highly suggestible and labile, easily managed, easily controlled.

What happened to the youth population during the 1960s, raised under conditions of the threat of general nuclear war during the late 1940s and 1950s, being subjected to the global shock of the missile crisis of the October-November period 1962, and then the shock, in the United States, of the Kennedy assassination in 1963: these young people lost their equilibrium. They became highly suggestible, highly labile.

I was teaching on campuses, a number of them, at that time, during the period of 1966-1973, and I observed the extreme lability, the extreme suggestibility, the rapidity with which they would go through evolutions, the general movement from one evolution to a more degenerate one. So, on the one hand, we had the rock-drug-sex counterculture, the youth counterculture, which was concentrated initially in the university populations, under the influence of the so-called Frankfurter Schule and the Tavistock Clinic, and people like that. The same thing pretty much in Europe, and in the United States, and in the Americas. And, also, in the East bloc, in eastern Europe and the Soviet Union, similar processes of demoralization occurred: very important in the process leading up to the collapse of the Soviet system.

This population was not only involved in this existentialist flight from reality, in the sense of Heidegger’s theory of existentialism: the individual thrown into an alien society, not

part of a society, but thrown into a jungle, in which you took care of yourself, or maybe a few of your friends, but you were living like a beast in a jungle.

Along with this came the idea that technology is bad; technology—at that time, that generation of the 1960s, associated technology with warfare. We had the rise, immediately under the influence of a cult of information theory, which had just begun to be spread heavily as a mass propaganda movement at that time— We had the idea of a “post-industrial society.”

Now, as these people became more and more influential, the so-called baby-boomer generation’s march through the institutions, as these ideas spread into broader sections of the population, outside the university graduates, as they spread into the entertainment industry in particular, with the mass media, we had a change to a post-industrial ideology, such that in the United States, for example, if we look at economy in physical terms, and measure productivity in the physical content of market baskets of consumption, by infrastructure, by industry, by agriculture, by essential things such as medical care, education, and so forth: that, the actual income in the United States, per capita of labor force today, is half of what it was 30 years ago.

Similar things are happening in Europe. People say we must have lower wages, you must find cheaper labor in other parts of the world. You don’t invest as much in infrastructure, you cut budgets; and, you cut away the essential economic stimulus of economic development, and even the maintenance of the present level of society. What happens, then, in economics, with the corrosive effect of this ideology, as people who were brainwashed in the universities in the 1960s graduated, advanced to higher and higher positions, occupying the top positions in banking, more and more positions in government, positions in business, in the professions? As the percentage of people who actually produced declined, and were replaced by services industries, by entertainment, by useless activities which are really of no benefit to society, just to keep them employed and give them a minimum wage, to keep them alive and keep them in the system: the economies decayed.

## **The breakdown of the Bretton Woods system**

And, this 1970-1971 period is crucial; 1971, the collapse of the Bretton Woods agreements, by choice, essentially. It started with the British, under the Wilson administration, back in the early to middle 1960s. The British sterling collapse of the fall of 1967, the crisis of the U.S. dollar, which broke out after the sterling collapse, beginning in January 1968, to the first breakdown of the Bretton Woods system in March 1968. In 1970-1971, the collapse of the Bretton Woods agreements; 1972, the first step to a floating exchange-rate monetary system, after which point, virtually all Third World net development collapsed, because of the impact of this.

This was aggravated by London’s rigged oil-price shock

of the middle 1970s. The oil-price shock and the evolution of the so-called petro-dollar bonds and the floating-exchange-rate system, and then finally, the agreements of Rambouillet and the new rules for the floating-exchange-rate system, doomed the Third World, essentially. Yes, there is growth, there is investment, but in net effect, in terms of the total population of South America, Central America, not to speak of Africa, but also a good deal of Asia, has been doomed. The condition of India, for example, today, is much worse than it was in 1982.

Mexico has not had any net growth at all since 1982. The conditions have become worse, at an accelerating rate. And, this is generally true in most parts of the planet. As a result of these social policies, in the name of ecology, in the name of zero growth, in the name of information theory, and all these things that came in, we have systematically destroyed the economy. The idea of investing in infrastructure, in advanced education, in science and technology, as a way of providing increase in man's power over nature as a way of macroeconomic profit of our economies: that idea has long gone. The dominating idea, is to find other ways of making profit, outside of investments in scientific and technological progress and basic economic infrastructure.

As a result of that, the per-capita physical values of production have collapsed around the world, since the 1960s. Something else has happened: The floating-exchange-rate system opened the doors to unregulated speculation against currencies and economies. The first phase of this major speculation was the oil-price shock, orchestrated by the London petroleum marketing cartel, in 1974-1975.

The second shock was the collapse of the U.S. economy, willfully, by Paul Volcker, in October 1979. Volcker's methods had been studied during 1975-1976, at which time they had been called "controlled disintegration of the economy." Volcker, in October 1979, after being selected and nominated as Federal Reserve chairman, introduced the policies, which he personally also referred to, accurately, as controlled disintegration of the economy. The radiation of the Volcker policies outside the U.S., into the rest of the world, produced that kind of effect: controlled disintegration of the world economy at an accelerated rate.

As a result of the Volcker measures, in 1982 we had the growth in the U.S. of junk bonds. Junk bonds are, essentially, looting body parts from the dead. It was done simply by moving in on institutions, which had been implicitly bankrupt, as a result of the measures of the 1970s, including the Volcker measures, and then coming in to find new ways of refinancing and looting these organizations—such as the savings-and-loan banks.

The junk-bond phase came to an end with the 1987 stock-market collapse. It continued for one more big gasp into 1988, and then collapsed. In 1987-1988, there was the unleashing of derivatives. Now, today, we have the combined on-balance-sheet and off-balance-sheet volume of derivatives, which are

current obligations, of \$100 trillion, plus or minus. Of course, in addition to that, there are also highly inflated, i.e., exaggerated values of real estate mortgages, and things of that sort, as we see in the Japan case, which add up to several tens of trillions of dollars, globally. On that account, the current and near-current obligations, on financial account of the world, are several times the growth of domestic product combined of all nations of the world. Thus, implicitly, on this account alone, the world is bankrupt.

How has the mechanism functioned? It has functioned, because we discounted used-up assets of the past. We paid labor less than it cost to reproduce that quality labor. We discounted and looted these things in order to generate monetary aggregates which we put into the financial markets, which we were not investing in production, in infrastructure, in technology, but simply investing in speculation. That is, the profits of speculative gain became the profits for which people invested. So, we had a financial parasite sucking at the economy. Not only were we propping up speculation by monetary aggregates which were pumped into pure financial speculation; but, the rate of speculation increased.

For example, in the U.S., from 1956 to 1972, foreign trade, imports and exports, accounted for about 70%, consistently, every year, of total U.S. foreign exchange turnover. By the inauguration of Reagan, at the beginning of the 1980s, this had fallen to 5%. Foreign trade now accounted for only 5% of the total annual foreign exchange turnover. By 1992, it had fallen to 2%. It is, today, substantially below 0.5%.

So, you have a disengagement, a decoupling of finance from reality. We reached a point of no return, a point at which the relationship among total financial aggregates to monetary aggregates goes implicitly hyperbolic; at which the relationship between increasing monetary output and decreasing net physical output per capita, also is hyperbolic. Therefore, the system goes into something that is analogous, in physics, to a trans-sonic velocity, in which anything done to put monetary aggregates into the system, to perpetuate it, makes it worse. You reverse, you go into negative curvature. So, the attempt at this point, to continue pouring in monetary aggregates, to stave off financial crises, is like pouring cold gasoline on the fire, as a way of trying to put it out. You may slow down the rate of burning for a moment, but you are building up the explosion for the next moment. We have now come to the end of the system.

### **This crisis is not cyclical**

What is the characteristic of this process? The 1929-1931 crisis was a cyclical crisis. That is, a kind of crisis in a system, which can occur periodically, without threatening to actually destroy the system. This kind of crisis, sometimes called a "business cycle," was characteristic of modern European economy, for a simple reason: Modern European economy was not homogeneous; it had two contrary elements in it, co-habiting.



The counterculture turns out for an anti-nuclear demonstration in Wiesbaden, Germany, in April 1996, on the the 10th anniversary of the accident at Chernobyl. Slogans read “Nuclear Power? No Thanks” (left) and “Chernobyl was also a sure thing—sure as death” (right).

One: You had what Friedrich List referred to as “national economy,” the real economy: infrastructure; the nation-state as protector of national development; investment in scientific and technological progress; development of basic economic infrastructure; improvement of education; improvement of health care; improvement and fostering of scientific services. That was the national economy.

Then, there was another element: the financier oligarchy, one of the relics of feudalism. Feudalism had two basic, dominant classes. One was the landed aristocracy, which was gradually eliminated, up to about 1848, when the power of landed aristocracy was broken by Lord Palmerston’s deployment of the Benthamites throughout Europe, to bring down the remains of Metternich.

But, the financial oligarchy, typified by Venice, under feudalism—that continued. It established a new base, centered in London, and in the Netherlands, and continued. So, the European economies became mixed economies, with a financier oligarchy on top, dominating the finances of the economy, but underneath a national economy.

What happened was, that you would have, periodically, this accumulation of these excess financial assets in the financier section of the economy. You would purge the economy of this, by having a little depression, burning up some of that useless paper, bankrupting it. Then, usually patriotic upsurges in the nations would say: Go back to national econ-

omy! And, governments would then turn back to national economy. Or, the threat of a war would force national governments to go back into national economy policies, for strategic reasons.

So, we had—during the nineteenth and into the twentieth century, we had these business cycles, which are the pulsations of interaction between two opposing social forces: the social forces of national economy, and the social forces of finance economy.

That kind of system is like a planetary orbit. It goes through winter and summer, spring and fall; but, it keeps on going, with some qualification. It is not *determined* by the laws of the universe, but it is subject of the laws of the universe: that is quite a difference. This gives us a planetary orbit.

And, so, people talked about business cycles; and, people today are trying to talk about business cycles! This is not a business cycle. It is something else.

What happened, over the past 30-odd years, is, we have destroyed, systematically, the foundations of national economy. People say, “We can do it, because there is no longer a danger of war.” We did it under *détente*, from 1964-1989. We took down our economy, saying: “We don’t need that kind of economy any more, because the danger of war does not require it. Therefore, there is not a strategic imperative for maintaining national economy.”

When the Soviet system began to disintegrate in 1989,

under the influence of Thatcher, and a Bush who was almost a little dog on Thatcher's leash, and François Mitterrand, the other dog on the leash, these adopted a policy, celebrated by the Desert Storm war, which broke the back of Europe, politically, as it was intended to do. It had nothing to do with Iraq; it had to do with breaking the back of Europe; and, breaking the back of the Soviet system. The Soviet system, or what is left of it today, has been cannibalized. Pure cannibalism!

There is no possibility of a recovery of the system in its present form. It cannot recover. The conditions in every state in eastern Europe, in terms of per-capita economic values, are vastly worse than they were under communism! We are on the verge of a social and political explosion, coming out of Russia and adjoining states, and igniting the conditions in eastern Europe—unless we do something about it.

What we are faced with now, is a crisis, not a cyclical crisis within a system, such that you could go back to the precedence of the system and use certain rules to bring the cycle back into focus again. We are now at the end of the system, at which we no longer have national economies, or only the tattered remains of it.

What has happened with the German steel industry? This is an example of that. Simple monopolization is a symptom of the last phase. The next thing is: There is no German steel industry. And, this is in sight, if things continue.

We are dealing, not with a planetary orbit; we are dealing with a comet which is headed directly for the Sun.

## A principle of curvature

I used curvature, not as an analogy, not as a hyperbole. There actually is a principle of curvature involved here.

In the words of Schiller, most educated people, are not really educated, they are *Brotgelehrte*. They are *learned*; they don't *know*. They didn't study to find the truth; they studied to secure a position, a career. They studied to pass the examination; not to know the truth. Truth is not popular. These days, one hears of "relative truth." Everyone has their own truth. No longer does one say: "This is the universe with laws, which is occupied by human beings, who have minds; and, these minds also have laws. And, that by the interrelationship between the human mind and the universe, there are certain things which are truth, or not truth. The long history is the struggle for truth."

But, since Plato and his Socrates have been abandoned, everybody now has "relative truth;" opinion determines truth: popular opinion. "What is the truth?"

"Go out and take a popular opinion poll."

Since we have abandoned truth, we forget some things, especially in economics.

What is a "macroeconomic profit"? What should it mean?

Someone would say: "Go ask your accountant!" Or, "Ask some economist!" These are the worst people to ask. The accountants accept the figures given to them, which don't represent the truth in any case. They represent the truth in the

books, not in nature, and, therefore, don't tell you much. The economist is a person that lied so well, that they took him off being an accountant and made him an economist.

What is "real profit"? It presumes that in man's relationship with nature, that, in coming to an area which is poor, we improve the area; we introduce new technology, new skills; and, suddenly, the per-capita and per-square-kilometer productivity of that land area improves.

We say, "There is a gain." That gain is the only possible source of profit, if you want to take true profit, of the economy as a whole.

How do we get this gain? Where does it come from? Leibniz was the first to examine this question, and dealt with this in references to *Analysis Situs* (that is one term he used), and to *monads*.

Where does the gain come from? Is there any monkey who can do this? Any lower species? Only man can do it.

How does man do it? We call it scientific and technological progress, or Classical artistic progress—which are both related things. The mind of man, faced with crises, faced with problems, which are sometimes called ontological paradoxes in their formal aspect: Man's mind discovers principles, which are principles of nature, or principles of the way the mind works (which we call art, or statecraft). These principles are then applied to change human behavior in respect to nature.

As a result of the application of validated principles, man's power over nature increases. The land is improved; the productivity per square kilometer is improved; the productivity per capita of labor force is improved; the life expectancy of people is increased; the quality of life in the family, in terms of mental and cultural development, is improved. This is true profit; this is what we should invest in, to produce.

This is what Leibniz refers to as the *monad*, the ability of the cognitive processes of mind to generate discoveries of principle; and, this articulation by Leibniz became the basis, later, for Riemann's fundamental contribution to modern physics.

## How discoveries are made

What is a discovery? Let's take the case of physical science. Let's presume, that our physical science is based on the experimental authority of physical experiments, or observations, which have the same function as physical experiments, as in astrophysics. Now, we come along, and we find that something has occurred in nature, for which the supporting evidence is as valid in nature as the supporting evidence for our existing physics. But, our existing physics says, that this thing that we just observed, couldn't happen. Now we have, therefore, two things presented to us: an old physics, validated on an experimental basis; and, new evidence, also validated on an experimental basis, which defies the old physics. We have, therefore, what is called an *ontological paradox*.

Now, put yourself into the mind of a student in a good classroom, as in the *Humboldtsche* program, in which the



student is given this problem at the appropriate point in the student's education; and, the student is asked to reinvent the discovery made by someone, without telling the student exactly what the discovery is. So, the student has to relive the mental act of discovery.

The student, then will have a principle; he thinks he has discovered the solution. He reports the solution to the class. They will discuss it, and they will, probably, also discuss the way in which you can validate, or invalidate, that conclusion, by means of an experiment. A good instructor will outline the experiment which is done to prove or disprove that assumed principle, and, probably, will have the equipment prepared for the classroom, for that point.

Now, the student has relived the act of original discovery, of a person perhaps centuries, or millennia earlier, as in the case of some of the Greek Classical studies.

Go through the steps of that. How do we represent each of those steps?

Step one: Can we represent the conflict between two bodies of evidence? One for the old physics, one for the new phenomenon, that contradicts it? Yes.

Can we represent the second stage, the mind of the student actually generating a solution? No. Not by sense-perception. We only generate that by imitating that, by doing the same thing ourselves.

Third: Can we report, in a form which can be represented, the discovery of principle we have made? Yes.

Can we describe the experiment to be done; and, can we observe the result of the experiment which validates the discovery? Yes.

But, the second step is missing, in the normal course of events: the most important of all steps, the thing that makes the difference between man and a monkey. Something which some monkeys have not yet discovered: the role of the creative powers of the sovereign individual mind, the ability of the human mind to discover, and to replicate the discovery of a principle of nature, or a principle of art: to generate what Plato calls an *idea*. The *idea* belongs to the second phase: the concept of the solution in the form it is generated from the problem: *ideas, which can only be understood, and communicated, by replicating them*. That is: You can repeat the experiment. You can repeat the problem.

How do we train people? We train people in *ideas*: to relive the experience of discoveries of people before them. Because, human history is all *ideas*. Man's power over nature: *ideas*. We want children not to learn how to do things, but how to use this thing that sets man apart from and above the beasts: the power to generate valid *ideas*, and, to prove them, and, to utilize those *ideas* to transform man's relationship to nature.

That's how we get progress. We generate ideas, we apply those discoveries, once we have validated them, to human behavior.

We do this also with machine-tools. How does the machine-tool system work?—something people see less and less

of these days. You make a scientific discovery. You go to test it. What do you do? You go down to someone who has machine-tool capability. You build an experimental device, or observational equipment. You keep refining this experimental test, until you get it right. You either prove or disprove what you want, and you get the measurement that you need. Now, the fellow who has designed this equipment for you, or worked with you in perfecting his design, now turns it into a machine-tool principle.

This discovery can now be incorporated in the design of product, and in changing and improving the quality of productive processes. This is, essentially, the simple way in which man increases his power over nature; and, this is where profit comes from.

It is the gain resulting from the improvement in nature through the development of nature, and the improvement in man's behavior, his economic behavior, by increasing his knowledge, that is, increasing the *ideas* made by sharing, replicating, old scientific discoveries, or, new ones.

What do we do in art? Classical art? Why is Classical art important, as opposed to the stuff that people like these days? Because Classical art is based on the same principles as scientific discovery; but Classical art studies the human mind as such, the individual mind, the relations among minds, in society.

Classical art is the basis for statecraft: to study the mind of people. What is statecraft supposed to do? It provides the circumstances under which the people can achieve their common goals. It is supposed to make sure education exists, to make sure infrastructure is developed, to make sure medical care is provided; to ensure that society is self-organized in such a way as to meet the needs of the individual, and the society as a whole; to satisfy the aspirations of previous generations; to maintain the present generation; and, to lay the foundations for a betterment of future generations. And, that is what art is conceived to do: to train the mind, to train and educate the passions in such a way, as to produce a better, more moral individual.

Where do you find that thing in mathematics? Where do you find this quality of the mind which is able to make scientific discoveries, to replicate them, to change human behavior, to create artistic works. To perform Classical music, for example: which can not be done by playing the notes. As Furtwängler said, you must re-create the idea of the process of composition, experienced by the composer, and then you must perform that, according to the notes he specified.

It is from this power, that man is able to increase man's power over nature; and, it is from the expression of this power, and only from there, that a true macroeconomic profit is generated.

What is this?

This is like the problem that was faced by Gauss, in dealing with the question of determining the orbit of Ceres, as the problem that Kepler already understood, a problem which Leibniz understood, a problem which Riemann addressed:



*The Schiller Institute performs Bach at the St. Johannes Kirche in Dalsheim, Germany, March 1997. "Classical art is based on the same principles as scientific discovery; but Classical art studies the human mind as such, the individual mind, the relations among minds, in society. Classical art is the basis for statecraft: to study the mind of people."*

The curvature of action in the very small, in the almost dimensionless magnitude of the cognitive powers of the mind, shapes the entirety of the trajectory of society as a whole. There it is: this not-entropic characteristic of this quality of creative potential in the mind, which generates macroeconomic profit; in the real sense, the physical profit.

### **The basis of statecraft**

It is this, that improves the quality of man; it is this, that is essential to relations among states. We don't deal with people as animals. The Chinese are not a fixed magnitude; the Iranians are not a fixed magnitude; the Africans are not a fixed magnitude. They are human beings, exactly like ourselves, perhaps with a different experience.

How do we solve our relations with the rest of the world? Do we look at these people as stereotypes, or do we look at them as human beings like ourselves; and, do we apply the methods of art and creativity, to establish the kind of relations among states which we need for our security?

Or, do we try to find out who our enemy is, like gossiping about this nation or that nation, or this stereotype or that stereotype?

Do we love mankind? It is supposedly a Christian principle. Do we love mankind: because mankind, every person, has this potential? Do we seek to develop that potential in every person? That is the question.

Now, look here at Germany, in particular, from that stand-

point, at what has happened in Germany, which threatens the very existence of the German nation — apart from Maastricht.

The machine-tool industry is being destroyed. The relationship of science through economy, through the machine-tool sector, is being destroyed.

Look at Asia. Look at the population of most of this planet, which is located in East and South Asia, across the vast undeveloped areas of Central Asia. What do they lack?

They have people. The people have minds. They can be developed. There are resources which can be developed. What do they lack?

Look at the density of the machine-tool design, the machine-tool sector per capita of labor force, throughout East and South Asia. When you go out of Japan and Taiwan (you find a few capabilities in Korea), what have you got? You've got almost nothing. There is no machine-tool capability in this sector of the world, relative to population.

What is Europe's traditional power? Europe's traditional power is located in this machine-tool sector, which is an expression of science, an expression of a long process of development.

What is Europe's export product? It is an essential one: it is machine-tool design.

And, therefore, the relationship, the solution in this crisis, is to define a new frontier of economic development. The new frontier of economic development is concentrated in East and South Asia. India will soon exceed China in population. Then,

you have the next, smaller: Pakistan, Bangladesh, and so forth. You have Southeast Asia, an area of growing population, an area also of growing food shortages.

Next to Asia, we have, in Africa, the largest potential area of food growth left untapped on this planet. The largest area for growth of food: present, but undeveloped. You can feed much of Asia out of Africa, if you simply supply the development to Africa that it needs: the transportation networks and other development. Then, South America, and so forth.

This is our future. The export of technology, expressed in terms of machine-tool design. The machine-tool that makes machine-tools, to bring to these parts of Asia, which cannot develop without that kind of potential, that kind of catalyst. That becomes, potentially, the strategic destiny and widening self-interest of Europe.

### **Look at what we are doing to ourselves!**

But, above all, we must recognize one thing, which is what I think is the root of all our devilish problems that we face today.

We forget the real meaning of *Genesis* 1:26-30, as understood by the apostles Peter, and, especially, John and Paul: of men and women made in the image of God, to exert dominion on this planet: to recognize that all humanity is defined by this capability, the capability which I identified with the “spark of reason,” with which mankind, unlike any animal, is capable of making discoveries and of replicating past discoveries, and capable of transforming those discoveries, in the nature of science and art, into increases in power per capita in the universe, and through art, in terms of improvements in statecraft and relations of man to man in this universe.

If you look at our curriculum, as taught in the universities today — look at the sociology department, look at the psychology department, where do you find man so represented? Man does not exist in these departments. If you look in the science departments, what defines science? No, science is buried, it is a corpse.

You know, you have a difference in art between the Egyptian and Greek Archaic art, in which you have all these tripods, this tombstone design in art, called the Archaic. Then you have — In the Classic age in Greece, you have the development of art as exemplified in sculptures which were like something captured in mid-motion. The same thing in great plastic art, in terms of painting, the paintings of Leonardo or Rafael, you have art in mid-motion.

But, what we have now, is a return to the Archaic, in thought: Everything is now linear, everything is linearized in the small. You make a linear model on a computer; you are trying to make a linear model of man in sociology, on a computer. Man is nowhere there, the human being is nowhere acknowledged. It is just a number, it is something that you go to replace with the “artificial intelligence” machine. Presumably, sometimes, it does not lie.

We have lost the spark of science; we have lost the spark of humanity, in our studies of men, in our practice of art. And, this has become worse and reached a peak in the past 30-odd years, with the changes that were imposed 30 years ago, in destroying the minds of those who marched through the institutions later, destroying the conception of man, the conception of science, with the youth counterculture of that period.

We now come to the point, that we should recognize it; because, we abandoned that very principle, of the conception of man, upon which all the achievements of modern European civilization were based. We suddenly find, European civilization is crumbling around us, crumbling in mass destruction. We are not being killed by the laws of economy; we are destroying ourselves.

And, one would hope this, then:

That the very shock of what we are doing to ourselves, the fact that we are destroying nations, we are destroying our people, we are committing crimes against humanity beyond belief, simply in carrying out these policies — that perhaps the shock of that, and more than that, the shock of the fact that we ourselves are not going to continue to live like this, our nation will disappear — perhaps, finally, we will come back to our senses and say: “The problem is not what we have to get; the problem is what we are doing to ourselves.”

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# Rebuild the world's economy with the Eurasian Land-Bridge

by Helga Zepp LaRouche

*The following speech was given on Nov. 5 at EIR's Symposium in Bonn-Godesberg, Germany. It was translated from the German by George Gregory.*

At the moment, Europe is experiencing a profound paralysis, and the reason for it is that none of the leading institutions has found the courage, up to now, to question the axioms of thinking underlying the prescriptions of the Maastricht Treaty, on the one hand, and “globalization,” on the other. The outbreak of the currency crises in Southeast Asia in May, and the tremors on the international stock markets since August of this year, dashed illusions that the real economy could continue to dramatically shrink, while the “Golden Age of continuous stock market profits” would continue nonetheless. As a result, we have witnessed a broad sobering-up effect, and this peaked in a large-scale panic on Oct. 23 and 27. Then, on Oct. 28, there was a euphoric mania on Wall Street, which German television appropriately compared to the ecstasy of religious fundamentalists.

A transatlantic consensus among insiders in the financial institutions is taking shape, in the meantime, according to which a collapse of the international stock markets, to the tune of about 50%, will have to be accepted, followed by a longer period of deflationary policy, comparable to the 1929-33 period.

Even if the current crisis were “only” a matter of a worldwide depression (which is not the case), the social and political consequences (non-financing of pensions and the health system, social tensions resulting from long-term unemployment, cultural pessimism, resentment of foreigners, chaos in Russia, etc.) would be completely unacceptable. But, the real danger is far greater, as Mr. LaRouche has already elaborated — i.e., an uncontrolled chain-reaction collapse of the entire global financial system and “Albanian conditions” worldwide, such as prevailed at the beginning of the year, when the so-called financial “pyramids” collapsed.

At the moment that the crash of the entire system explodes, over a time-span of a few days, there will be an opportunity, for a relatively short moment, to prevent the collapse of supplies of essential goods and to overcome the crisis by means of reconvening a Bretton Woods Conference, necessarily on the initiative of the United States. Because such a

window of opportunity will be open only for a very brief time, it is necessary that the relevant leaders understand the fundamental principles of an economic emergency mobilization program, before the moment of the collapse.

The program for overcoming the economic crisis must be modelled on the successful examples from the time following World War II—for example, the policy of the Credit Bank for Reconstruction (Kreditanstalt für Wiederaufbau), as well as the measures which Franklin D. Roosevelt took following the Japanese attack on Pearl Harbor, and the policies which President de Gaulle realized in 1958.

Once the parameters for the world economy have been redefined at a New Bretton Woods Conference, the program for the Eurasian Land-Bridge must become the centerpiece of global economic development. In accordance with the principles of physical economy, the infrastructural development of the Eurasian continent is the indispensable prerequisite for the general economic development of the continent. The Eurasian Land-Bridge is, moreover, no longer just an idea: On the initiative of the Chinese government, it already represents a new dynamic, which is seen by many nations as the way in which they can overcome their underdevelopment, e.g., in Iran and a number of central Asian nations, the Group of the so-called D-8, as well as India, but also in Africa and Ibero-America.

The reconstruction must truly represent a new beginning, i.e., it cannot be oriented to the interests of the financial system, but rather to the principles of physical economy, which has to guarantee the survival of those human beings now existing upon this planet. Such an approach does not consider human beings to be “useless eaters,” who are viewed as a burden to the environment in any case; it looks upon the development of the creative potential of the individual as the decisive source of social wealth.

The very first step must, therefore, be to attack those problems which can be solved with the industrial capacities and technologies already available, problems which are neglected at the moment, only because of the conditions of the old world financial system. Thus, in the first phase to be initiated, the aim must be to avert the suffering of people.

Many things that now appear subjectively impossible (the often-cited lack of a consensus on even the most irrelevant

issues) will look completely different, under conditions of a financial crash. In this situation of existential crisis, the first task is to show people a vision which represents a way out of the crisis and the otherwise exploding catastrophe.

Although most people in the West can hardly imagine it, we will soon be faced with the task of evoking a spirit of mobilization similar to that in the immediate post-war phase after 1945—whether among German women who cleared away the rubble of war, or Russian women in the same period. We can accomplish miracles, just as we did then, on condition that we clearly define what the task is, the mission.

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## Phase 1: A crash program

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The following areas must have priority in the first phase of the crash reconstruction program, in addition to the projects which belong to the Eurasian Land-Bridge itself:

1. An emergency program to provide adequate supplies of food to those areas of the world most requiring it (North Korea, Africa) and the regions with dramatic under-supply (Russia, the Balkans, etc.), and to immediately increase agricultural production, including emergency supplies of fertilizer and agricultural machinery, especially for the CIS states. The European Union can expand its agricultural production in a first mobilization by 20%. The aim must be to increase strategic food reserves in at least four to six months.

2. The immediate implementation of emergency measures in health care and sanitation systems; this includes adequate supplies of clean water, containment of disease-carrying insects, and combatting old and newer epidemics.

3. Emergency supply of energy in crisis areas (e.g., northern Russia).

4. Mobilization of national civil-engineering units to overcome the most urgent bottlenecks in infrastructure and production. That includes extension of existing transport lines of the Land-Bridge (Paris-Berlin-Moscow-Yekaterinburg-Aktogay-Urumqi-Lanzhou-Xi'An-Lianyungang and also Berlin-Vienna-Budapest-Istanbul-Teheran-Mashhad-Tashkent-Almaty-Urumqi).

5. Immediate utilization of all existing capacities in the construction sector and in the production of investment goods by means of project-linked state contracts, which immediately provide work for unemployed skilled labor. In the initial phase, such measures can achieve an increase of capacity utilization of 15-25%, which can then be increased further.

In the initial phase of the mobilization, of course, a survey of inventory must be carried out, and it must be determined which industrial capacities still exist, particularly in the areas of machinery construction and machine-tool construction, and also to determine the extent of the available labor-force. It must also be determined, which capacities have been lost, along with the necessary steps to regain and extend them.

Millions of jobs can be created over the short term, by fully utilizing existing capacities; over the medium term, a considerable expansion of industrial capacities is necessary, in order to exploit the potentials of the economies in Germany, Italy, France, and other nations of Europe. Finally, a shift in priorities in education must see to it that an adequate labor force is available over the medium term, to reestablish a level of industrialization such as there was in the 1960s.

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## The current situation

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There are currently 18 million officially registered unemployed in the nations of the European Union. In reality, the situation is far worse than that. In September 1997, in Germany, there were officially 4.3 million unemployed. Even the official Institute for Labor Market and Vocational Research in Nuremberg concedes that approximately 8 million jobs are “missing” in Germany, which includes the various categories of hidden unemployment. Moreover, there are now some 5-6 million people on “minimal employment,” the so-called “610 mark jobs,” among the 34 million employed: These are persons who are not counted among the unemployed, but who work only part-time and do not receive pensions or health insurance. Among these, there are also many people who had full-time jobs just a few years ago, in the steel sector or other branches of industry.

One measure of the short-term, mobilizable reserves in industry, is provided by the comparison of current employment in specific industrial sectors, with the situation at the beginning of the 1990s. A considerable portion of those people who are now employed in low-wage, part-time work, or who are unemployed, or who were discharged into an early retirement or depend upon social security aid, could be quickly reintegrated into employment in production.

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## Deindustrialization in western Europe

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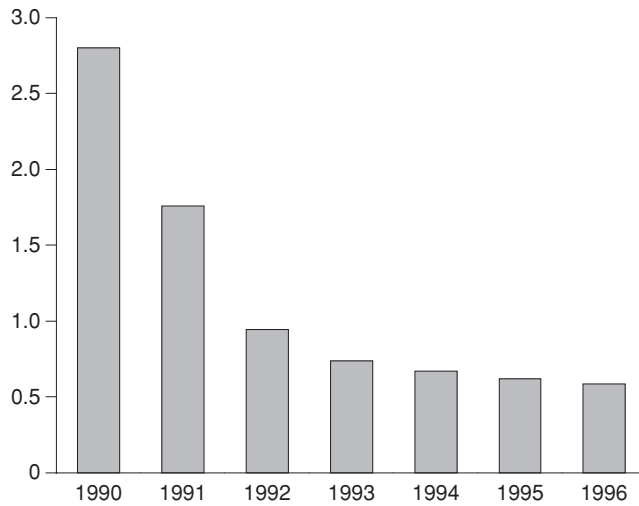
The reduction of industrial employment which began at the beginning of the 1970s, accelerated drastically at the beginning of the 1990s.

Since 1990, some 2.5 million industrial jobs in western Germany have disappeared. Over the same period, eastern Germany was subjected to a virtual demolition of industrial jobs: Of the 2.8 million industrial jobs in 1990, a bare 600,000 now remain, i.e., less than one-fifth (**Figures 1 and 2**). Per-capita industrial production in the new federal states of Germany is at the lowest level of all regions in the European Union. Total production in the new states accounts for only 60% of consumption in that region. The remaining 40% has to be provided by the West, without compensation, because

FIGURE 1

**Industrial jobs in eastern Germany, 1990-96**

(millions)

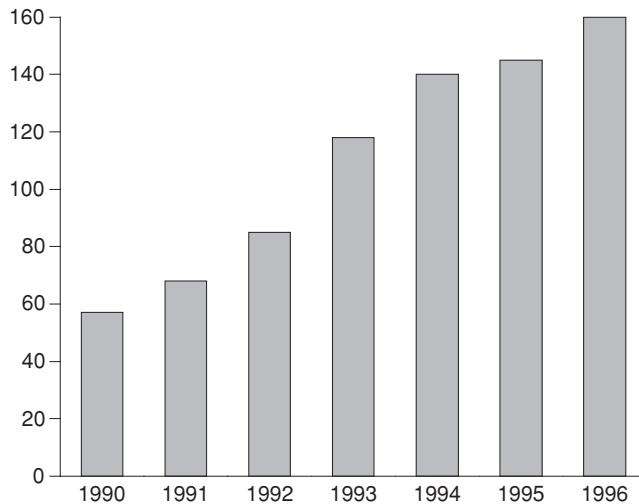


Sources: German Federal Statistical Office, EIR.

FIGURE 2

**Immediate costs\* of official unemployment for the German taxpayer**

(billions deutschemarks)



\*Additional public expenditures + reduced tax income + reduced social security payments, as calculated by the state-run Institute for Labor Market Research.

Sources: German Institute for Labor Market Research, EIR.

TABLE 1

**Employment in the three largest industrial sectors**

	1991	1995	Change
<b>West Germany</b>			
Machinery	1,084,000	816,000	-268,000
Electro-technical	1,109,000	890,000	-219,000
Vehicles	963,000	805,000	-158,000
Total	3,156,000	2,511,000	-645,000
<b>Italy</b>			
Machinery	325,000	265,000	-60,000
Electro-technical	333,000	307,000	-26,000
Vehicles	313,000	240,000	-73,000
Total	971,000	812,000	-159,000
<b>France</b>			
Machinery	254,000	230,000	-24,000
Electro-technical	426,000	386,000	-40,000
Vehicles	487,000	459,000	-28,000
Total	1,167,000	1,075,000	-92,000
<b>Great Britain</b>			
Machinery	391,000	338,000	-53,000
Electro-technical	439,000	405,000	-34,000
Vehicles	484,000	400,000	-84,000
Total	1,314,000	1,143,000	-171,000

the eastern states are not permitted to sustain their own productive capacities. This is not only a crime against the 20% officially unemployed in that region of eastern Germany; it is also extremely expensive. This situation necessitates transfer-payments over an extended period of time, in the amount of DM 150 billion annually.

The process of deindustrialization, over the course of the 1990s, was nowhere more dramatic than in both parts of Germany. But, there was a massive reduction of industrial jobs in other regions of Europe as well (Table 1). Figure 3 shows the drop in jobs in the three largest industrial sectors. The Eurostat data only cover the period from 1991-95, but, with the exception of eastern Germany, this is also the most decisive period.

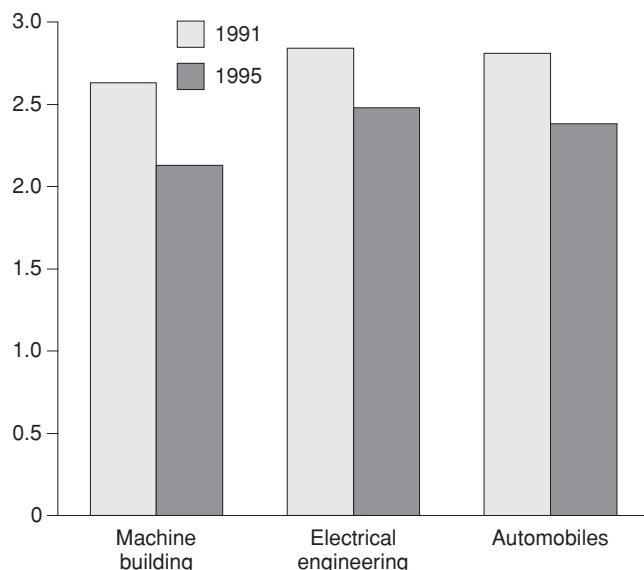
**The situation in Germany**

According to these Eurostat data, a good 5 million industrial jobs have disappeared in Germany since 1990. After subtraction of those persons who can no longer work, for reasons of age, for example, we have a short-term mobilizable reserve in Germany of some 4 million industrially trained persons.

FIGURE 3

### Employment in three major industrial sectors (European Union, without eastern Germany)

(millions)



Sources: Eurostat, EIR.

In summer 1997, capacity utilization in the German industry was approximately 85%, while the size of the employed labor-force was about 8.5 million persons. Since an increase of capacity utilization does not linearly correspond to an expansion of employed personnel, it can be estimated that full utilization of existing capacities would entail employment of some 1 million additional persons in the labor-force. These people are located primarily in western Germany.

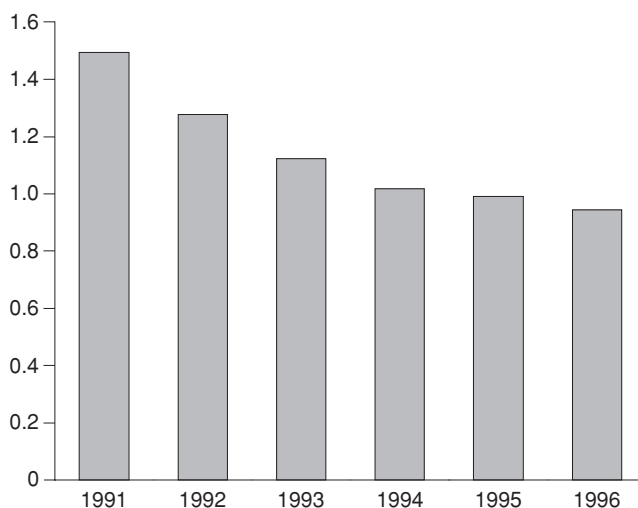
New production sites would have to be created for the remaining 3 million mobilizable industrial employees. The creation of one new job in Germany entails additional investment expenditures of approximately DM 150,000. Thus, in order to reintegrate the mobilizable reserves of industrial manpower over the short term, additional investments in industry in the range of DM 450 billion would be required. Of these investments, some DM 200 billion would be accounted for in construction investments, and an additional DM 250 billion for new equipment. The latter would entail a corresponding expansion of production among the producers of investment goods, especially in machinery and electro-technology.

The totality of investments for equipment of German firms in 1996, including the service sector and the government, amounted to DM 284 billion. If the expansion of production capacities, just sketched, were carried out over a period of three years, this would involve an increase of domestic

FIGURE 4

### Employment in German machine-building sector

(millions)



Sources: VDMA, EIR.

investments, beyond current levels, of some 30%. The domestic orders placed with producers of investment goods would increase accordingly.

The additional DM 200 billion for construction investments corresponds to an increased labor-power requirement in the construction industry of 400,000 jobs, and maintenance and creation of a total of some 800,000 jobs in all areas of the economy.

On the whole, the short-term reintegration of available industrial labor-power would achieve full employment, on account of the side effects in the other areas of the economy. Not only would the major portion of official unemployment be resolved, but in addition, millions of involuntary early retirees, part-time employees, and social security recipients would once again have a place in productive economic life.

### Machinery construction

There are practically no large firms in the German machinery construction sector. Despite this medium-sized industry structure, the nearly 6,000 German machinery-construction firms, which employ some 1 million persons, have leading positions on the world market. They have experienced the worst collapse in their history since 1991 (Figure 4).

Of the 6,000 firms in German machinery construction at the beginning of 1996, 570 of them went bankrupt in the course of the following 12 months. Since reunification, nearly 600,000 of the 1.5 million employees in machinery construction were forced into unemployment, half of them in eastern

Germany. At the beginning of 1997, there were 84,000 people employed in machinery construction in eastern Germany, and the trend is downward.

Since many of the bankrupted machinery-construction firms continued to function, with drastically reduced personnel, in one form or another—for example, through the purchase of segments of production by other firms—about one-quarter of German machinery construction disappeared in the past years, but the loss of capacity is estimated by the Association of German Machinery Construction (VDMA) at “only” 10%. Most of the machinery-construction firms laid off all unessential manpower during the low point of orders in 1993-95. When the situation improved somewhat in 1996, the lack of manpower created a pinch everywhere. The reduction of jobs continued, however, because of uncertain prospects and the miserable profit situation for businesses. Under the conditions of a mobilization, the remaining capacities in German machinery construction would presumably suffice to re-employ most of the laid-off labor-force. The situation in eastern Germany is different: some hundreds of new machinery construction firms would have to be established.

### Machine tools

Only four countries, with no more than 5% of the world’s population—Japan, Germany, Italy, and Switzerland—today produce 70% of all machine tools traded worldwide. Nearly half of the world production of machine tools is accounted for by about 1,500, mostly middle-sized, firms in western Europe.

The value of German machine-tool production has dropped since the beginning of the 1990s, by about 40%. Employment in this branch of industry underwent a shock-collapse to the levels of 1953. Of the 100,000 employees in West German machine-tool production in 1989, 60,000 remained by 1996. While machine-tool production was the largest earner of foreign exchange in the days of the G.D.R., which had a leading position among the Comecon economies, some 90% of the previous 100,000 employees have lost their jobs since 1990.

### Nuclear technology

Without an immediate mobilization of nuclear technology capacities in Germany, this potential will soon be irretrievably lost. In the mid-1970s, there were some 150,000 jobs in nuclear technology in Germany. The construction of a single nuclear power plant requires 60,000 man-years of work, which absorbs about 10,000 jobs over a construction timespan of six years.

By contrast, today there is only a level of personnel required for maintaining the status quo. According to studies of the Nuclear Technology Society in May 1996, there are 38,000 jobs in German nuclear technology today. Of these, 8,000 persons are employed in operating power utilities, another 3,600 are permanently employed by specialized firms for inspections, maintenance, repairs, and other tasks. On the whole, therefore, 11,600 people are employed in German nu-



*A demonstration of coal miners in Germany’s Ruhr region, January 1997, protesting against layoffs. The banner reads, “First the mine dies, and then the city.” Some 5 million industrial jobs have disappeared in Germany since 1990.*

clear power plants today. These are, for the most part, highly skilled engineers, physicists, chemists, and radiation-protection experts. There are another 3,000 persons employed by specialist companies, who are necessary for the annual shut-down of each nuclear power plant, together with the replacement of fuel elements. Supervisory authorities employ some 800 personnel, supervisors, and technical specialists for inspection of nuclear power plants. Another 3,000 jobs are in the area of the nuclear fuel cycle in Germany, plus 300 in operational research and development, and 3,000 in export of nuclear technology. Finally, orders generated by the operators of nuclear power plants generate another 16,000 jobs in supplier industries.

There is hardly any training of new nuclear technicians in Germany. Programs in colleges and technical schools are being continuously reduced. If current trends continue, it will be necessary to draw on foreign technical labor-power, simply to replace those personnel who retire because of age.

### Aviation and space technology

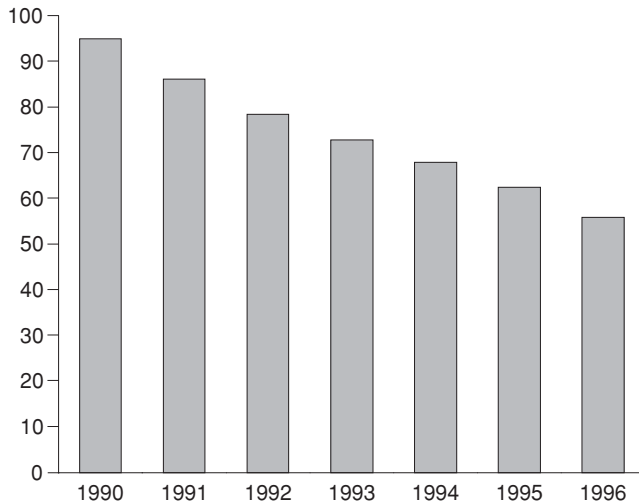
Between 1991 and 1996, the number of employees in German military, aviation, and aerospace industries dropped by half, from 280,000 to 140,000. Some 70% of all production sites of the military-technology industry are endangered for lack of public contracts. Among the small and middle-sized



FIGURE 5

## Employment in western German aerospace industry

(thousands)



Sources: BDLI, EIR.

equipment firms in aviation and aerospace, the stock of personnel has likewise fallen by 50%. (See **Figure 5**.)

The confirmation of the Euro-Fighter project will stabilize a number of segments of this branch of industry. But the reestablishment of this high-technology capacity requires projects which go far beyond the Euro-Fighter. Germany is on the verge of retiring from its engagement in manned space-flight altogether. Planned public programs have been increasingly cut in the past years, or stopped entirely: The construction of the space-glider Hermes which, together with the recent successful launch of the new ESA launcher, Ariane-5, was supposed to have demonstrated Europe's independence in space, has been given up, for the most part because of the German government's hysterical budget-cutting. German participation in ESA was reduced to half of what had been foreseen at the ESA conference in 1987 in The Hague, when a 12-year plan for space research was passed.

In 1992, the Sanger Project for the development of the "Aircraft of the Twenty-First Century" was dropped, following promising development work at MBB. This is an aircraft which can take off from any large airport and also operate in nearby space.

### Engineers

Germany employs currently some 900,000 engineers, among them 300,000 in machinery and vehicle construction, 250,000 in electro-technology, and 180,000 construction engineers.

Given the slump in the investment goods industry, there were 1,000 open jobs in western Germany for machinery-construction engineers, but 18,000 engineers were looking for work. In the electro-technical segment of the industry, 15,000 engineers were bidding for a few hundred jobs.

The number of unemployed engineers in the 1980s was generally constant at 20,000, but since then, it has more than doubled to 45,000, among these 16,000 machinery engineers, 13,000 electro-technical engineers, and 6,000 construction engineers. There are also a large number among the employed engineers, estimated at more than 100,000, who are working at jobs that have only a distant relationship to their training, including jobs as taxi-drivers. It is estimated that the number of unemployed or wrongly employed engineers will soon increase to 200,000, if present trends continue.

Not least on account of the deterrent effect which these unemployment statistics have had on students beginning their studies, German industry runs the danger of not having the engineers and scientists to replace those currently employed. The number of students beginning an education as engineers has been cut in half since 1990, from 21,500 to 10,290. Between the winter semester 1990-91 and the winter semester 1996-97, the number of students who began their studies in the electro-technical courses of engineering and technical schools and universities dropped from 7,200 to 2,900. Of these, an estimated 1,500 will graduate, while the annual requirement for new electro-engineers in German industry is approximately 5,000. Bottlenecks are foreseeable. The number of students beginning studies in the various scientific disciplines has likewise dropped by half since 1990.

### Industrial research

A total of 50,000 jobs in R&D departments of German industries were eliminated during 1991-95. Personnel employed in these areas dropped from 322,000 to 274,000.

Of the 86,000 jobs in R&D departments of East German firms at the time of the fall of the Berlin Wall, only 16,000 were left by the end of 1995, and 12,000 of these were directly in industry. The "research density" in the new federal states of Germany has fallen, in the meantime, to 1.2 per 1,000 residents, while the European average is 4.7.

### Construction industry

The construction sector is the only productive sector which expanded in the new federal states since reunification. The number of employees doubled to nearly 1 million. In the meantime, however, construction orders are dwindling. The capacity utilization of equipment was under 75%, even during the summer months.

According to estimates by IFO institute, the equalization of living standards in both parts of Germany requires a volume of investments in eastern Germany of DM 400 billion. Per-capita investments in the east are indeed higher than in the west, but the volume of investments is currently only one-quarter of the IFO estimate.

In the western German construction sector, with its 1.8 million employees, capacity utilization of equipment is less than 60%. The main reason for the collapse of orders is the drastic reduction of expenditures for public infrastructure, particularly contracts of the regional communities, while contracts in housing construction and in industry are stagnant. While western German communities invested 30% of their total expenditures in infrastructure in the 1970s, today the volume accounts for only 15% of expenditures. For the federal government, the share of construction contracts as a percentage of total expenditures dropped from 5.2% in 1970 to 2.2%. Expenditures for maintenance or extension of roads have fallen to such an extent in North Rhine-Westphalia and Baden-Württemberg, that soon a number of country roads will have to be closed to truck traffic, because the condition of the roads is so poor. The Association of German Industry recently warned that the level of modernization of streets and bridges in Germany has fallen to a horrifying degree. In the meantime, the number of unemployed construction workers, which is subject to seasonal changes, has risen to 200,000.

According to reports of the German construction industry, the backlog of public infrastructure investments in Germany has risen to DM 1,100 billion. The repair of sewerage infrastructure alone requires investment of DM 150 billion in both eastern and western Germany. In the transportation sector, DM 400 billion has to be invested soon. Additional investments in the range of DM 300 billion are still outstanding in other areas, particularly in housing construction.

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## **Phase 2: Infrastructure and the expansion of industrial capacities (1998-2003)**

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1. Once the first phase of full utilization of existing capacities has come into being, by means of productive credit creation, which will have the effect of an immediate significant improvement of tax-receipt income to the government, the second phase of the mobilization for a crash program must be dedicated to realizing the Paris-Berlin-Vienna "Productive Triangle" and the Eurasian Land-Bridge. In addition to the development of the corridors along the Trans-Siberian railway and the "New Silk Road," the southern route from Iran to India, Bangladesh, Myanmar, Thailand, Cambodia, Vietnam, China, Thailand, Malaysia, and Indonesia must be built. In the process, the entire rail network must be expanded to several track-lines, and must be electrified.

2. A crash program for the expansion and modernization of the machine-tool sector and other high-technology industries must be initiated. That includes the "reindustrialization" of the new federal states of Germany, as well as the modern-

ization of the capital-goods industry in Russia, which employs some 14 million workers who have lost their jobs since 1986. The same holds for the other east European and CIS states. The modernization of the state-owned industries in China offers a broad field of cooperation, particularly for the innovative middle-sized firms of western Europe.

3. Another crash program is necessary for mass production of nuclear power plants in modular designs for China, Russia, India, but also for Europe. The best candidate is the inherently safe HTR model developed in Jülich.

4. Agricultural production in the CIS states must be expanded, including the modernization and enlargement of the inventory of agricultural machinery, enlargement of cattle herds, improvement of food processing, expansion of storage capacities, etc.

5. Comprehensive urbanization measures must be initiated, including large programs for state-financed housing construction (public transportation systems, roads, bridges, tunnels, sanitation, and heating systems). New cities must also be built.

6. The necessary leap in productivity of the entire economy will be achieved by means of so-called "science-driver" programs. That includes the development of high-technology infrastructure, as well as the construction of supersonic aircraft for transcontinental passenger air transportation (Sänger Project), biophysics, and a Moon-Mars program. The scientific capacities of Russia, especially in high-technology areas of the former military-industrial complex, represent a valuable potential for the development of a modern, civilian economy.

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## **Phase 3: Industrialization and urbanization on the basis of the Eurasian Land-Bridge, beginning 2003**

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### **Priorities for Italy**

With total employment of some 20 million, official unemployment surpassed the 3 million mark in the spring of 1997. At the beginning of 1993, there were 2 million. Another 3 million persons are assigned to the "informal sector."

Machinery construction experienced a short boost from the fall of 1993 to the summer of 1996, on the basis of the investment promotion of the Tremonti Law (tax benefits for firms that invest). The law was in effect only a short time, and contracts dropped by one-third in machine-tool construction in the first quarter of 1996.

Road construction and similar areas have collapsed to 70% of the level of 1994. Building construction, apart from stagnating housing construction, has also collapsed. Two-

thirds of all new unemployed in Italy's productive sector come from the construction industry. One of the decisive causes is the collapse of public infrastructure expenditures to 50% of the levels of 1990, caused by the conditionalities of the Maastricht Treaty.

### **Priorities for Switzerland**

In 1995, 3.8 million people were employed in Switzerland, of which 2.5 million were in the service sector, and 600,000 in banks, insurance, and consulting companies. Of 800,000 industrial employees, 140,000 were in machinery and vehicle construction, 110,000 in electrical firms. There is also a strong construction sector, with some 300,000 employees. Unemployment has strongly increased recently, but at 100,000, it is still slight in comparison to the rest of Europe, which also has to do with Switzerland's very restrictive policy with respect to foreigners.

Like Germany and northern Italy, Switzerland does have a technology-oriented middle-sized industrial sector, which permits the machinery industry and its suppliers to combine continuous technological innovation with a high degree of reliability of their products. The motors of the Sojourner robot, for example, which is currently cruising over the surface of Mars, are Swiss-produced. Like Germany and northern Italy, Swiss machinery production is concentrated on high-value specialized machines.

Switzerland also has exceptional capabilities in the construction sector. The development of infrastructure is strongly linked to construction of tunnels and bridges. Public expenditures for infrastructure have been curtailed in recent years, however. According to reports of the Association of European Construction Industries, there is now an immense deficit in repairs of roads, bridges, canalization, sewage processing, and other infrastructure in Switzerland. Grand plans exist for developing rail infrastructure, in particular linking up with European high-velocity lines, but the projects are being constantly delayed. In the meantime, every third new unemployed person in Switzerland comes from the construction sector.

### **Priorities for China**

1. The immediate bottleneck in China which has to be overcome, is the modernization of the state-owned industries, in which some 80 million workers are employed. As already indicated, the ideal partners for China in this venture are not so much larger European industries, but the innovation-oriented middle-sized firms, whose experience will be most valuable.

To sketch the order of magnitude of the needed investments, one must consider that DM 100-200,000 of investments in machinery and other equipment is necessary to generate one modern workplace in Germany (DM 80,000 in machinery construction, DM 200,000 in the chemical industry, DM 300,000 in the steel industry). In order to modernize

the entirety of the Chinese state-run industries, some DM 8 trillion will be required, or DM 800 billion each year over a ten-year period, calculating in German prices. Similar orders of magnitude are involved in the modernization of key sectors of industry and infrastructure in Russia and India.

Such an increase of production is only possible, if the technologically highly developed capacities of Germany and other European nations are utilized in order to modernize the most important areas of the strategic machine-tool sectors in Russia, China, etc., in order then to be able to exploit the improved industrial platform to modernize the rest of industry in these nations.

2. The construction of capacities for mass production of nuclear power reactors. China needs 1,000 gigawatts (GW) in the next 10-15 years.

3. Construction of modern urban transportation systems (high-velocity subways) for 30 Chinese cities with 1 million residents each, as well as for dozens of smaller cities.

4. A crash program for building 200 new cities, with 1 million residents each.

### **Priorities for India**

1. The main lines of the Indian rail network must be upgraded from the current velocities of 40 km/hr to the European standard of 160 km/hr.

2. One of the most crucial bottlenecks in India is the energy supply. India currently requires 270 GW, but it produces only 87 GW. Industrial production could be increased immediately by 15-20%, were sufficient energy available. The construction of large nuclear power plants is therefore urgent.

3. Construction of so-called nuplex cities, along the main line of the Eurasian Land-Bridge running through India, and along the north-south corridor, is recommended.

### **Priorities for Russia**

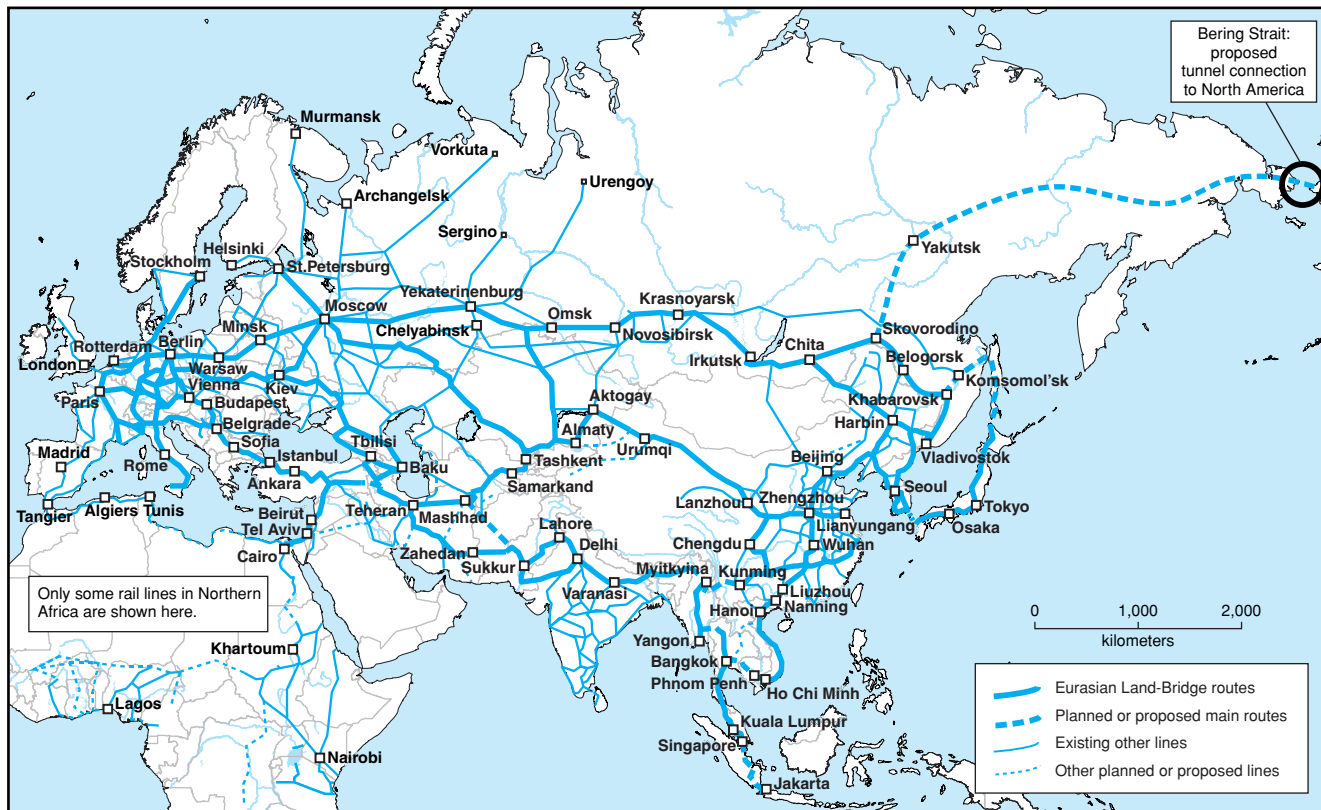
1. Urgent emergency measures must be taken to increase the supplies of food to the Russian population and to provide health care. According to figures provided by economist Sergei Glazyev, the nutrition of the Russian population manifests a deficiency in protein of 35%, a vitamin deficiency of 50%, and a caloric deficiency of 300-1,300 per person, per day. Scarcity of medicine and medical equipment must also be urgently alleviated.

2. The destroyed infrastructure and the no-longer-functioning machinery inventory in agriculture and in the construction sector, in Russia and other CIS states, must be urgently replaced. That means replacement of some 3 million tractors, 2 million trucks, 1 million harvesters, as well as adequate volumes of fertilizer. The construction sector requires 180,000 earth-movers, 300,000 mobile cranes, etc.

3. Emergency measures must be initiated to guarantee supply of Russian cities with heat and electricity. Urban infrastructure must also be repaired, which is collapsing rapidly.

FIGURE 6

### Main routes and selected secondary routes of the Eurasian Land-Bridge



4. Immediate resumption of full industrial production, including in obsolete industrial plants, if necessary. At the same time, a complete modernization of the entire infrastructural and industrial basis of the economy must be carried out, for which the import of modern machine tools and developed technologies from Germany and other countries, is necessary. That means that 14 million persons formerly employed in industry, including scientists, engineers, and other experts, must be reemployed in this area. Two million people must be employed in machinery construction, precision machinery, instrumentation, and radio-electronics.

5. In the context of the Eurasian Land-Bridge, the entire railway network of the former Soviet Union must be modernized (see **Figure 6**).

6. The technological capacities of the former military-industrial complex must be reconstructed and exploited for: 1) mass production of nuclear power plants; 2) resumption of the program for developing nuclear fusion energy; 3) the Moon-Mars program; and 4) biophysics.

The existing reserves of labor-power and productive capacities in Russia can be roughly estimated, if one accounts for the elimination of jobs and productive capacity over the

last five years, and if the assumption is applied that labor power and production can be quickly reactivated with a “dirigist” policy and emergency aid from western Europe.

In the 10 years from 1986 to 1996, some 14 million jobs were eliminated in Russian industry. The percentage reductions in employment according to sector are (approximately):

- Machinery: -55%
- Textiles and light industry: -65%
- Building materials: -54%
- Metallurgy: -10%
- Chemicals and petroleum: -10%
- Wood processing: -65%
- Food industry: -30%

The decrease in production in selected sectors is shown in **Table 2**.

The most important lines for the necessary modernization of the railway system in the territory of the former Soviet Union (in addition to the main corridors of the Land-Bridge): Moscow-Perm-Yekaterinburg  
Kupyansk-Penza-Kuybyshev-Chelyabinsk-Omsk-

TABLE 2

**Russia: decline of production in selected sectors**

	1991	1995	Since 1991
<b>Energy and raw materials</b>			
Electricity (billion kwh)	1068	862	-20%
Petroleum (million tons)	462	298	-35%
Natural gas (billion cubic meters)	643	595	-8%
Coal (million tons)	353	262	-26%
Iron (million tons)	62	39	-36%
Fertilizers (million tons)	15	8.7	-40%
Plastics (million tons)	3	1.7	-40%
Paper (million tons)	4.7	2.7	-42%
<b>Investment goods</b>			
Metal-cutting machines	67,000	16,000	-76%
Forming and pressing	24,000	2,000	-92%
NCR machine tools			-98%
Trucks	616,000	115,000	-81%
Tractors	178,000	21,000	-88%
Harvestors	55,000	6,000	-89%

Novosibirsk-Irkutsk-Khabarovsk (part of the Land-Bridge)

Tselinograd-Chu-Arys-Tashkent-Samarkand (part of the Land-Bridge)

Moscow-St. Petersburg

Moscow-Kharkov-Rostov-Baku

Debaltsevo-Znamenka-Fastov-Lvov

Construction of 5,000-9,000 km of new railway lines.

Construction of 13,000-15,500 km of second track lines.

Electrification of 15,000-18,000 km. Construction and expansion of 300 loading and freight stations. Construction and expansion of 148 passenger stations.

New construction of 170 plants for maintenance and repair of rail-construction machines; 76 plants for repair of track and rolling-stock; 13 large-scale workshops.

Reconstruction of 192 plants for rail repair; 24 workshops; 8 maintenance shops for rail-construction machines.

Creation of 40-45 regional automated centers for organization of transportation.

Equipping of 22,500 km of rail with stations and dispatch centers, as well as modernization of self-blocking installations and dispatch centers on 35,000 km of rail.

Equipping of at least 80,000 rail switches with centrally controlled electrical motors, modernization of the electrical control of 35,000 switches.

Laying of 70,000 km of control cable.

Mechanization of at least 100 and automation of more than 50 rail yards.

Procurement of 7,850 electric locomotives; 14,000 diesel locomotives for track work; 5,000 diesel locomotives for freight work; 900,000 freight cars; 70,000 passenger cars; 115,000 computers of various configurations.

Construction of 1,300 container loading/unloading stations, 170 of them for large containers.

The categories and orders of magnitude indicated here are only to indicate the method of the approach, which allows for significant flexibility in detail. It is important, however, that the priorities be established according to the principles of physical economy, such that the largest possible economic advantage arises from the increase of productivity, and the labor-force employed in unproductive areas, such as services, be redirected into productive sectors.

## Other requirements

Although the entire system of education must be reorganized over the medium term, on the basis of the Humboldt system, for the short-term mobilization, the method of brigades, which Gaspard Monge developed in the context of the French Ecole Polytechnique, can be employed. The education and qualification of the labor force occurs in the course of realizing the projects. The example of similar past mobilizations (as, for example, the reconstruction following World War II) demonstrates that one must always assume a relatively low level of training in the labor force, but this level will be quickly raised in a task-oriented way, in the course of the realization of the projects. It is not possible to wait until ideal conditions exist. The realization of the projects may occur faster or slower than indicated here: The direction is what is important, and that the maximum be done, under the given circumstances.

Strict control of credit issuance by the national bank or the Credit Bank for Reconstruction is naturally equally important. The credit is not money, as such, but a means of organizing the material necessary for the realization of the projects.

## Conclusion

It is obvious that the fundamental assumption of the emergency program for overcoming the world economic crisis, sketched here, is not accepted by the majority of [Germany's] leading institutions. The change that has occurred in the banking sector, for example, from the tradition of Hermann Abs, Jürgen Ponto, and Alfred Herrhausen, to the generation of investment bankers, has also infected the government and the management of private industry.

But, once the crisis is evident in a sufficiently virulent way, a return to these principles of physical economy will be recognized, even by proponents of liberal economic theory, to be the only way to overcome the crisis.

## British counter with Mideast nuclear Armageddon

by Linda de Hoyos

The British monarchy is now embarked on the orchestration of a nuclear showdown in the Middle East, American statesman Lyndon LaRouche warned on Nov. 12. "Under British direction, the present virtual dictator of Israel, Benjamin Netanyahu will launch a *nuclear Armageddon scenario* for the Middle East, which will resemble the 1962 Missile Crisis of the Soviet Union and the United States," LaRouche said in an interview with the "EIR Talks" radio program.

The purpose of this scenario, from the standpoint of its British authors, is not a "limited-goal action within the immediate theatre in which the primary action is situated." The goal is a nuclear crisis which will have a global effect, "a wildly, multiphase ricocheting effect," LaRouche wrote, in an intelligence memorandum issued the same day.

London's build-up for such a nuclear scenario is accelerated, stated LaRouche, by the combination of the successful summit at the end of October between U.S. President William Clinton and Chinese President Jiang Zemin, and the "hyperbolic state of the ongoing, global financial crisis."

The nuclear scenario is the British monarchy's attempt to knock out the potential of the United States, in partnership with China, to take the lead in forcing through the bankruptcy reorganization of the current collapsing monetary system and its replacement with a monetary system based on agreement among nation-states for the purposes of global economic recovery. The taking of such measures by Clinton, in alliance with partners centered in Asia, would spell the doom of London's financial-speculative reign of parasitism over the world's monetary and economic systems.

Hence, London is now pulling out all the stops and calling into action all its assets, in the United States and abroad, in

an effort to overwhelm the Clinton administration with crises, and nullify the potentials of the Clinton-Jiang Zemin summit.

From this strategic standpoint, it is clear, LaRouche stated, that the "*source* of the threat" in creating a nuclear Armageddon in the Middle East, "is thus not Britain's Israeli puppets, but the British monarchy itself." LaRouche further warned that any attempt to deal with the load of crises on a piecemeal basis, will only fuel the fire; the target of the counterattack must be the British monarchy, beginning with the official exposure and protest of the British control over and deployment of international terrorists for its nihilistic strategic purposes (see article, p. 40, documenting this control).

The center of London's scenario is the heavily pressured Netanyahu grouping in Israel, which is encouraged by the British "to see the need for a 'chicken game' style of preemptive, bloody, strategic insolence as the precondition for avoiding loss of power and tempo for continuing an 'Eretz Israel' policy in the Middle East."

The Netanyahu government has already taken major steps in this direction, in the context of building confrontations, manipulated by British assets, between the Clinton administration and Iraq, the Clinton administration and Sudan, Israel and southern Lebanon, and Israel and Iran.

The trigger for such a game of nuclear chicken, LaRouche stated, would be an act of bloody blind terrorism directed against Israel, just as blind terrorism in Jerusalem against Israelis in February 1996 secured an election victory for Netanyahu and his promise to rip up the 1993 Oslo Accords architected by his assassinated predecessor, Yitzhak Rabin.

In this case, the bloody shirt waved over a terrorist atrocity against Israel would galvanize into motion the two constituencies that would thus be primed to rush toward nuclear Armageddon: the crazed Netanyahu clique inside Israel, and, equally important, the British Israelite “evangelical” cult operation based in the British Commonwealth and the United States.

This latter grouping is represented at the geopolitical level of Kenneth Hugh de Courcy, editor of the British *Special Office Brief* newsletter; and in its “low church” form by Pat Robertson and the Promise Keepers in the U.S.A. The accompanying article on Robertson’s apocalyptic cult view toward Israel (p. 38) shows the readiness with which London can move into action a cult-constituency demanding backing for an Israeli blitzkrieg action against a target, with the threat behind the blitzkrieg, of the use of nuclear power.

### **Talk of preemptive use of nuclear weapons**

Starting from the top echelons of the British Israelite cult, the *Intelligence Digest* of Kenneth De Courcy’s son, Joseph, which is written from Washington, is already raising the option of an Israeli first strike against a nearby target. According to the *Digest*, the question of whether Israel should launch preemptive attacks with its 300 warheads is now on the agenda, particularly over Iran’s alleged acquisition of a nuclear missile capability. Charging that Iran has received nuclear weapons from Kazakhstan, and that Syria already possesses chemical and biological warheads, the Netanyahu government believes that the point of no return is being reached, when an Israeli preemptive strike is possible.

A bellicose article in the Nov. 7 issue of the Israeli daily *Ma’ariv* echoed De Courcy’s thinking, raising the spectre of a nuclear free-for-all in the Middle East. *Ma’ariv* journalist Ben Caspit wrote: “Today it is clear: Sooner or later Iran will have missiles capable of reaching Israel, on which they will be able to load chemical, biological, or nuclear warheads. There is also no doubt as to the essence of the response: It must be made clear to the Iranians that the moment they decide to make use of this weapon—the return strike will be severe and fatal. And here lies the dispute: how to do so. Israel demands immediate action. The Americans are hesitant. Wanting to still give quiet diplomacy a chance. Iran is now awaiting the decision, but working vigorously.” The article ends with the ominous note: “In the meantime, Israel must build up its deterrent potential. Here are the words of a senior Israeli official on this subject: ‘Iran should know, and it will know, that on the day it fires all it has at us, even assuming that it all hits, Israel will have the ability to wipe Iran off the face of the earth, quickly, forcefully, and in the most non-elegant manner.’”

Israeli Defense Minister Mordechi issued a similar warning to the British defense magazine *Jane’s Weekly*. In conditioning the Israeli population for such an eventuality, the gov-

ernment has already begun distributing gas masks, and now, anti-poison-gas injections are being offered.

### **Targets: Iraq and Sudan**

Along with Iran, Iraq is another possible target for Israeli blitzkrieg attack. It is noteworthy that U.S. Defense Secretary William Cohen was forced to cancel his scheduled trip to China to follow up on the Clinton-Jiang Zemin summit, in order to deal with the current escalating crisis with Iraq.

LaRouche has warned the Clinton administration that it would be a fatal mistake to focus attention on the crisis between the United Nations Security Council and Iraq, over the issue of the presence of Americans on a UN inspection team. London instigated the crisis, when it pushed for UN Security Council Resolution 1134, demanding further sanctions against Iraq for alleged non-compliance with inspection procedures. While the Clinton administration has issued guarded statements, especially on the question of the use of a military option, on how it will respond to the crisis, the British media have spilled gallons of ink to paint Iraq as the “enemy image” threat to the whole world, comparable to the massive war propaganda during George Bush’s and Margaret Thatcher’s 1991 Gulf War. British Foreign Secretary Robin Cook has already reviewed drafts of potential British military options, and the Blair government has officially issued an unprompted, unilateral statement of its readiness to join the United States in military strikes against Iraq.

Sudan is also another possible target for an Israeli blitzkrieg, which would achieve London’s goals in Africa, stated LaRouche. The imposition of sanctions against Sudan by the Clinton administration—in a preemptive move against the British-intelligence-laced Congress—and the subsequent breakdown of talks in Nairobi between Sudan and the British-backed Sudanese People’s Liberation Army, have opened the gates for more war in the region. Israel already has three bases in the British puppet-state of Eritrea, a capability aimed implicitly at Sudan.

Under conditions of terror attack against Israel, Israeli moves into Iran, Iraq, Sudan, or southern Lebanon, or some combination thereof, can be expected, with the nuclear umbrella protection behind.

### **Who controls the button**

But the fashioning of a “global event” that upsets the gameboard of the current strategic configuration, in which the United States is breaking from British control at the point of decision on the world monetary system, requires the use or threatened use of nuclear weapons, in the way that the shock of the A-bomb attack on Hiroshima permitted London to architect the parameters of the postwar period and ultimately usher in the debacle of the post-industrial society.

At this juncture, it is Israel’s capability that is crucial,

and the willingness of the Netanyahu government to use it. Thus, it was not surprising to observers to see that nuclear confrontation was the theme struck by Israeli Prime Minister Netanyahu before the British House of Commons on Nov. 14: "If the supply of Russian technology [to Iran] is not stopped, then within a year, Iran would become self-sufficient and would be able to create those missiles on its own," he said, according to the *International Herald Tribune*.

Netanyahu has received red-carpet treatment in London, in contrast to the snubbing he is predicted to receive from President Clinton when he arrives in the United States the week of Nov. 17. In London, Netanyahu met with British Prime Minister Tony Blair, Foreign Secretary Robin Cook, Chancellor Gordon Brown, and the leaders of the Conservative and Liberal Democratic Parties. Netanyahu is seeking support for his proposal to accelerate peace talks with the Palestinians, a proposal which has not received the support of the Clinton administration.

Netanyahu will also undoubtedly seek British support for his wresting of control of the chain of command that will give him and his faction control over the Israeli nuclear arsenal, the world's fifth largest. As noted by Max Ghilan, editor of *Israeli and Palestine Report*, in order for Netanyahu to have his fingers on the nuclear button, he must have the agreement of the defense minister, the Chief of Army Staff, the heads of the intelligence services, and the President of Israel. Over the next months, all these positions are up for re-appointment.

Under conditions of a generalized escalating crisis in the Middle East, and rising desperation among the Eretz Israeli zealots, Netanyahu can be expected to attempt to stampede into these positions members of his own war clique.

Attempts by the United States to resist this will only result, according to *Intelligence Digest*, in the mobilization of the mass base of the 60 million Christian fundamentalists inside the United States, who would be rallied to Netanyahu's defense in the face of increased threats to Israel.

Thus, LaRouche has warned, "the greater the pressure, from the U.S. and elsewhere, to dump the Netanyahu threat, the more it will actually increase, not neutralize the immediacy of the threat. Ordinary 'crisis management' tactics will assuredly backfire." This is all the more the case, since a rupture between Israel and the United States is also nearly a precondition for the use of the Israeli nuclear capability.

The break between the Clinton administration—architects of the Oslo Accords—and the Eretz Israel fascist Netanyahu, has thus already been prediscouted by the British monarchy in its nuclear Armageddon scenario. This prediscouting of the effect of Clinton's pressures on Netanyahu underlines the point, that unless the Clinton administration counterattacks this scenario directly against the *primary target—the British monarchy itself*—its "crisis management" techniques of putting out fires one by one will only serve to fuel the flames engulfing it.

## Pat Robertson: End-Times cultist, British agent

by Anton Chaitkin and Nancy Spannaus

In his Oct. 27, 1997, "700 Club" television broadcast, Pat Robertson put himself at the service of the London-led drive for a nightmare war scenario in the Middle East. Robertson erupted in a wild attack on the Islamic religion, warning of a Muslim-caused "Holocaust":

"You and I have never been called upon to have this kind of persecution," Robertson said. "We haven't suffered and been hung up by our hands and had our kidneys punched and beaten. . . . We must join as a united front against this genocide that's taking place in the Middle East. To see Americans become followers of, quote, Islam, is nothing short of insanity. . . ."

"I've been in Africa many, many, many, many times, and you see people over here learning Swahili, for example. Swahili was the language of the slave traders. The Islamic people, the Arabs, were the ones who captured Africans, put them in slavery, and sent them to America as slaves. Why would people in America want to embrace the religion of the slavers, and the language of the slavers . . . ?"

"You say, 'What's going on in America, when we welcome into our society and give rights to people who are persecuting Christians around the world?' It's time we stood up against this and said, 'No more!' We must demand the State Department do something in relation to the Sudan, in relation to the Palestinian Authority, in relation to Iran, in relation to Saudi Arabia and these other countries that are persecuting Christians."

"We can't let it happen. And if we don't let our voices be heard, it's going to happen. . . . Speak out wherever we are—we can't be silent, look what happened in the Holocaust. A whole race was close to extinction, because we were silent."

### An evil fraud

Robertson's sincere diatribe is not only untrue—as far as what is going on in the Middle East and Africa today—but it is a product of British Israelite cultist thinking. As *EIR* reported in its last issue, British intelligence has spent nearly three centuries creating a cult of Biblical prophecy around the question of the Jews and the Middle



East.<sup>1</sup> Pat Robertson, whom we have previously documented to be a direct creation of British intelligence military networks<sup>2</sup>, is simply following the script of these predecessors.

The charges he makes against the Islamic religion today, are no more true than the charge that all Jews are like the terrorist JDLer Baruch Goldstein, or all Christians like genocidalist Adolf Hitler. But Robertson is whipping up his viewership to see Muslims as the “enemy image”—because that image fits the British Israelite objective of bringing a show-down in the Middle East. According to the British Israelites, war in the Middle East is supposed to bring the “Rapture,” and the end of the world.

### ‘An end-time ministry’

Robertson’s recruitment and training in Pentecostalism by Anglo-Dutch political intelligence agent Harold Bredesen, began in the late 1950s. An Anglophile by family background, Robertson was now indoctrinated into British intelligence’s religious network. His cultish view of Israel is coherent with that of the British fundamentalist networks.

Robertson wrote extensively in his autobiography, about his view of Israel:

“I was conducting a tour to Israel, and with me was the plan for a super-powered station to be located near the Dead Sea. . . .

“I knew that the future of CBN [TV network] was intertwined with the destiny of the nation of Israel. I [knew] . . . that the start of construction on our headquarters building on the same day that the Six-Day War began was highly significant. The take-over of Jerusalem by the Jews during that war was a signal that the times of the Gentiles had ended. *In my thinking, the ministry of CBN was an end-time ministry.* Like John the Baptist, we had been called to proclaim the end of the old age and to prepare the people for the coming of Jesus Christ and the new age” (emphasis added).

“My musings were cut short by the voice of the Lord. ‘You are entering into the Holy Land. This is a land of prophetic significance. I have let you make mistakes in Portsmouth and New York. I have let you make mistakes in South America. You must not make mistakes here!’

“A sense of awe came over me. Everything that happened in the Holy Land would take on worldwide prophetic import. I felt that God had called me to enter into Israel. His warning was not to be taken lightly.

“Only God could open such a door. . . .

“I returned to Portsmouth. Once it had seemed that no door was open; now doors were open on every side. . . .”<sup>3</sup>

1. Scott Thompson and Michael Minnicino, “British Israelites and Empire,” *EIR*, Nov. 14, 1997.

2. Anton Chaitkin, “Who Is Wagging Your Neighbor’s Tongue?” *EIR*, Aug. 22, 1997.

3. Pat Robertson, *Shout It from the Housetops* (Plainfield, New Jersey: Logos International, 1972).

### The 1982 story

In a 1982 book, Robertson proclaims the “climactic conflict” that must come in the Middle East. In his rhetoric, the world will end when the anti-Christ—in his usage, the term means just about anybody other than Robertson’s beloved Britain—attacks Israel:

“Having been regathered from the countries of the world, Israel, a unified nation living in relative security, will be invaded by a confederation from the north and east. The prophet Ezekiel . . . identified elements of [this force] as ‘Gog of the land of Magog,’ . . . joined by Persia. . . .

“Various people have been viewed as Gog and Magog throughout history . . . but indications are that this great power from the north may be the Soviet Union, for that nation occupies land specified by Ezekiel. . . .

“At the same time, the Book of Revelation appears to point to a successor kingdom to the Roman Empire that could roughly parallel the current European Economic Community. It . . . could be a forerunner of what is called the Antichrist. Presumably this group will make a league with Israel and then turn on her and begin to oppress her. The leader of this confederation will be a spiritual being who will become a counterfeit Christ and . . . will turn the league into a dictatorship, thus poisoning two kingdoms—the kingdom of God and the counterfeit kingdom—for climactic conflict.”<sup>4</sup>

*Newsweek* reported that Robertson said on May 20, 1982:

“The Bible says that . . . the Soviet Union is going to make a move against this little nation known as Israel. And that’s got to happen because it’s very clear cut in the Bible in the last days; and along with the Soviet Union there is going to be Iran.”

On the “700 Club,” on Oct. 18, 1982, Robertson claimed that God (not terrorism and fanatics) is blocking Mideast peacemakers:

“There’s not going to be any peace until God’s peace, what we call the peace of Jerusalem, when the Prince of Peace brings peace to that troubled region. . . . And any peace initiatives are going to be frustrated . . . over those intervening few months and years.”

What we read here, seen in the context of what was actually happening in 1982, is nothing but a justification for genocide by the British tools in Israel, against the Palestinians. It was during the summer and fall of that year that Israeli Gen. Ariel Sharon launched Israel’s assault on Lebanon, and carried out massacres against innocent civilians in refugee camps outside Beirut. But, in the mind of the British Israelite, this horror is explained away by the alleged fact that Israel represents “God’s people,” persecuted by all those nations around them.

4. Pat Robertson, *The Secret Kingdom* (Nashville: T. Nelson, 1982).

# London is haven for global terrorism

by Joseph Brewda

When the U.S. State Department released a list of international terrorist groups on Oct. 8, banned from fundraising or other activities inside the United States, it would not appear that President Bill Clinton was considering declaring war against the United Kingdom, but that would be one implication of the list's publication:

- Of the 30 groups cited, at least 10 are headquartered in London, while another 15 have major bases of operations there.
- All of the 15 Mideastern groups on the list, responsible for the murder of thousands of civilians, including American citizens, are based in London, or dependent on London for logistics and other forms of support.

This brings to the fore the fact that the British Crown's drive to provoke a Mideast nuclear war is significantly aided by its control over international terrorism, including the so-called "Islamic," "Arabic," and "Jewish" varieties.

This collection of agent-provocateurs, operating on every side of every conflict in the region, gives London an unparalleled capacity to manipulate events. The British safehousing and aid for terrorist groups goes to the core of British intelligence method: Support the most violent partisans on every side of every conflict, or create them if necessary, and carry out bloody massacres to ensure that the threat of peace is eliminated. This has been standard British practice since even before the time of Queen Victoria's Lord Palmerston.

London's role in this respect has not gone unnoticed. At least ten governments from all around the world have launched formal protests over recent years, over London's providing terrorists safe-haven, including Egypt, Saudi Arabia, Bahrain, Turkey, and the former Shimon Peres government Israel. For example:

- On Nov. 3, 1995, the French daily *Le Figaro*, under the headline, "The Providential Fog of London," wrote of the bombing spree of the Algerian Islamic Armed Groups (GIA) in France and Algeria: "The trail of Boualem Bensaid, GIA leader in Paris, leads to Great Britain. The British capital has served as the logistical and financial base for the terrorists." The paper's account, based on official sources, added "Great Britain transformed itself into a formidable network of fundraising aimed at financing the guerrillas in the Algerian *ma-*

*quis*." The next day, *Le Parisien* reported that the mastermind of the GIA attack inside France was London's Abou Farres, who was given a residence visa, despite the fact that he was already wanted in connection with the bombing of Algiers airport.

- On March 3, 1996, after a Hamas bomb blew up in a market in Jerusalem, killing a dozen people, and a second exploded in Tel Aviv, Israel's ambassador to London met with then-Foreign Minister Malcolm Rifkind to demand that Britain stop protecting the group. The London *Express* reported the next day: "Israeli security sources say the fanatics behind the bombings are funded and controlled through secret cells operating here. Only days before the latest terror campaign began, military chiefs in Jerusalem detailed how Islamic groups raised £7 million in donations from British organizations. The ambassador, Moshe Raviv, yesterday shared Israel's latest information about the Hamas operations. A source at the Israeli embassy said last night, 'It is not the first time we have pointed out that Islamic terrorists are in Britain.'"

The British government's response? The Foreign Office officially informed the Israeli ambassador, "We have seen no proof to support allegations that funds raised by the Hamas in the U.K. are used directly in support of terrorist acts elsewhere." As a result of the Hamas terror wave, Mr. "Get Tough on Terror," Benjamin Netanyahu, was elected prime minister.

- On Aug. 27, 1996, the Egyptian government's official daily, *Al-Ahram*, carried an exposé of the British role in providing safe haven for numerous terrorist groups, including Islamic Jihad of Egypt, the GIA of Algeria, and the Liberation Tigers of Tamil Eelam of Sri Lanka. The newspaper charged that almost \$140 million has been solicited by these and other terrorist groups in Britain, with the full knowledge of British intelligence. "The MI-5 has done nothing to stop these funds from becoming bombs," reported *Al-Ahram*.

The paper described London as "the leading capital of the world in printing and publishing messages, leaflets, magazines, and press releases which include threats and orders to conduct violence." On Aug. 24, the director of the Egyptian's President's office, Usama Al-Baz, speaking of London, told Egyptian television, "We are not demanding that they protect us, but we do demand that they stop making their country a fertile field for destabilization of the security of other nations."

The Egyptians were particularly incensed that the British government had formally announced in August that it would allow an estimated 14,000 terrorists from the Arab and Islamic world to hold an international conference in October 1996, sponsored by the British-based Saudi money-bags Osama bin Laden, who fields Afghan mujahideen veterans in terrorist operations globally. The Egyptian government issued a formal note of protest to Britain over the event. Eyp-

tian President Hosni Mubarak went so far as to condemn Britain, in a Sept. 18 interview with the London-based international Arabic daily *Al Hayat*, for “giving political asylum to terrorists,” in contravention of its pledges of cooperation against terrorism. Only fear of losing Saudi defense contracts, after receiving Saudi protests, led the British government to cancel the conference.

- On Sept. 23, 1997, the Bahraini daily *Al Ayyam*, citing government sources, condemned Britain for using terrorism to reestablish imperial control over the Persian Gulf. “Britain, which boasts of fighting terrorism, should decisively specify its position in this regard. Giving shelter to terrorist elements, and extending support and protection to them, is considered clear participation in the crimes committed by these terrorist elements. Britain is indulging in these policies, day after day, and it does not only give shelter, support, and protection and grant passports to terrorist elements, but it also encourages the crimes these elements commit.” The Bahraini terrorists cited, have the removal of U.S. bases from the region as one of their main objectives.

### **An open policy**

This harboring and directing of terrorists is official British government policy, and is shamelessly proclaimed. On Feb. 14, 1997 the British Parliament failed to vote out of committee a bill that would have, for the first time in history, made it a crime to plot international terrorism from British soil. The bill was introduced by Conservative Member of Parliament Nigel Waterson on Jan. 25, after bitter complaints from Saudi Arabia over Britain’s harboring Mohammed al-Masri, who together with his London patron, Osama bin Laden, claimed credit on BBC for bombing two U.S. military sites in Saudi Arabia in 1995 and 1996, which left over 20 Americans dead.

The government of John Major refused to give its backing to the Waterson bill, and Labour MP George Galloway, a longtime operative of Lord Avebury, one of the leading backers of international terrorism in Britain today, launched a successful drive to kill it, supported by the now-ruling Labour party.

Galloway’s statement before Parliament makes it clear, that the reason the bill went down to defeat, was that the British Crown, as a top-down policy, fosters and harbors international terrorism on behalf of its geopolitical aims. “By definition, a tyranny can be removed only by extraordinary measures,” he explained, “It is sometimes possible, although very rare, that massive civil disobedience and huge demonstrations can topple a regime, as some in eastern Europe were toppled, but much more often at one stage or another during a dictatorship, people have to bear arms and take armed action against it.

“Inevitably, in conditions of extreme repression, the leadership of such movements will gravitate to countries such as ours, where freedom and liberty prevail. The bill will crimi-

nalize such people, even though they have not broken any law in Britain.

“I repeat the cliché, which is a cliché only because it is so obviously true, that one man’s terrorist is another man’s freedom fighter. [Cypriot Archbishop] Makarios was a wanted terrorist, and took tea with the Queen in Buckingham Palace. [Zimbabwe President Robert] Mugabe was a wanted Marxist Leninist terrorist and then took tea with the Queen at Buckingham Palace.”

Galloway’s patron, Lord Avebury, gloated to *EIR* in 1995, that the actions of the terrorist groups that the British government supports, will lead to the break-up and destruction of selected states. Speaking of the Kashmiri terrorists on his leash, targetting both India and Pakistan, he said “The tendencies in India will follow those in other parts of the world, a centrifugalism. I’m thinking of the break-up of the Soviet Union and Yugoslavia.”

### **Jewish and Islamic provocateurs**

Unleashing the Mideast nuclear war scenario that the British are working on, probably requires launching Hamas, Islamic Jihad, or Hezbollah massacres of Israeli Jews, and also Jewish settlers’ actions against Palestinians, to prepare the climate. All sides are controlled from London, and all covertly work together on the ground.

**London’s Hamas** (a.k.a. the Islamic Resistance Movement): Hamas was formed in the Israeli-occupied territories in 1987 as an Islamicist faction within the Palestinian movement. It is an outgrowth of the networks of British Gen. John Bagot Glubb Pasha, the decades-long head of the Jordan-based Arab Legion, who fielded insurgent Islamic political groups throughout the Mideast, under the pretext of fighting communist infiltration of the region. Glubb Pasha is also the godfather of Islamic Jihad; whereas British co-thinkers operating out of the Shiite city of Nayaf, Iraq, spawned Hezbollah.

From its inception, Hamas’s military and terrorist actions against the Israeli military and civilian population, primarily served to undermine the Palestine Liberation Organization’s civil resistance campaign against Israeli occupation, the Intifadah, a resistance movement which contributed to establishing the conditions leading sane Israelis to realize that peace with the Palestinians was a strategic necessity for Israel. The Oslo Accords were the result.

Hamas’s headquarters outside the occupied territories are not found elsewhere in the Mideast, however, but in London, which also serves as headquarters of its most overtly agent-provocateur wing, the Izeddin al Kazzam. Here, too, the group’s monthly journal, *Filistee al-Muslima*, is published. In 1996, the journal published a *fatwa* (religious ruling) ordering suicide bombings against Israeli civilian targets, which immediately preceded the Hamas and Islamic Jihad bus bombings of February-March 1996. The terror wave resulted in the de-

feat of the Labor government of Prime Minister Shimon Peres in May, and the election of the Likud bloc government of Netanyahu. Hamas had previously stated in its magazine that the primary target of the group was the Labor government.

More recently, Hamas and Islamic Jihad bombings in July 1997, provided the Netanyahu government the needed pretext to declare the Oslo Accords dead. The failed Israeli effort to assassinate Hamas official Khalid Mashaal in Jordan, led to a negotiated release of Hamas founder, Sheikh Ahmed Yassin, and over 50 of his followers from Israeli prison. The popularity and power of the terrorist group has vastly increased.

**London's Temple Mount cults:** As with the "Islamic" terrorist groups, so with the "Jewish" ones. Since the 1967 occupation of East Jerusalem and the West Bank in particular, the British monarchy, acting through the freemasonic Quatuor Coronati lodge of the United Grand Lodge of England, among other agencies, has overseen the creation of numerous Jewish cults dedicated to provoking religious war in the Mideast. These cults are dedicated to destroying the Islamic Holy sites at the Haram al Sharif (the Temple Mount) in Jerusalem, in order to rebuild Solomon's Temple (by legend, built by the first Freemasons). The obvious intent is war. Among the sects established for this purpose have been the Ateret Cohanim yeshiva, the Gush Emunim, and Iyal, one of whose members, Yigal Amir, shot Prime Minister Yitzhak Rabin at a peace rally on Nov. 4, 1995. Rabbi Meir Kahane's Jewish Defense League and Kach party are also among the sects deployed.

Among the major British figures guiding the project have been the late Lord Harlech, Lord Peter Carrington, and the constellation of interests centered in the British-Canadian

Hollinger Corp., publishers of London's *Daily Telegraph*, and the *Jerusalem Post*. British casino operator Cyril Stein typifies the underworld figures deployed to fund the cults, as does California casino operator Irving Moskowitz, who is the primary financial patron of both Netanyahu and the terrorist sects.

The groups are also extensively supported by "Christian" evangelical cults in the British Commonwealth and the United States, typified by televangelist Pat Robertson (see p. 38), and his supporters in Congress, such as Senate Foreign Relations Chairman Jesse Helms (R-N.C.), and Senate Banking Committee Chairman Al D'Amato (R-N.Y.).

Despite their violent racism toward Muslims, the Temple Mount cults also collaborate with Hamas/Islamic Jihad, based on their shared opposition to peace. Avishai Raviv, the Iyal leader who organized the hate campaign against Rabin, and ordered Amir to kill him, worked extensively with Hamas and Islamic Jihad to coordinate operations against the Oslo Accords, according to his statements to the Israeli press.

Typifying the potential results of this collaboration, on Oct. 13, a Jewish arms ring operating out of the Temple Mount cult complex, Kiryat Arba, was broken up, after selling over 100 pounds of explosives to two Palestinians who were caught trying to blow Tel Aviv's major shopping arcade "sky high." If they had succeeded, scores of Jewish civilians would have been killed—and an enraged Netanyahu would have appeared on international TV, justifying some new military adventure to stop terrorism. It was precisely to create bloody opportunities, that Britain has unleashed its "Islamic" and "Jewish" puppets, to bring war to the Mideast.

## For more information

*The following articles are from EIR, or where noted, EIR Special Reports.*

"The Coming Fall of the House of Windsor," Oct. 28, 1994.

"'Shining Path North' Explodes in Mexico," Special Report, January 1994.

"The 'Green' Terrorists on Prince Philip's Leash," Jan. 13, 1995.

"Terrorist International at Work: The Chiapas Model," March 31, 1995.

"The British Are Coming—With a Global Racist Plan," April 14, 1995.

"International Terrorism Targets the White House," June 2, 1995.

"New Terror International Targets South Asia," Oct. 13, 1995.

"New Terror International Targets the Americas," Nov. 10, 1995.

"RIM: London's Narco-Terrorist International," Nov. 17, 1995.

"British Hand Behind World Terror Rampage," March 8, 1996.

"London Accused of Harboring Global Terror Apparatus," April 5, 1996.

"LaRouche Slams London's Terror War vs. Clinton," Aug. 9, 1996.

"Terror International Launches New Insurgency in Ibero-America," Sept. 13, 1996.

"The Anglo-French Patrons of Syria's Hafez al-Asad," Nov. 8, 1996.

"Sir George Bush: On Her Majesty's Service," Jan. 10, 1997.

"Levy Sanctions on Britain for Harboring Terrorists!" April 4, 1997.

# German minister looks to Eurasian, U.S. ties

by Michael Liebig

On Nov. 6, German Defense Minister Volker R ue delivered a remarkable speech in Berlin. The speech must be seen as an *institutional* response of Germany's foreign/security policy establishment to the recent American-Chinese summit meeting.

An important faction in the German political class is realizing that Chancellor Helmut Kohl's obsessive fixation on the Maastricht European Monetary Union project is driving Germany into a state of self-marginalization, in respect to the fundamental strategic issues of world politics today. While Germany's physical economic base has been weakening since the commitment to the "Maastricht" process in 1991, in the foreign policy realm a dangerous "Europeanist provincialism" has set in. There has been an evident lack of *substantial* policy initiatives toward Russia, China, India, Central Asia, and Southeast Asia—and, toward the United States. Germany's foreign policy profile has become increasingly blurred and nebulous, as it allowed itself to be pushed into the sidelines of world politics by Britain, France, and the European Commission. This problem of Germany's self-marginalization was emphasized by Lyndon LaRouche, at the Nov. 5 *EIR* seminar in Bonn-Bad Godesberg (see *Feature*, in this issue).

At the same time, German-American relations have visibly deteriorated. The historic opportunity of President Clinton's summer 1994 offer for a "special relationship" between the United States and Germany was missed. Kohl recoiled from a clear commitment, fearing to "offend" London and Paris. During the Balkans War, Germany stood at the side of the United States, but never dared to openly draw the line against British machinations to prolong the war, and Britain's anti-American obstructionism. Thus, the "atmosphere" in U.S.-German relations became increasingly poisoned. Secondary and tertiary issues, like those involving Scientology, intelligence frictions and incidents, environmental disputes (such as over reduction of "greenhouse gas" emissions), sanctions, and endless media campaigns on alleged "neo-Nazis" in Germany, seemed to dominate the relationship.

Long-standing political friends of the United States in the German foreign/security policy establishment—"Atlanticer," as they are called here—have almost despaired at the foul political mood between the United States and Germany. When meeting the "new type" of senators and representatives

of the post-1994 era in the U.S. Congress, they were shocked at the increasingly prevailing attitude of utterly "self-confident ignorance." In German politics, there always has been the almost ritual reference to the "overriding importance" of the relationship to the United States, but, increasingly, one wondered, what, after all, was the substance of this relationship? This vacuum, the lack of strategic ideas shaping the U.S.-German relationship, is the real problem.

Important strategic realities seem to have faded into the background. America's economic, not merely financial presence in Germany, remains very significant. Some 80,000 U.S. troops are still stationed in Germany, more than anywhere else in the world. The American Army garrisons, the vast depots and other logistical facilities, and the air bases in Germany, remain the backbone of U.S. power projection into the western half of the Eurasian landmass and Africa. And, conversely, it is its relationship to the United States, that alone keeps Germany from being ground down by the endless squabbles, frictions, and conflicts looming in both western Europe (dominated by London and Paris) and eastern Europe, and in Russia, Central Asia, as well as the Mediterranean-Middle East region. Also, it must be emphasized, that in the German population, the basic mass sentiment is clearly *pro-American*.

## Germany's 'most important ally'

This is the background for R ue's Berlin speech, which largely avoids the empty stereotypes, usually characteristic of official German utterances in the realm of security policy. R ue emphasized in the strongest terms the strategic importance for Germany of the relationship with the United States. For Germany, he said, "The U.S.A. is *our closest and most important ally*. It is the undisputed lead power of the Western alliance." R ue's second focus was the shift of the global strategic center of gravity to South Asia, China, and India, in particular.

R ue makes the "link" between the "Euro-Atlantic," the "Eurasian," and the "trans-Pacific" strategic situation. China and India are the two principal "emerging world powers of the 21st century," a fact which is already "shifting the strategic balance" globally, he said. "*China's future is the key for future stability not just in Asia but worldwide*." Toward China there must be "constructive engagement"—in political, economic, and strategic terms. "Neo-containment" and "antagonistic marginalization" by the West would lead to "confrontation," which must be averted at all costs. Human rights matters in China must be approached in a "subtle" and "careful" manner.

Volker R ue as a political personality is a rather complicated, if not controversial proposition. He had almost "crown prince" status as successor to Kohl, when he became defense minister in April 1992, after having served as general secretary of Kohl's Christian Democratic Union party. Their relationship has since markedly cooled. R ue is not much liked



*Germans celebrate the fall of the Berlin Wall, October 1990. The opportunity for Germany to participate, along with the United States, in a Eurasian-vectored global economic recovery program, which was sabotaged by Margaret Thatcher, George Bush, and François Mitterrand, is being raised once again by German Defense Minister Volker Rühle.*

within the German Armed Forces, because of his rude and harsh behavior, and his instinctive antagonism toward other strong personalities. However, Rühle does have a highly developed sense for political opportunities, which he usually seizes on, not caring about losses among friends and foes alike. Rühle favors a “Grand Coalition” with the Social Democrats to succeed the present Kohl-led coalition of Christian Democratic and Free Democratic parties.

Rühle’s speech, entitled “Security Today Is Indivisible: Stability Policy Before New Tasks,” was printed in the Nov. 7 *Frankfurter Allgemeine Zeitung*, which, together with the state-run *Deutschland Radio Berlin*, co-sponsored the Berlin event which Rühle addressed. We reprint here the second part of Rühle’s speech:

### III.

In the region of Central Asia, our stability policy is still at the very beginning. The long-term challenges in this region have still barely been taken seriously in Germany. However, the deployment of German soldiers to monitor the cease-fire in Georgia has shown the growing importance of the Euro-Asiatic corridor. The implosion of the Soviet Union has led to the creation of eight sovereign states, with a very complex ethnic composition, and even more open-ended nation building, with strong nationalism and many unresolved territorial questions. The arc of crisis extends from Abkhazia through Chechnya and Nagorno Karabakh to Tajikistan — in a region,

which already provided considerable potential for disorder; one only has to think about Afghanistan and Iran.

Within this force field of poorly consolidated neighboring states, internal destabilizations, which can spill over onto the entire region, cannot be ruled out. Our policy therefore, has to focus on the stabilization of this still young constellation of states, on fostering good neighborly relations and the peaceful overcoming of conflicts. Self-sustaining stability is not only important for the states of the region as such; it will also exert influence on the regional structure as a whole.

In practical terms, this leads to three conclusions: The strengthening and consolidation of national independence and sovereignty of the core states in Central Asia is one of the important tasks of Euro-Atlantic policy. Kazakhstan and Uzbekistan are accorded special significance in this context. A program of targeted international investments and economic support should form an essential element of regional stabilization. The enormous natural resources in this region offer a sensible economic starting point. This, however, is only realizable through a total approach, which has to be coordinated with the key powers for the region: Russia, China, India, and naturally, above all, with the United States of America.

### IV.

After all, in the Far East — the region today with the greatest dynamic worldwide — the balance of power has dramati-

cally shifted since the end of the Cold War. Some powers have gained new strength, others have suffered a loss of influence. New risks, but also new chances for cooperation have arisen. A compelling comparison can be made with the beginning of this century: Then, as now, new powers were on the rise, which were to make their imprint on the world of tomorrow. Back then it was Japan and Germany. Today it is above all rising states like China and India, and also Indonesia and Korea. What is occurring is a shift of the strategic balance. Whoever lives only moment to moment, may be overlooking this. However, those who see the strategic lines, have to think about the consequences.

India, as the leading regional power in South Asia, with its smart policy of market opening and technology promotion, is on the way to becoming a leading industrial nation. Bangalore is the Silicon Valley of India. It still hasn't been decided which road the country will follow in the future: whether it will seek a close alignment with ASEAN, the U.S.A. and Europe, or alignment with China; whether it will continue to pursue its policy of non-alignment, or whether it will decide for a diffuse combination of these various alternatives.

In any case, we have to conduct more intensively our strategic dialogue with India. My visit to New Delhi a year ago served this purpose. This purpose is also being served by our regular [Defense Ministry] staff discussions. And it was also served through our first trilateral security dialogue, which was held recently, involving Indian and Chinese representatives, at Petersberg, near Bonn.

The suspense-filled question has yet to be answered, whether China or India will become the first to acquire the status of a world economic power. In the long term, however, the future of China is the key to future stability in Asia and worldwide. Three provinces of this gigantic landmass are each larger in area than all of Germany.

There are two schools of thought: The first assumes the continuation of rapid economic growth in China for the next 20 years, combined with its growing military strength. China would thereby achieve strategic dominance in East Asia. The other school of thought sees the strategic ambitions of China, but also those of its strong neighbors—India, Japan, Russia, a possibly re-united Korea, and above all, the United States as the leading power in the region. Regardless which of these schools turns out to be right: It's a matter of locating China's place as a future world power in the international system. It's a question of whether and how we reach a constructive relationship with China—a relationship which reflects on the one hand our political, economic, and strategic interests, and, on the other hand, appropriately reflects our system of values.

There cannot be a policy of mere walling off or one of neo-containment. A policy of antagonistically shutting out leads to confrontation. Political cooperation and intensive economic exchanges on the other hand serve to constructively

integrate China. Balancing both of these things with careful and cautious reminders about human rights—that is the task lying before us.

## V.

There is a quote from the late Indian Prime Minister Nehru, which is still valid today: "You cannot invent new instruments with old ways of thinking." On the threshold of the 21st century, we need new ways of thinking—thinking in the categories of dialogue and give and take, regional and global cooperation, the meshing together of economics and politics; a way of thinking spanning the many dimensions of security and a strategic view for the challenges of tomorrow. Otherwise, the instruments we invent today will not be sufficient for the challenges of tomorrow.

Managing a peaceful transition to a new stability-based order in the international system is our trial of strength. It demands a tight closing of ranks by the Western democracies. Only a strong and united Atlantic Community can wisely and constructively shape the next years of rapid change. In this, the task is not primarily a military one; it's a question of a total strategic approach, combining the economic, political, and military instruments into an effective whole.

A year ago in New Delhi, I called for a strategic dialogue between India and Germany, which would reflect the growing interdependence of our two regions. In Tokyo, in May, using the words of our Federal President [Roman Herzog], I called for a German-Japanese "Partnership in Responsibility"—to a dialogue which explains our policies to each other, which portrays our political visions, and which paves the way for a common policy. What was discussed in both visits is currently being implemented in my ministry. It reflects what is meant by a policy of stability in the age of global interlocking.

Our approach extends even further. The bilateral dialogue with strategic powers worldwide must be embedded in a close synchronization with the United States of America. The U.S.A. is our closest and most important ally. It is the indisputable leading power of the Western Alliance. We therefore need a continual and systematic dialogue with the United States, which encompasses all strategic challenges on the international agenda: our joint efforts for peace and stability in North Africa and in the Mediterranean; our support in the formation of Africa's own peacekeeping force; stabilizing the precarious state order in Central Asia; and especially, our long-term strategy toward China.

The ever-recurring differences of views in our respective policies toward Iran and Turkey show how necessary this transatlantic dialogue is. Wherever Europeans and Americans make policies, not with one another, but against one another, this only serves third parties. Again and again, the German government will be seeking this dialogue, in concrete matters—to synchronize positions, to coordinate policy and to fine-tune joint initiatives.

# International Intelligence

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## ***Ruling favors Ontario teachers' job action***

On Nov. 3, Ontario Court's General Division Justice James MacPherson ruled against the Tory government of Premier Mike Harris and refused to grant a back-to-work injunction against the teachers unions, while praising the teachers for being "deeply committed to the education of their students." Thus, the largest teachers' protest in Canada's history, which began Oct. 27, brought 126,000 teachers out of classrooms in opposition to the Harris government's "Common Sense Revolution" budget-cutting plans.

The protest is against the threatened passage, in November, of Bill 160, which would give control over many aspects of the province's schools to the provincial government, headed by the Tory (Progressive Conservative) party. The union charges that passage of the bill will lead to huge spending cuts—at least \$500 million next year alone—to larger class sizes, 10,000 teaching position cuts, and use of non-certified teachers to replace certified teachers in specialized areas. Nearly 2.1 million schoolchildren are affected by the walkout, which shut Ontario's 4,742 public and Catholic schools.

As the protest went into its second week, there was little hope for an early negotiated settlement. The local school boards are reluctant to get involved with the lengthy process of applying for back-to-work orders, and the Harris government is wary about calling Parliament back into session to pass emergency back-to-work legislation, given the government's rising unpopularity.

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## ***Israelis blame Netanyahu for Rabin assassination***

Over 200,000 Israelis turned out in Tel Aviv on Nov. 1 to memorialize the second anniversary of the Nov. 4, 1995 assassination of Prime Minister Yitzhak Rabin, shortly after he addressed a peace rally. The memorial rally was addressed by his widow Leah Rabin, Labor Party head Ehud Barak, and Rabin's deputy prime minister Shimon Peres

(who then became prime minister), and others. It was said to be the largest gathering in Israeli history.

While the killer was a fanatical Jewish underground terrorist, the demonstrators placed the blame for Rabin's death squarely on the shoulders of Likud's Benjamin ("Bibi") Netanyahu, who had acted as the standard-bearer against the Oslo peace accords. Typifying the mood of the rally were signs reading, "Bibi has no alibi" and "We want peace." Speakers repeatedly identified Netanyahu as personally responsible for the murder.

Yossi Sarid, whose Maretz party was in Rabin's coalition government, was most provocative: "We do accuse, explicitly, all those who called Rabin a traitor and a murderer. We do accuse anyone who shouted 'with blood and fire we'll drive Rabin out' . . . We accuse . . . all those who dressed Rabin up in Gestapo or terrorist uniform. All those who issued a *pulsa denura* curse or issued *din rodef* [permission to kill a persecutor] against him. And all those deaf and dumb and blind, who didn't see, didn't hear, didn't protest and kept their silence, until his blood was spilled." Most of the references are to Netanyahu.

Showing a photograph of Netanyahu leading a demonstration calling for violence against Rabin, which included displaying a coffin, Sarid continued: "If the coffin is intended for Zionism, as they claim, for whom then is this hanging rope, dangling in front of the eyes of the one who is today prime minister? And I ask you, did he or did he not see it?"

"He saw!" the crowd thundered.

"Two years after the murder, we're through asking for apologies. Now we're demanding [Netanyahu's] resignation."

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## ***World Bank chief rails against 'corruption'***

World Bank President James Wolfensohn brought Prince Philip's Transparency International campaign against poor nations to the United States, with an editorial commentary titled "Kill Corruption, Ease World Poverty," in the Nov. 6 *Los Angeles Times*.

The cynical operation is designed to deny funds to poor countries that are trying to raise their citizens' living standards, by accusing governments of "corruption," and then either imposing economic sanctions, or having international financial institutions make "cleaning up corruption" a conditionality for loans.

"Corruption," as defined by Wolfensohn, "cripples the efforts of people across the world to improve their living standards. It undermines macroeconomic stability, it deters investment . . . and endangers the business environment," the last two meaning market liberalization to allow looting.

Rather than building infrastructure, schools, hospitals, etc., he says, "governments must reform their public administrations, build professional civil services, improve financial management, and promote an overall climate of openness. They must create and support watchdog agencies to scrutinize government performance. . . . Too much administrative discretion and overly complex tax systems are the environment in which corruption flourishes."

Wolfensohn then crows that "the World Bank is playing an important role in helping civil society and government fight corruption. . . . [W]e must go further and actively promote good governance."

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## ***Legalizers distraught as Australia fights dope***

The Australian government has unveiled a new, \$87 million anti-drugs strategy which it says is based on a policy of "zero tolerance." Announcing the policy on Nov. 2, Prime Minister John Howard said, "Every parent lives in fear of the impact of drugs. Our Tough on Drugs strategy provides moral leadership against drugs—for our children's sake." The funds will be spent over three years on increased law enforcement, private treatment clinics, and anti-drug education for schoolchildren. Though the amount is far too little, the increased funding for enforcement is a step in the right direction.

The Labor opposition has charged that it was the government's budget cuts to the Australian Federal Police and the Australian



**NEUE ZÜRCHER ZEITUNG**, the Swiss financial daily, took Britain's media to task for hypocritically heating up "too many transatlantic emotions," in order to sour Euro-American relations. "From . . . sanctions against Iraq, or the greenhouse effect, policy towards Iran, banning land mines, approach to Cuba, or the review of structures inside NATO, the relationship between America and Europe is exposed to stress to an extent that makes one worry," the daily editorialized.

**AUSTRALIAN** Archbishop of Melbourne George Pell told *The Age* that Australia's population should grow to 50 million from its present 18 million. This, he said, should be achieved by increasing immigration, instead of the present discriminatory policy, a refugee policy "too tight and too mean. We have a vast continent; we have an obligation to develop it and to share our blessings," he said.

**AFGHANISTAN'S** synthetic "Islamist" Taliban movement is so barbaric, according to humanitarian groups at an Oct. 24 press conference in Paris, that it has refused to allow hospitals in Kabul to treat women. Doctors Without Borders (MSF) reported that two of the four big clinics were refusing even emergencies.

**RADICAL BUDDHISTS** and environmentalists in Thailand ordained several dozen *trees* on the border with Myanmar on Nov. 2, in an effort to stop the construction of an oil pipeline. The monks first blessed the trees, then dressed them up in saffron robes, thereby making them "sacred."

**LAROCHE CO-THINKERS** in Australia, the Citizens Electoral Council, have launched Federal Senate campaigns in four states. Candidates are: in Victoria, Craig Isherwood and Robert Barwick; in New South Wales, Bob Butler, Glensy Collins and Lindsay Cosgrove; for Queensland, Maurice Hetherington and Ray Gillham; and in Western Australia, Tony Drake and Jean Robinson.

Customs Service that increased the influx of drugs (true), and that the \$15.5 million to be put back into the AFP for 54 new officers does not compensate for the more than 100 staff lost to budget cuts in the past year (see last week's *EIR*, p. 53).

George Soros's drug legalization lobby, on the other hand, is beside itself. Dr. Alex Wodak, the president of the Australian Drug Law Reform Foundation, and a recipient of Soros money via the Drug Policy Foundation, wrote in the *Sydney Morning Herald*: "This is the end of the sensible policy of harm reduction in Australia which began in 1985, and helped to control HIV infection among our drug users and the rest of the community," referring to distribution of free needles to addicts. Soros's other Australian asset, member of the Legislative Assembly in the capitals federal district, Michael Moore, was less measured, shrilling that Howard was a "little man with little ideas throwing a little money at a big problem." Earlier this year, Howard had intervened to stop a proposed experiment in legalized heroin distribution from going ahead in Canberra, much to the chagrin of Wodak and Moore, the project's architects.

## ***Blair warns Chirac not to buck London in Africa***

French President Jacques Chirac and Prime Minister Lionel Jospin flew to London on Nov. 6 for a summit with Prime Minister Tony Blair. Coming just out of the not-very-successful Commonwealth Heads of Government Meeting, Blair warned Chirac "that France should not try to take advantage of sanctions against Nigeria, or offer General Sani Abacha any respite from the pressure over human rights and democracy," according to the London *Times*'s Michael Binyon.

Previewing the summit, Binyon wrote that Blair, "who failed . . . to persuade Commonwealth leaders to impose any immediate new sanctions, is to raise British concern that Paris will be tempted to bolster relations with General Abacha." General Abacha, say the British, "has attempted to play Paris off against London."

Binyon asserts that Africa will be a main

topic at the Nov. 7 summit, citing the colonial powers' effort to "set up an African peacekeeping force," including the fact that "in February, a British platoon is to take part in a joint mission in Senegal, a former French colony."

On arrival in London, Chirac "went immediately to Buckingham Palace, for an audience with the Queen."

Other topics, according to the *Times*, include Bosnia, Iraq, the upcoming European Union jobs summit in Luxembourg, and the future of the European Monetary Union.

## ***Sudan's talks with Garang end in Nairobi***

Talks in Nairobi, Kenya, between the Sudan government and John Garang's British-run Sudan People's Liberation Army rebels were to end on Nov. 11, a Sudanese diplomatic source told *EIR* on Nov. 10. The Sudan government delegation and the SPLA delegation will present a statement to Kenyan President Daniel Arap Moi, stating that they had reached some "common ground," according to the source, and that talks will resume early next year. The two sides agreed to avoid phrases in the communiqué such as "the talks broke down" or "the talks failed."

The talks are ending because the SPLA—the last major hold-out among the southern rebel groups, which signed a broad-ranging peace agreement with Khartoum this past April—presented an untenable list of demands, which includes immediate division of the country into two confederated states, north and south; a referendum on secession of the south in two, instead of four years; and the abolition of *shariat* (Islamic) law. These demands were presented in the beginning of November, and represented an escalation—not the usual mode for serious negotiators.

"The war will continue," said the Sudanese diplomat. There are reports of SPLA military operations in the Tong region of Eastern Equatorial Province. Reports from British outlets that the SPLA and its allies are besieging Juba or are about ready to seize the Rosieres Dam in the east, are not correct, the diplomat said.

## French cover-up of Diana assassination exposed!

by Jeffrey Steinberg and Allen Douglas

As the result of interviews with a dozen well-placed sources and eyewitnesses in Paris and London, *EIR* has assembled the most comprehensive profile yet to be published, of the events surrounding the Aug. 31, 1997 murder of Princess Diana, Dodi Fayed, and Henri Paul.

While many crucial questions remain unanswered, one overriding fact emerges from the assembled evidence: The French authorities have systematically suppressed evidence, intimidated and gagged key witnesses, badly bungled the most vital forensic tests, and prevented any outside agencies, including the families of the deceased, from even raising questions about the conduct of the French officials handling the investigation.

Moreover, as one American source familiar with the investigation put it, the failure of the French emergency medical team at the scene of the crash, to get Princess Diana to a hospital where she could have received life-saving attention, *for nearly two hours*, would have resulted in manslaughter prosecution of the responsible officials had the crash occurred in the United States.

And who were those officials? According to several sources, interviewed by *EIR*, the Paris Police Prefect (police chief), Philippe Massoni, was at the crash site in the tunnel under the Place de L'Alma; and, the French interior minister, Jean-Pierre Chevènement, was at the Pitié Salpêtrière Hospital *prior to the arrival of the ambulance carrying Princess Diana*. On Nov. 10, Tim Luckhurst, the assistant editor of *The Scotsman*, and the co-author of a detailed investigative report on the events that transpired in the Place de L'Alma tunnel immediately following the crash, confirmed that Massoni was in the tunnel, overseeing the rescue and preliminary forensic investigation. Even the French media reported that, along with Massoni, other top-ranking French officials were also at the tunnel, including Patrick Rioux, chief of the Judiciary Police, and Martine Monteil, head of the Criminal Brigade.

The very presence of these high-ranking French govern-

ment officials, necessarily placed them in charge of the so-called rescue effort. The evidence shows that Princess Diana's death was almost certainly the direct result of criminal negligence by these French authorities.

Unless the ongoing cover-up by French officials is broken, there is no doubt that the deaths of Princess Diana, Dodi Fayed, and Henri Paul will go down in history as another Dreyfus Affair, in which a French government's mishandling of an important case led to its downfall. Already, French authorities have announced that they do not expect to complete their "official" probe of the car crash until the end of 1998—more than 12 months from now.

In the interest of breaking that French official cover-up, we publish the following documentary account.

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### 1. The events of Aug. 30-31, 1997

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#### Surveillance and harassment on arrival

Princess Diana and Dodi Fayed arrived in Paris by private jet from Sardinia during the day of Aug. 30, 1997. From the moment they left the airport to drive into Paris, they were besieged by a small army of paparazzi. Along the route into Paris, the Mercedes carrying Princess Diana and Dodi Fayed was harassed by a black Peugeot, which, while driving in front of the Mercedes, jammed on its brakes without reason several times, to allow paparazzi in other cars and on high-speed motorcycles to come up alongside Dodi and Diana and harass them.

Later in the afternoon, when Diana and Dodi were on the Avenue des Champs Elysées, the same black Peugeot showed up. One of Dodi Fayed's bodyguards confronted the driver of the Peugeot, who retorted that the couple had not seen anything, compared to the harassment they would experience as the day wore on.



*The entrance to the Place de L'Alma tunnel, as seen from the feeder road.*

Initially, Dodi Fayed had planned to dine with Princess Diana at a Paris restaurant on the evening of Aug. 30. In fact, they left the Ritz Hotel at approximately 7:30 p.m., expecting not to return until midnight. Apparently, the continued harassment prompted them to change their plans and return to the Ritz Hotel, which is owned by Dodi Fayed's father, Mohamed al-Fayed, and dine there in a private suite.

Henri Paul, the deputy security chief of the Ritz Hotel, was on duty all day. He left the hotel shortly after Dodi and Diana departed for dinner. When Dodi and Diana unexpectedly returned to the hotel shortly after 9:30 p.m., Paul was contacted on his mobile phone, and voluntarily returned to work. Although Paul's precise whereabouts between 7:30 p.m. and approximately 9:45 p.m., when he returned to the Ritz Hotel, are still not known, there has been no evidence to date, suggesting that he was drinking alcohol during this time. On the contrary, teams of British journalists who tried to track down leads, provided by the French police, on Paul's so-called wild drinking bout while he was off duty, failed to turn up a single witness who saw Paul take so much as a single drink. Several of the bars identified by French official "leakers," were not even open during the hours when Paul was allegedly drinking himself into a stupor.

Further, the hotel's internal, closed-circuit TV cameras continuously followed Paul, once he returned to his duties. They showed Paul to be sober. During those final several hours at the hotel, Paul was in the constant company of other security professionals, all of whom vouched for his sobriety, after the barrage of French police-inspired media leaks ac-

cused Paul of being drunk and high on prescription drugs. One of the last things that Trevor Rees-Jones, the bodyguard who survived the tunnel crash, remembers, is that he, too, considered Paul to be perfectly sober and fit to drive. Contrary to another French government-leaked "big lie," Paul was qualified to drive the Mercedes 280-S. He had been to Germany on two occasions, taking the Daimler Benz special driving courses, which he passed with flying colors.

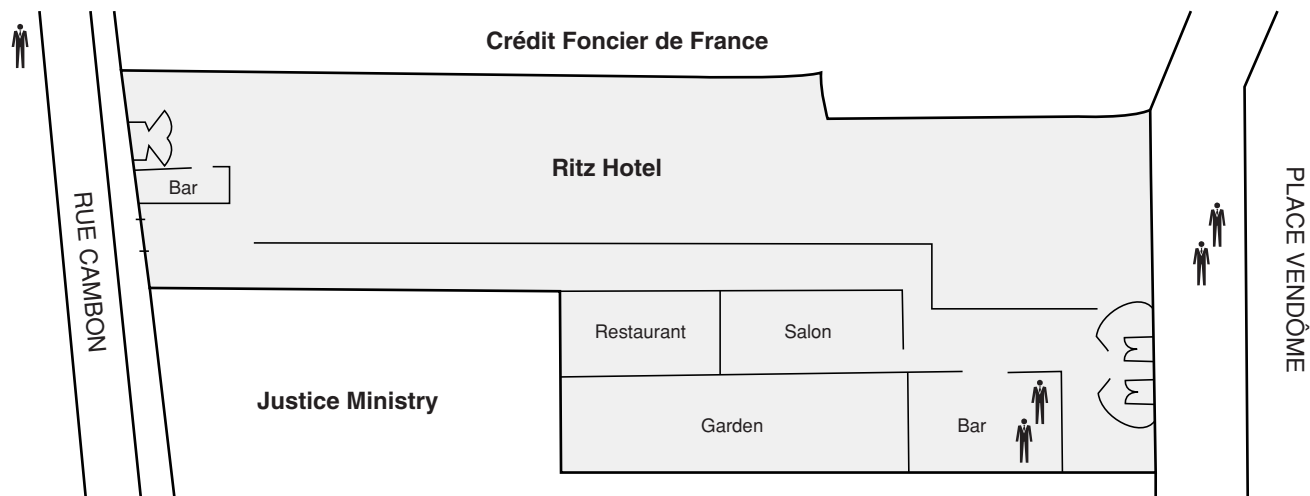
### **Surveillance at the Ritz**

The Ritz Hotel is located between the Place Vendôme and Rue Cambon in the heart of Paris. It is one of the most elegant hotels in the city. It is next door to the Ministry of Justice. Yet, as a group of approximately 35 paparazzi gathered in front of the hotel, shortly after Dodi and Diana returned from their aborted effort to dine out, there was no move by French police to provide security to the couple, or even place barricades between the couple's car and the paparazzi—despite the earlier incidents of aggressive paparazzi harassment of the couple, and the threats from the driver of the Peugeot. These minimal efforts, which the French authorities chose not to take, could have potentially saved the lives of the three crash victims.

In addition to the well-known army of paparazzi, there were other eyes following the couple during their final hours. Virtually all of the buildings in the neighborhood of the Ritz Hotel have sophisticated closed-circuit television cameras—both inside and outside. Much of the activity of the paparazzi and the other observers has been captured on tape. Yet, the

FIGURE 1

## Stakeout at the Ritz Hotel



There were seven men involved in the stakeout at the Ritz Hotel between 10 p.m. midnight on Aug. 30. Two men, clearly not paparazzi, were in front of the main entrance to the Ritz on the Place Vendôme. Two English-speaking men were in the lobby bar. Two other men, attempting to appear as if they were paparazzi, entered the hotel and surveilled the lobby, claiming they were looking for a bathroom. The key spotter, who saw the Mercedes leave from the back of the hotel and made the mobile phone call, was on Rue Cambon.

French police, in response to queries from the families of the three victims, repeatedly have denied the existence of any CCTV film footage or still photographs that shed any light on the events of the evening.

Sources have provided *EIR* with some details of what those CCTV shots do, in fact, reveal.

Mingled in with the crowd of paparazzi, gathered outside the Place Vendôme main entrance to the Ritz Hotel, were a number of other individuals, carefully watching the scene. Several of these observers also were in the hotel. At approximately 9:45 p.m., at about the time that Dodi and Diana were returning to the Ritz Hotel, two English-speaking men, attempting to appear as if they were paparazzi, entered the Ritz and sat down at the main lobby bar. They ordered several rounds of drinks, and remained in the bar, carefully observing the lobby, until shortly before midnight. Their identities remain unknown, but their suspicious presence inside the hotel lobby is noteworthy.

### The decoy effort and the spotter

According to several sources familiar with the details of Dodi and Diana's final hours alive, Dodi Fayed made the decision that he and Princess Diana would leave the hotel by the back entrance at 38 Rue Cambon, in a backup car that was called to the hotel just hours before the fateful last ride. The plan was to have one of Dodi Fayed's security guards, Alexander "Kes" Wingfield, walk out the front door of the hotel and signal the drivers of the Mercedes and the Landrover (which was the trail car), that the couple would be coming down in

five minutes. At that moment, Dodi and Diana got into the back seat of the Mercedes 280-S, driven by Henri Paul, with Dodi's other regular bodyguard, Trevor Rees-Jones, in the front passenger seat. As they sped off, the paparazzi were still in front of the hotel oblivious to the departure. Had this been merely a typical paparazzi "photo stakeout," the plan would have likely succeeded, and the couple would have slipped off into the night.

Tragically, this was anything but a typical stakeout. The CCTV cameras reveal that there was a spotter at the back of the hotel, who immediately realized what was happening. That still-unidentified man immediately placed a call on a mobile phone. A moment later, the paparazzi in front of the hotel were on their motorcycles, chasing after the Mercedes.

Sources familiar with these events caution that it should not be presumed that the mobile phone call by the spotter was necessarily placed to one of the paparazzi in front of the hotel. Other actions were apparently triggered by that call, involving at least two cars that were lying in wait for the Mercedes near the Place de L'Alma tunnel.

The failed evasion attempt, in fact, turned into a target-of-opportunity for a vehicular homicide. It was the only occasion in which Dodi and Diana ever travelled in a car, without a trail car carrying security guards.

### The chase and the crash

As the Mercedes 280-S left the rear of the Ritz Hotel, several dozen of the paparazzi, finally alerted to the diversion, set out in hot pursuit. Although the events of the next several

minutes are not fully known, as the Mercedes drove through the heart of Paris, a half-dozen eyewitnesses have testified that, as the Mercedes took a right turn onto the Voie Georges Pompidou, a highway running along the right bank of the Seine River, about two kilometers from the entrance of the Place de L'Alma tunnel, there were a number of cars and motorcycles aggressively chasing behind.

- Frank Anderson, an American businessman from California, was driving in a taxi along the Voie George Pompidou, when he saw the Mercedes 280-S driving past, with two motorcycles and other cars right on its tail. Anderson told reporters from NBC "Dateline" that the Mercedes was travelling at a rapid, but safe speed, of approximately 60 miles per hour, but that there were clearly other vehicles attempting to harass the Mercedes, as it headed toward the tunnel entrance. Anderson also noted that the driver of the Mercedes appeared to be perfectly in command of the situation, and showed no signs of being drunk.

- Brenda Wells, a London-born secretary living and working in Paris, told police that her car was run off the road near the entrance to the Place de L'Alma tunnel by a dark-colored Fiat Uno that sped past her in pursuit of the Mercedes. Wells has been missing from her apartment for several weeks, and there is some concern that she has become a victim of foul play.

- Mohamed Medjahdi and Souad Mousakkir were driving on the Voie Georges Pompidou at about 50 mph in their Citroen, in front of the Mercedes, and Medjahdi told Fox TV that he saw two cars speed past the Mercedes, as others were coming up menacingly from behind.

- François Lévy, a retired ship's captain from Rouen, France, was also driving in front of the Mercedes, as the cars entered the tunnel. He contacted attorneys for the Ritz Hotel, who passed his account on to the French police. "In my rear-view mirror, I saw the car [the Mercedes] in the middle of the tunnel with the motorcycle on its left, pulling ahead, and then swerving to the right directly in front of the car," Lévy said. "As the motorcycle swerved and before the car lost control, there was a flash of light, but then I was out of the tunnel and heard, but did not see, the impact." He continued, "I immediately pulled my car over to the curb, but my wife said: 'Let's get out of here. It's a terrorist attack.' There were two people on the motorcycle."

- On Sept. 7, *Journal du Dimanche* published interviews with two other witnesses, who requested to remain anonymous. The first told the publication: "The Mercedes was driving on the right hand, shortly before the entry of the tunnel, preceded by a dark-colored automobile, of which make I cannot say. This car clearly was attempting to force the Mercedes to brake. The driver of the Mercedes veered into the left-hand lane, and then entered the tunnel." The witness said that his attention was drawn to the scene by the loud sound of the Mercedes' gears being suddenly lowered.

The second witness interviewed by *Journal du Dimanche* was walking along the Seine River, when he was startled by

"the sound of a motor humming very loudly." He said he saw a Mercedes "travelling behind another automobile. I believe the reason the Mercedes accelerated so suddenly, was to try to veer into the left lane, and pass that car."

- Bernard Darteville, the attorney for the Ritz Hotel, told Associated Press's Paris correspondent, Jocelyn Noveck, on Sept. 8, that he had been shown copies of two photographs confiscated by Paris police, that showed driver Henri Paul blinded by a bright flash of light. Darteville described the two pictures: "One sees very distinctly the driver dazzled by a flash. One sees very distinctly the bodyguard at his side, who with a brisk gesture lowers the visor to protect himself from the flash, and one sees very distinctly Princess Diana turning to look behind the vehicle, and one sees very distinctly the yellow headlight of a motorcycle." Darteville added, "The photo taken before the first photo of the accident shows the Mercedes taken from very close. . . . A driver, who is maybe a photographer, and a motorcyclist, also perhaps a photographer, are very directly implicated in this accident."

The cumulative accounts of these eyewitnesses confirms that the Mercedes carrying Dodi Fayed and Princess Diana was under attack by several cars and motorcycles, working in tandem, at the point that the Mercedes careened off the tunnel pillars, hit the right wall of the tunnel, and then crashed headlong into pillar number 13.

There are suggestions of a blinding flash of light, as described by Darteville, and corroborated by other witnesses. Security experts have confirmed that both British and French intelligence services have developed, and deployed mobile lasers, or dazers, which temporarily blind a target, and also cause sudden, sharp, paralyzing pain in the optic nerve. These anti-personnel lasers, which have been used in Africa, the Balkans, and in the Persian Gulf War, are light and mobile, and could easily be used from the back seat of a car. One type of these "dazer" devices widely available in Europe, is the size of a fountain pen, and can be purchased for as little as \$35. Such weapons may have been used by the attackers. Other sources told *EIR* that many of the paparazzi carry cameras that are equipped with super-powered flashes, that are capable of penetrating bullet-proof glass, and dark-tinted glass, to photograph passengers inside targeted cars. These flashes give off near-blinding light. Contrary to stories leaked by the French authorities, the Mercedes 280-S that was carrying Dodi Fayed and Princess Diana in that final ride, was not bullet-proofed. Nor did it have specially darkened windows.

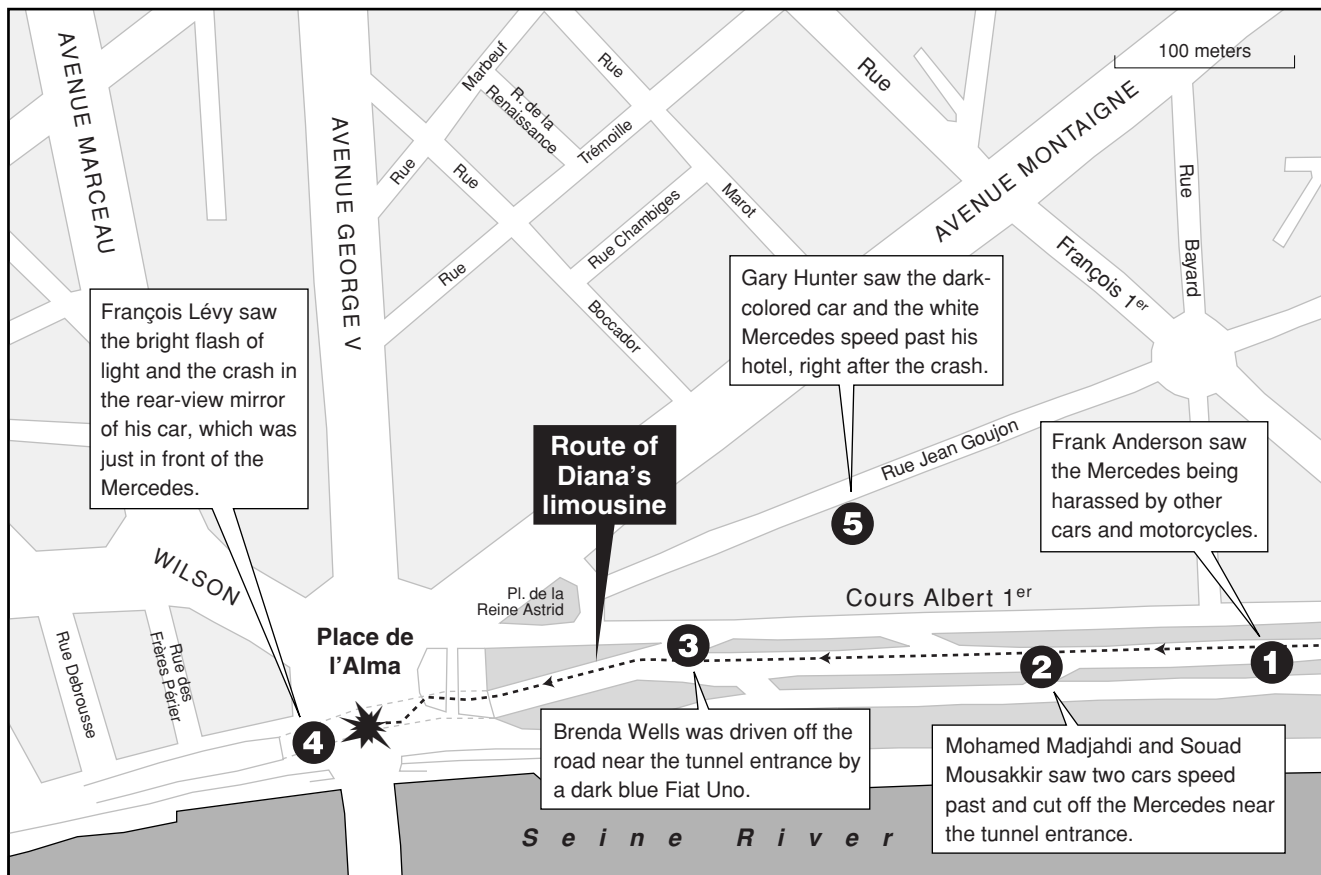
Was a blinding laser used in the attack? Or, were other blinding lights used to intentionally incapacitate Henri Paul seconds before the fatal crash? These are among the questions that may never be answered.

But, other questions are being gradually answered, including whether the Mercedes was struck by another car inside the tunnel, just before the crash.

From the moment that the first eyewitnesses came forward to speak to the media and the French police, there were reports that a dark-colored car had smashed into the Mercedes a split

FIGURE 2

**Six eyewitnesses provided remarkably consistent accounts of the assassination**



second before the crash. These reports were consistent with all of the eyewitness accounts catalogued above. For two weeks, the French authorities leaked story after story to the press, dismissing the idea of a “second car” as sheer foolishness, and outright interference in their investigation.

However, finally, on Sept. 15, the London *Daily Telegraph*, in a story by Julian Nundy from Paris, noted, “Paris police investigating the crash . . . have found a mysterious scratch along the right-hand side of the tangled wreckage of the Mercedes in which she was a passenger. Although investigators say they had ‘98%’ dismissed theories that another vehicle ahead of the Mercedes might have caused it to swerve out of control, they say the paint stripe along the side of the car, could indicate a brush with another vehicle.”

The same day, another eyewitness, who requested to remain anonymous, told France 2 television, “At that time I saw two cars. One a sedan-type of a dark color, accelerated sharply, and from that moment, the Mercedes, which was going very fast, bumped into the sedan, and lost control.”

It would be another two weeks, before the French authorities finally admitted that they had, indeed, found the paint marks of a Fiat Uno on the right-side of the mangled Mer-

cedes. They had also found parts of a rear brake light fixture embedded in the front of the Mercedes, and other parts of a Fiat Uno near the crash site.

Yet, no Fiat Uno owner had come forward to tell police that he or she had been involved in the crash, as one would expect an innocent party to the crash, to do. Nor has anyone approached the tabloid press to proclaim, “I was nearly killed by Diana’s reckless chauffeur,” and make financial demands on the Ritz Hotel. The car remains missing. The owner and driver are unknown.

In a bad parody of Inspector Clouseau, the French police, a month after the crash, finally began their search for the missing Fiat Uno. The belated search has been further compounded by a series of French police leaks, which have sowed additional confusion about the color of the missing car. The first accounts, consistent with all the witness stories, described the missing Fiat Uno as dark blue. But, subsequent accounts, all leaked by the French police, described the missing car as black, red, and white. French authorities are now saying that the hunt for the Fiat Uno, alone, will require the resources of one-fourth of the investigative squad of the Paris Police, and will take close to one year to complete.

## A crucial witness

At the moment of the crash at the Place de L'Alma tunnel, London attorney Gary Hunter was in Paris with his wife. They were in their room on the third floor of the Royal Alma Hotel, at 35 Rue Jean Goujon. In an exclusive interview with *EIR* on Nov. 12, Hunter recounted what he heard and saw. At approximately 12:25 a.m., on Sunday, Aug. 31, through the open window of his hotel room, Hunter heard the sounds of the automobile crash inside the tunnel. He ran to the window. Hunter, contrary to initial accounts in the London *Sunday Times* on Sept. 21, had no line of sight on the tunnel, which was behind the hotel. However, he did see two cars turn left, onto Rue Jean Goujon, within less than two minutes of the crash. The first car was a dark vehicle, which was immediately followed by a white vehicle, which, he believes, was a Mercedes. The two cars sped past the hotel "at break-neck speed, almost reckless speed." Hunter told the *Sunday Times* that he thought they were travelling at 60-70 mph. The two cars were driving in tandem, "with the white car nearly on the bumper of the smaller dark car." The two vehicles sped up to the corner past the hotel, where there is a traffic circle. They sped out of sight. The strange behavior of the two cars, according to Hunter, "made me feel it may be linked to the crash sounds in the tunnel. . . . My initial thoughts were that these were people fleeing from something."

At the time he saw the two cars speeding past his hotel, Gary Hunter had no idea that the crash in the tunnel under the Place de L'Alma had involved Princess Diana and Dodi Fayed. He did not learn of their deaths until the next morning, and, as Hunter described it to *EIR*, he and his wife were shattered by the news. On Monday, the Hunters returned to London. By Tuesday morning, Hunter decided that "what I saw may have been important." He contacted attorneys for the al-Fayed family. They made an appointment to meet on Wednesday, which was postponed. They finally met, in London, on Thursday morning, and Gary Hunter told the lawyers what he had heard and seen. The attorneys assured him that his verbal account would be passed on to the French authorities investigating the crash. Indeed, on Friday, Sept. 5, Hunter was called by the al-Fayed attorneys, who confirmed that his account had been delivered to the appropriate French officials.

Hunter never heard another word from the French police for weeks. On Sept. 8, Hunter returned to Paris, where he was scheduled to give an interview to NBC-TV. While in Paris, he contacted the French authorities and volunteered to give them a statement. They refused to see him. Hunter told *EIR* that his decision to give an interview to the London *Sunday Times* was motivated by concern that the French refused to interview him. Two days after his interview appeared in the *Sunday Times*, he got a response—of sorts. The London *Evening Standard* published a story, based on unnamed sources in the French investigative squad, branding Hunter's story "ludicrous." The unnamed officials were quoted as saying that they were "tired of the meddling" in their investigation.

It was only *after* the Fiat Uno story was finally corroborated,

and Hunter's remarks picked up by other media, that the French authorities finally asked Scotland Yard to take a statement from him. That took place at the end of October.

Gary Hunter was, by no means, the only highly credible, impartial witness, who was treated shabbily by the French authorities. Frank Anderson, the California businessman who saw the Mercedes 280-S being pursued by other cars and motorcycles, offered to give a statement to the French police. For his troubles, he had his passport confiscated for 72 hours. Yet, the police never came to take a formal statement from him.

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## 2. The death of Princess Diana

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### Meanwhile, back at the tunnel . . .

Henri Paul and Dodi Fayed both died instantly in the crash in the Place de L'Alma tunnel. Bodyguard Trevor Rees-Jones,

### Gary Hunter: an eyewitness speaks out

Gary Hunter is an attorney with a London law firm. He spoke by phone with Jeffrey Steinberg on Nov. 12.

Hunter was in Paris, staying with his wife at the Hotel Royal Alma near the tunnel. He was in his hotel room when the crash took place.

"I heard the sound of the accident and I went to the open window of the room," Hunter explained to *EIR*. "I heard a car noise at the end of the road and I looked out the hotel window to the left. I saw a small, dark-colored vehicle completing a turn onto the road. It was immediately followed by a white vehicle—I am fairly certain it was a Mercedes."

Hunter continued, "They drove up the road in tandem at breakneck speed. The white car was practically on the bumper of the smaller dark car. They drove up to the top of the road, where there is a traffic circle, and they took a rapid right turn and they passed out of my line of vision."

Hunter said that the behavior of the two cars "really made me feel it might be linked" to the crash he had heard less than two minutes earlier from inside the tunnel. Hunter recalled, "My initial thoughts were that these were people wishing to leave the scene in a hurry."

The scene Hunter described took place at approximately 12:25 a.m. on Sunday, Aug. 31, 1997. Hunter and his wife went to bed, and they did not learn until they woke up Sunday morning that Princess Diana had been killed in the crash that Gary Hunter had heard. "Then, it all came down on top of me," Hunter recalled.

seated in the front passenger seat, had buckled his seat belt shortly before the crash. This probably saved his life.

Princess Diana also survived the crash. She sustained serious injuries and was bleeding internally, but the first doctor on the scene of the crash believed that she would survive, with proper emergency medical care. Dr. Frédéric Mailliez was driving through the Place de L'Alma and happened on the site, just minutes after the crash. According to a lengthy news account, published in *The Scotsman* on Sept. 29, Dr. Mailliez did not believe that Princess Diana's condition was desperate. He later told a French medical journal, "I thought her life could be saved." Dr. Mailliez was an experienced emergency medical professional, who worked at one time for the SAMU, the French government's emergency ambulance service, before going to work for a private medical response outfit called SOS Médecins.

Dr. Mailliez found Princess Diana lying on the back seat of the Mercedes, according to his account to *The Scotsman*. Contrary to stories leaked by French authorities to the press, she was not pinned in the rear compartment. The back seat of the Mercedes had not been seriously damaged in the crash, and there was no obstruction to getting at Diana. The French authorities issued these initial false reports in response to queries why it had taken an incredible one hour and 43 minutes, from the time that the first ambulance arrived at the crash site, to deliver Princess Diana to the hospital—four miles away.

Further, Romuald Rat, one of the most thuggish of the paparazzi, who was later charged with possible complicity in the Mercedes crash, was observed by one eyewitness at the crash site, leaning over Princess Diana as she lay semi-conscious in the back seat of the Mercedes, just before the first emergency rescue crew arrived.

Dr. Mailliez moved Diana's head to allow her to breathe. He called the emergency hot-line to report the details of the crash on his car phone. He was told that ambulances had already been dispatched to the scene. He then administered oxygen, and ensured that Diana was not going to choke to death or swallow her tongue. When SAMU arrived on the scene, Dr. Mailliez left, confident that she would be quickly brought to a nearby hospital. He had already concluded, on the basis of Princess Diana's vital signs, and her movements, that she was bleeding internally.

The first doctors to arrive with the ambulance and the other emergency vehicles reached the same conclusion, according to statements given to *The Scotsman*. One doctor who asked to remain anonymous said: "She was sweating and her blood pressure had dropped. She had the external signs of internal hemorrhage."

Diana was lying across the back seat of the Mercedes, with most of her body leaning outside the car, when the ambulance arrived, approximately 15-16 minutes after the crash, according to one of the ambulance crew, who also spoke to *The Scotsman*. She was almost immediately removed from the car.

Yet, Diana remained at the crash site for another hour, before she was placed in an ambulance and driven, at less than 25 mph, to a hospital on the other side of the Seine River, four miles away. The decision to bring Princess Diana to La Pitié Salpêtrière Hospital was evidently made by the senior French government officials on the spot, Paris Police Chief Massoni and Interior Minister Chevènement. Massoni was in the tunnel, and Chevènement was already at La Pitié Salpêtrière, in phone contact with the rescue crew in the tunnel. Yet, there are five other hospitals closer to the crash site, all with advanced emergency capabilities.

One highly respected French doctor who specializes in emergency response, told *EIR*, in an exclusive interview, that Princess Diana should have been taken to the Val de Grâce, "which is much closer than La Pitié. That is a military hospital. Every political figure who is in a car crash or is injured is taken there." The doctor added: "The firemen, who were on the scene of the crash, are part of the Army. They undoubtedly notified the Val de Grâce, which has a top team of trauma specialists on duty 'round the clock. I might have helicoptered her in. She would have been on the operating block a few minutes after being stabilized. This woman was one of the world's most powerful and influential people. She would normally have been given top priority and top treatment. She was not."

Not only was Princess Diana *not* brought to Val de Grâce. She was not brought to Cochin Hospital, the Hotel Dieu, Lariboisière, or the private American Hospital—all of which were closer than La Pitié Salpêtrière, and all of which had qualified personnel and emergency facilities to repair the damaged arteries.

There is no credible explanation for why the French emergency personnel at the scene waited for more than an hour to place Princess Diana into the ambulance. There is no credible explanation for why the four-mile ride, through barren Paris streets, took 43 minutes! There is certainly no credible explanation for why the ambulance stopped for ten minutes outside the French Natural History Museum, just a few hundred yards from Le Pitié Salpêtrière Hospital, as confirmed to both *The Scotsman* and the British weekly *The People*!

In a case where a crash victim has been diagnosed as suffering from internal bleeding, there is only one proper course of action. The victim should be stabilized, and then be rushed to a hospital for surgery. Unless the internal bleeding is stopped, the patient bleeds to death.

This is precisely what happened to Princess Diana. From *The Scotsman*: "What is puzzling about the treatment offered to Diana is that she was not hospitalized until her condition had deteriorated to a critical extent. She suffered a series of heart attacks in the tunnel and on the way to the hospital, and had a massive cardiac arrest within minutes of arriving at La Pitié Salpêtrière. The truth is that she was dead on arrival in the operating theater, although the surgical team battled against all the odds to revive her.



“No convincing explanation has been offered for the delay. The surgical team at the hospital had a long time in which to prepare for the arrival of their patient. They were in telephone communication with the doctors in the tunnel from the very beginning and were on formal alert from 1 a.m. Diana did not arrive until at least one hour later.”

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### 3. The Henri Paul autopsy

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#### The drunk driver hoax

For the first 48 hours after the crash, French authorities and their controlled media focussed all the attention on the paparazzi, blaming their aggressive hounding of Diana and Dodi, for what was already being described as a high-speed crash. Then, the story leaked by the French authorities changed, ostensibly because the results of the blood tests performed on driver Henri Paul showed that he had alcohol levels in his bloodstream three times the legal limit. Suddenly, the paparazzi were exonerated, and the entire world media blame for the death of Princess Diana and Dodi shifted to “the drunk driver,” Henri Paul.

In the weeks that followed the initial leaked autopsy findings, the French authorities embellished the tale. A purported second autopsy revealed that Paul had been also high on two powerful prescription drugs, one of which, not coincidentally, was often prescribed to chronic alcoholics. Several weeks later, the French “official” leaks reported that further testing showed that Paul had been on a drinking binge for several weeks, prior to the crash, according to tests of his hair.

From the outset, there was strong contradictory evidence. Friends, co-workers, and relatives universally disputed the media attempts to portray Paul as a sullen, depressed alcoholic. Further, Paul had gone for his annual physical exam, to qualify for renewal of his pilot’s license, 48 hours before the crash. He not only passed the physical exam. According to the doctor who administered the exam, there were no signs of any damage to Paul’s liver, a usual sure-fire sign of alcoholism. The French autopsy report also confirmed that Paul’s liver was healthy at the time of his death. It has been confirmed that between 10 p.m. and midnight, Paul drank two glasses of Ricards and water at the Ritz Hotel bar. The alcohol content of these drinks was very small. Yet, for the blood alcohol tests to have been accurate, Paul would have had to have gone through three bottles of strong red wine, or a dozen glasses of alcohol, earlier in the day, to have still shown such strong alcohol presence in his blood at 12:25 a.m. on the morning of Aug. 31, at the time of the crash.

Both the doctor who regularly performed the annual pilot’s license rigorous physical exams and Paul’s personal physician told the media that Paul had never been diagnosed as an alcoholic, and had never received prescriptions for either of the two drugs allegedly found in his bloodstream. Ulti-

mately, the French police admitted that there was no record anywhere in France of such prescriptions in Henri Paul’s name. But this did not in any way deter the continuing media characterization of Paul as “the drunk driver.”

#### Gross incompetence . . . or worse

There is another explanation for this anomaly. The post-mortem on Paul was either hopelessly bungled by gross incompetence, or the results were tampered with. Here are the facts as reported to *EIR*. You, the reader, can draw your own conclusions.

From the moment that the French authorities began leaking the purported forensic findings (that Paul had been driving the Mercedes high on booze and prescription drugs), his family began demanding that a separate, independent autopsy be conducted.

The French authorities refused to allow the Paul family to hire their own forensic pathologist to conduct an independent set of tests. In fact, the French authorities only would release Paul’s body to his family, for proper burial, if they agreed that the body would be cremated or buried without any further tests.

Ultimately, the French officials agreed to release a copy of the written results of the original post-mortem to the families of the deceased. Two independent teams of noted forensic pathologists reviewed the written report, and their conclusions were astonishing.

Dr. Peter Vanezis conducted one of the reviews with a colleague from Lausanne. Dr. Vanezis is a noted British pathologist who holds the Regis Chair of Forensic Medicine at Glasgow University. He was used by the United Nations in both Bosnia and Rwanda, to determine whether genocide had occurred, following the discovery of mass graves. He was the forensic pathologist who established that the woman who had been the pretender to the Romanov throne, was a phony.

Dr. Vanezis and his colleague spent 12 hours, reviewing the first post-mortem report. They found, first, that the report established that there was no deterioration of Paul’s liver, in itself evidence that the “chronic alcoholic” line was a lie. The rest of the report was a horror story of bungling, violation of standard procedures and protocols, and unanswered questions. The personnel who performed the test clearly treated it as a “garden variety” car crash.

The report did not identify the temperature at which the body was stored, from the time it was removed from the car to when the tests were performed. There was no chain of custody provided.

Henri Paul’s body had been crushed in the crash. His stomach, heart, and liver had been crushed and burst open. Thus, the entire chest cavity was badly contaminated by other body fluids, food residues, and so on, mixed together with the blood. Under such circumstances, it is standard practice to take blood samples from other parts of the body, particularly the limbs, which are far from the contaminated chest cavity.

## Was MI-6 stalking Diana and Dodi in Paris?

On Nov. 9, the London weekly *The People* charged that “Six MI-6 agents were stationed at the British Embassy in Paris during the weekend of the crash” in which Princess Diana, Dodi Fayed, and Henri Paul were killed. The weekly said, “At least one officer had been detailed to shadow Diana and lover Dodi Fayed after they arrived from Sardinia by private jet.” The report also claimed that the heads of MI-6 and MI-5, Britain’s equivalents of the CIA and the FBI, “had held meetings” about Dodi Fayed and his father Mohamed al-Fayed’s “relationship with Diana in the weeks before the crash. . . . The involvement of the secret services has added fuel to the theories that the deaths of the couple and their chauffeur were no accident. The secret services have been known to hire snoopers who act as paparazzi to spy on targets.”

Independent of the charges published in *The People*, *EIR*’s own investigation has confirmed that the MI-6 station in Paris, consisting of at least six agents operating out of the British Embassy under consular cover, does indeed operate a string of front agencies that hire some of the

paparazzi, including several who were among the gang stalking Diana and Dodi in Paris. Following the fatal crash, eight of the paparazzi — Romuald Rat, Christian Martinez, Stephane Darmon, Serge Arnal, Nicolas Arsov, Jacques Langevin, Lazlo Veres, and Serge Benamou — were investigated on charges of possible criminal complicity in the deaths. They worked for the following press agencies: Stills Press, Angeli, Sipa, Sygma and Gamma. It is not known at this point if any of these agencies are fronts for MI-6. Rat has been singled out by British sources familiar with the fatal crash as a particularly suspect character. He was seen by eyewitnesses leaning over Diana’s body in the back seat of the Mercedes, moments after the crash.

A British intelligence source interviewed by *The People* added: “The intelligence services knew Diana was in Paris. All anyone had to do was wait for an opportunity. That underpass would be a perfect spot. Even at reasonable speeds, a serious accident would occur.”

One senior British police source said to *EIR*, “Was MI-6 carrying out surveillance? The French judge should ask them. If they say no, it has to be a lie, because they always did when Diana was on the continent. You have to understand MI-6. They recruit entirely from within, never advertise from without. Entirely a closed group. Who controls them? The order for such a thing as this could come from only one source in Britain: a royal.”

But, the first post-mortem report was *only* conducted on the blood taken from the contaminated chest cavity.

French authorities had leaked to the press that there had been two “independent” post-mortems conducted, and both had revealed the same presence of large amounts of alcohol in Paul’s blood. The report provided to the families revealed that the so-called independent tests had been performed on the identical contaminated blood sample from the chest, which had been divided in half and given to two separate laboratories to test. So, in reality, there was only one test. Furthermore, French officials claimed that a urine sample had been taken as well. But the report showed no results of urine tests.

Dr. Vanezis and his associate prepared a detailed memorandum, raising all of their concerns about the forensic report. Their memorandum was passed along to the magistrates in charge of the investigation, Hervé Stephan and Marie-Christine Devidal. Dr. Vanezis’s report demanded answers to a dozen or more disturbing questions he had posed. The family of Paul and other victims of the crash demanded that they be authorized to have an independent, outside autopsy done on Paul’s body. The French authorities would only allow a French doctor to perform such an outside test; and, not surprisingly, not one qualified French forensic patholo-

gist was willing to get involved with such an independent test.

A second team of prominent forensic pathologists in Lausanne, Switzerland, in the meantime, had been sent the original forensic report. They drew almost identical conclusions to those in the Vanezis report. They, too, were horrified over the outright incompetence and violation of the most elementary procedures by the French government personnel. A third independent audit of the first post-mortem was conducted by a team at St. Georges Hospital in London, and their results were the same.

So, at best, the only forensic evidence — the *only evidence period* — that showed Henri Paul to have been drunk on the night of Aug. 30-31, was incompetent, insofar as it was thoroughly unreliable. At worst, it was another instance of willful sabotage and cover-up by the French government. And, this was not the last of the French misconduct and lying.

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## 4. A tissue of lies

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There are many other willful lies that have been told by the French authorities and dutifully put out by the world media. Each of these lies, taken individually, could be written

off as inconsequential. But, taken as a whole, they constitute a willful attempt by the French authorities to cover up evidence that Princess Diana, Dodi Fayed, and Henri Paul were the victims of a murder plot. Given the fact that Princess Diana's death was at the hands of the French government—at the highest level of the Jospin Socialist Party administration—it should come as no surprise that their account of the crash at the Place de L'Alma tunnel, from beginning to end, was a tissue of lies.

Here are some of the most egregious lies, uncovered by the *EIR* investigative team.

1. *The speedometer proved Henri Paul was driving at a recklessly fast speed.* Virtually all news accounts in the immediate hours after the crash reported that the speedometer of the Mercedes had been frozen at over 180 kilometers per hour, when the first rescue workers and witnesses arrived on the scene. This “evidence” was used to establish that Paul was speeding recklessly at the time the crash occurred. After the so-called post-mortem results were leaked, purporting that Paul had been drunk and high on prescription drugs, much of the world media pronounced the case a cut-and-dried instance of drunk driving. In fact, *EIR* has confirmed that the speedometer of the Mercedes was at zero!

This is consistent with claims by the car's manufacturer, Daimler Benz, that whenever a Mercedes 280-S is in an accident, even a crash at reasonably slow speed, the speedometer will freeze at zero. It is no wonder that the French authorities rejected Daimler Benz's offer to send a team of safety engineers to France to assist in the crash investigation.

2. *Diana was trapped in the back seat.* For weeks, the French authorities justified the long delay in getting Princess Diana to a hospital with claims that the rear compartment of the car had been crushed, and it required a lengthy effort by French firemen and rescue workers to pry her body loose from the back seat. Eventually, after a number of early eyewitnesses inside the tunnel came forward, the French government was forced to retract the story, and admit that the rear compartment had not been damaged in the crash.

3. *The Mercedes was a faster, armored vehicle.* Initial media reports, provided by the French authorities, had identified the Mercedes carrying Princess Diana and Dodi Fayed as the much faster 600 model. Early reports also claimed that the car was armored. In fact, the Mercedes 280-S, a four-cylinder car incapable of reaching high speeds quickly, had been called up from a pool of cars available to the Ritz Hotel just hours before the fateful ride.

*EIR* has recently learned that the French police have established that the missing Fiat Uno is a turbo model manufactured between 1984 and 1987. This Fiat has a higher acceleration rate than the Mercedes 280-S, and a higher top speed. This means that the Fiat was capable of passing and cutting off the Mercedes, and accelerating to avert serious damage in a collision.

4. *Henri Paul had goaded the paparazzi, “You won't*

*catch me tonight.”* Early media coverage, based on leaks from the French government, reported that, as Paul was leaving the Ritz Hotel, he had taunted the paparazzi, shouting, “You won't catch me tonight.” In fact, as we reported at great length above, Paul at no time had any contact with any of the paparazzi. The Mercedes left the Ritz Hotel from a rear exit and there was never any communication between him and the paparazzi. The purpose of this fairy tale was to further the idea that Paul was drunk and “out of control” shortly before the crash. CCTV footage, taken from cameras at the Ritz Hotel and from adjacent buildings, fully confirm *EIR*'s account of events.

5. *There are no photographs of the chase.* All along the route that the Mercedes took, from the Ritz Hotel, along the Voie Georges Pompidou, to the entrance to the Place de L'Alma tunnel, there are both outside CCTV cameras, and special radar-activated cameras installed by the French police. If, at any time, the Mercedes or the cars and motorcycles chasing after it had gone beyond the speed limit, the radar cameras should have automatically snapped pictures. These pictures should have provided the police with a time-sequence account of the final moments before the crash. But, the French authorities have systematically claimed—through press leaks, and in response to queries by the families of the deceased—that no such pictures exist. We are to believe that every one of the cameras was either broken or out of film. Yet, other drivers, who were passing along the Voie Georges Pompidou shortly before the Mercedes chase, were indeed later contacted by French police and told that there were photographs showing that they were speeding. Incredibly, the French authorities also continue to insist that none of the outside CCTV cameras on any of the buildings along the route show anything relevant to the crash probe.

6. *The paparazzi were nowhere near Henri Paul's car at the point of the crash.* Some accounts, based on French government leaks, claimed that the nearest paparazzi were 400 meters behind the Mercedes 280-S at the point the crash took place. This lie, aimed at pinning the entire blame for the crash on “the speeding drunk driver Henri Paul,” is discredited by the testimony of Anderson, Lévy, and Wells, as well as a half-dozen other eyewitnesses who have requested to remain anonymous.

7. *Henri Paul was not qualified to drive the Mercedes.* Paul had received specialty driver training from Daimler Benz in Germany. Contrary to some French press claims, Paul was not required to have any kind of special driver's license, in order to drive the Mercedes 280-S.

The cumulative effect of these falsehoods, each traced back to French government sources, to date, has been a ruthless cover-up on the part of the French—who clearly have a great deal to hide.

*Katharine Kanter and Christine Bierre, from our Paris office, contributed to this article.*

# British Crown deploys Tiny Rowland, again

by Allen Douglas

“The grieving is over and the gloves are off in the case of the British establishment vs. Mohamed al-Fayed, father of the playboy in command of the car in which Princess Diana died two months ago. ‘I almost feel sorry for Fayed,’ reports a friend who is an old and trusted member of that establishment. ‘He is about to learn that the British only give lip service to the idea of what is and isn’t cricket.’ ”

So opened the Oct. 27 lead item on Page Six, the widely read gossip/intelligence leak sheet of Rupert Murdoch’s *New York Post*. The attack “is being mounted on several fronts,” the article continued, emphasizing that one of these is being spearheaded by the former boss of the Lonrho multinational, Tiny Rowland. All of a sudden, Rowland has resurrected his two-year-old allegations, that al-Fayed had directed employees to break into Rowland’s safe deposit box at the posh Harrods department store in London, which al-Fayed owns. These allegations are now splashed all over Britain’s press. The *Post* article concluded that the purpose of the multi-pronged attack, in which Rowland has taken the point, is to “drive Mohamed al-Fayed out of Britain.” Toward this end, other sources report, Rowland has been inviting journalists out on his yacht, to give them the “real dirt” on al-Fayed.

Rowland has his own score to settle with al-Fayed: After a lengthy battle, Rowland lost control of Harrods to him in the early 1990s; at 80 years of age, Rowland no doubt views this as his last chance to get even. Whatever Rowland’s piques, his vendetta is being directed by those who sponsored Tiny’s entire career—the British Crown and its associated intelligence agencies.

Following the Aug. 31 assassination of Diana Princess of Wales, her companion Dodi Fayed, and their driver, Henri Paul, U.S. intelligence sources emphasized to this news service, that those running the cover-up—the House of Windsor-centered Club of the Isles—had decided that it would not “stick,” without destroying Mohamed al-Fayed. Al-Fayed had made amply clear that he wanted answers—that he would not allow “another Kennedy assassination” to fester for decades.

With his vast fortune, his relations with factions in the British establishment, including his close ties to the Spencer family, and his inclination to take on an establishment that had spurned his request for British citizenship, despite his having lived in Britain for 30 years, employing tens of

thousands, and paying millions of dollars every year in taxes, al-Fayed posed a grave threat to the cover-up. No doubt, as well, that establishment had determined to punish al-Fayed for daring to interfere in the affairs of the British monarchy.

Had Dodi and Diana lived, and had they married, the Egyptian-born al-Fayed—a “wog” in establishment eyes—would have been a virtual grandfather to Prince William, who might assume the throne upon the death of Queen Elizabeth, since the fruity Prince Charles is widely viewed as too incompetent to rule. Given Mohamed al-Fayed’s very close relation to Diana (her father, Earl Spencer, reportedly asked him to take care of her, upon his own death), given Diana’s very close relations to her own sons—uncharacteristic for an oligarchical family—and given Diana’s own anti-Windsor outlook, the Diana-Fayed combination might have had untold *policy* ramifications for the British monarchy and the Club of the Isles.

## LaRouche versus Rowland

In 1978, under the direction of Lyndon LaRouche, this news service published its groundbreaking exposé of the world’s narcotics cartel, *Dope, Inc.* The book’s cover bore a picture of the British Crown, a heroin needle, and the Union Jack. Curiously, that same year, the *Observer* newspaper launched perhaps the first major public attack on LaRouche from British establishment circles. The paper was then owned by Rowland. Over the ensuing years, LaRouche and his associates repeatedly crossed swords with Rowland, whether in the Iran-Contra affair, in which Rowland was virtually omnipresent; or in Africa, where his Lonrho corporation financed all sides of the continent’s civil wars.

Finally, after hundreds of hours of interviews with people who had known Rowland, some since the 1940s, *EIR* in 1993 published *Tiny Rowland: The Ugly Face of Neocolonialism in Africa*. In the words of British intelligence sources, the book “devastated Rowland.” His wife threatened to sue *EIR*, but did not.

In that book, *EIR* unravelled the dark secrets in Rowland’s past—the secrets which explained his meteoric rise, and his charmed career. Born into a German family, Rowland and his parents moved to Britain in the mid-1930s. He was a member of the Hitler Youth and an avid Nazi supporter; his parents were interned during the war in the Isle of Man as security threats. Expelled from the British Army as pro-Nazi, Rowland was recruited by the most sensitive of all British intelligence’s wartime operations, the Double Cross Committee, in which German agents in England were “turned” to work for British intelligence, to plant disinformation. (Most of these later turned out to be Soviet agents, also.) Rowland’s immediate boss in Double Cross operations was Nicholas Elliott, later Africa chief for MI-6, a Lonrho board member, and British/Soviet agent Kim Philby’s closest friend. Rowland’s ultimate Double Cross superior was long-time MI-5 head Sir Joseph Ball. After the war, Ball became

chairman of the London and Rhodesia Company, later known as Lonrho.

Rowland's Double Cross employment is still a tightly held secret, but one on which a bit of daylight was shed, ironically, when Rowland charged Mohamed al-Fayed with breaking open his Harrods box. The chief contents of that safe deposit box turned out to be 30-year-old papers regarding one Dusko Popov. Popov, codenamed "Tricycle," was the most celebrated of all Britain's wartime Double Cross agents; he, too, had been run by Nicholas Elliott!

In a backhanded way, Rowland himself later admitted his Double Cross associations. An Aug. 4, 1996 *Sunday Times* article recounted charges by Popov that Rowland had been involved in a multimillion-dollar scam against a Swiss bank in 1954, with an associate named Stefan Klein. Though Rowland denied Popov's charges, for unexplained reasons he did pay him substantial sums between 1973 and 1975, as Popov demanded. In a written statement to the *Sunday Times*, Rowland said, "My only comment is that since the 1940s, among my friends were Captain Stefan Klein, Nicholas Elliott and the celebrated intelligence officer Colonel Popov." Klein was one of Rowland's closest business associates; he was also a Double Cross operative.

### A Crown Agent for Africa

After working for Rio Tinto Zinc in Africa during the 1950s, a new chapter in Rowland's life opened in the wake of British Prime Minister Harold Macmillan's famous "Winds of Change" speech in South Africa in 1960. Macmillan announced the next phase of British colonial strategy in Africa: African nations were to be granted independence under majority rule. Though Macmillan did not say so, that independence was to be in name only: The new nations' finances, their civil services, the terms on which they sold their commodities, etc., would all still be run from London. As one strategist explained to *EIR*, with typical British understatement, "An alliance with black nationalism was the key to *prolonging colonial rule*."

At the time, the chief Crown Agent for the Colonies for Africa—that is, the person managing the Crown's vast assets on the continent—was City of London figure Harley Drayton, the chairman of 20 companies, the controller of 23 investment trusts, who had been, together with his friend and business associate Joseph Ball, a power in the Conservative Party for decades. Drayton's power derived from the enormous funds he invested on behalf of two main clients: the Church of England and the British Crown. When, under the Winds of Change policy, it came time to "privatize" the Crown's African empire, Drayton sent his personal assistant, Angus Ogilvy, to Africa to recruit a man to take over London and Rhodesia from the aging Sir Joseph Ball. Ball himself had recommended his replacement: his old Double Cross agent, Tiny Rowland. The idea was to build up the company, now renamed Lonrho, as a sort of new British East India

Company to rule Africa. Indeed, Lonrho grew like crazy, not due to Rowland, who was a pathetic businessman, but because Lonrho was given some of the Crown's choicest African assets. Typical was the Ashanti gold mine in Ghana, for decades the jewel in Lonrho's empire. The transfer to Lonrho was arranged by Ashanti board member Harley Drayton.

Drayton's financial empire was centered in the 117 Old Broad Street Group, known in the City as the "Drayton Group." The following are some of the personnel of the Drayton Group, and its spawn, Lonrho. This is the gang which invented Tiny Rowland and protected his career.

**Col. Sir Robert Adeane**, later Lord Adeane, had been Harley Drayton's closest associate since the 1930s. He became chairman of the Drayton Group, following Drayton's death in 1966. His family had provided retainers for the Windsors for decades. Baron Michael Adeane, a cousin, was a Page of Honour to King George V, and Equerry and Assistant Private Secretary to King George VI (1937-52). From 1953 until 1972, Baron Michael was Private Secretary to Queen Elizabeth and Keeper of Her Majesty's Archives. Michael's son, the Honorable Edward Adeane, was a Page of Honour to the Queen (1954-55), Private Secretary and Treasurer to Prince Charles (1979-85), Treasurer to Prince Charles and Princess Diana (1981-85), and Private Secretary to Princess Diana (1984-85).

**Angus James Bruce Ogilvy** was recruited, at age 22, by Robert Adeane to the Drayton Group in 1950, as Harley Drayton's private secretary. Ogilvy was the second son of the 12th Earl of Airlie, a prominent Scottish family. His father was the Chamberlain of the Queen Mother's Household, and Ogilvy himself was a personal favorite of Queen Elizabeth, whose first cousin, Princess Alexandra, he married in 1963.

**Sir Basil Smallpeice** was taken on by Lonrho as deputy chairman in 1972, after the near-collapse of Lonrho in a criminal scandal, one of many in which Rowland involved his company. Smallpeice had been chairman of Cunard Steamship Co., and at the time he was called in to help save Lonrho, was Administrative Adviser to the Queen's Household, or, as Rowland later put it, "Comptroller of Buckingham Palace," a position he held from 1964-80.

**Gerald Percy**, an African operative of MI-6 since the 1950s, is the son of Lord William Percy, fifth son of the 7th Duke of Northumberland, one of the most ancient and powerful families in Britain. His cousin, Sir Algernon Percy, became Lord Steward of Her Majesty's household in 1973.

Though the mercurial Rowland would frequently fight like cats and dogs with his closest associates, including some of those above, and even with members or in-laws of the royal family itself, that does not change his pedigree as a lifelong operative of Her Majesty's Secret Service, whose operatives are increasingly shown to have played a role in the assassinations of Aug. 31.

Tiny Rowland is truly a royal bastard.

## The Humboldt County horror

by Lyndon H. LaRouche, Jr.

November 6, 1997

On Oct. 17, 1997, the police of California's Humboldt County intervened against an estimated sixty, black-hooded, rampaging eco-terrorists, who had broken into the office of U.S. Representative Frank Riggs (R-Calif.). Now, pressure has come down on Federal officials to investigate the Humboldt County police for civil rights violation, although, as yet, there are no reported indications of actual police use of excessive force to bring the riot in the congressman's office under control.

The danger is, that should this Federal investigation against the Humboldt County police turn out to be a case of the kind of corrupt political influence it appears to be, the U.S. will be opened up for an epidemic of terrorist actions by violence-prone eco-terrorist groups. Whatever the outcome of this case, there is already a pattern of attempts, at high levels, to cover up for the existence of a growing eco-terrorist problem inside the United States. This problem is likely to increase under the conditions of threats by Britain's Prime Minister Tony Blair, and others, to shut down much of what remains of the U.S. economy under "Global Warming" pretexts.

*EIR* addresses such threats from its experience over a span of three decades, both as a participant in combatting terrorism, and also, at various times, of the targetting of its personnel by various kinds of terrorist organizations, both in the U.S.A., and internationally.

We have studied in depth, as in Peru and Colombia, for example, how a refusal to deal with the related problem of narco-terrorism as such, when it was limited in scale, led to a near takeover of Peru by these mass-murderers, and how complicity with narco-terrorists, at high levels, has led to the virtual destruction of Colombia. We know in considerable detail, the threat to the very existence of civilized society, within western Europe, by the para-military forms of mass eco-terrorism unleashed in Germany, France, and elsewhere

in western Europe, beginning 1977, and continuing into the late 1980s.

We have seen the human rights of the populations of entire nations, placed in jeopardy, through the influence of groups such as Amnesty International, the Inter-American Dialogue, Greenpeace, and others, when such groups have acted on behalf of terrorists. In every case studied from the 1970s, 1980s, and later, it has been widely acknowledged among the relevant experts, that the ability of terrorist organizations to continue to operate inside modern nation-states, has depended upon repeated interventions from a type of sympathizing "fellow-traveller" which falls into the news-media category of "influential persons and organizations above suspicion."

Unless the eco-terrorist potential already afoot in the U.S.A. is effectively contained, any family in the United States is placed potentially at personal risk by this presently growing form of terrorist activity here. When a potentially violent "single-issue" group develops within it a core of hard-bitten desperadoes, who summon the quality of "criminal energy" in the service of their obsession, that single-issue group will produce serious violence, even waves of murder in the name of the single-issue "cause." That ominous quality, of "criminal energy," is visible today around the edges of the current U.S. brand of "action-oriented, single-issue" groups with "ecologist" vectors.

A violent break-in, into the office of an elected official, by a group wearing hoods, is either an action staged by provocateurs attempting to incriminate "action-oriented, ecologist" groups as suspect perpetrators of that action, or, otherwise, a genuine indication that for the group involved, the threshold of "criminal energy" either has been crossed, or is now in the process of being crossed. The cross-over into the kind of action reported by the Humboldt County police, would be typical of an action deployed to criminalize an "action-oriented ecologist" group with a "taste for blood," thus being transformed into a "hard core" terrorist organization.



*An anti-logging demonstration by Earth First! in California's Humboldt County, in 1994. Today, there is an emerging pattern of attempts, at high levels, to cover up for the growing eco-terrorist problem in the United States.*

### **Eco-terrorism in 1980s Germany**

For continental Europe, the decade of epidemic eco-terrorist violence, began just over twenty years ago. The transition from terrorism by groups such as the original "Baader-Meinhof Gang," to generalized eco-terrorism, occurred during Spring-Summer 1977, in France and Germany. Today, the generation of leading officials who defended nations against that wave of international terrorism, is, in large part, retired from active duty. Now, as reflected in the outbursts against the United States by Britain's Prime Minister Tony Blair, and other influentials nominally "above suspicion," we must be forewarned that a new wave of international eco-terrorism is about to be unleashed, most probably with the backing of the largest terrorists' umbrella-organization in the Americas today, the São Paulo Forum headed by Cuba's Fidel Castro. A new generation of security and peace officers must be trained to deal with such large-scale crime.

The classic case for study, in preparing a new generation of law-enforcement and security personnel to take on the eco-terrorist threat in today's North America, is the way in which the eco-terrorism which was launched from France during Spring-Summer 1977, developed into a virtual military force conducting eco-terrorist civil war within Germany during the middle through late 1980s. That case-study from the 1970s and 1980s presents all of those leading elements of an eco-terrorist threat which should be of present concern, as potential, to law enforcement and national-security intelligence responsibilities in the U.S.A. today.

The characteristic feature of the 1970s-1980s terrorism in Germany was the involvement of the Warsaw Pact bloc, with East Germany's military agencies, and Interior Ministry, contributing a leading role. In every case of post-1968 narco- and eco-terrorism studied from that period, and more recently, a continued campaign of terrorism in any country, has assumed the form of a special kind of warfare, which our published studies of the 1980s classified under the term "irregular warfare." It was warfare directed against the nation and its institutions. Behind this attack was either a foreign power, a powerful political faction of that nation itself conducting a virtual civil war in this way, or, as in the 1980s Germany case, a combination of foreign and domestic factions, such as factions internal to both NATO and the Warsaw Pact, each with its fingers in the game.

As noted, the coordinated deployment of mass eco-terrorism was launched through preparatory conferences in Paris, during the Spring of 1977. During these conferences, the potential for "criminal energy" among the "eco-terrorists" and their supporters was summoned by the "drum-beat" slogan "nuclear energy is fascism." While this led to mass-violence in France, by July 1977, the focus was upon Germany. The assassination of Dresdner Bank's Jürgen Ponto and Daimler-Benz's Hanns-Martin Schleyer inaugurated what was to become ten years of increasingly intense and large-scale terrorist actions. (According to warnings supplied by high-level U.S. intelligence sources, as confirmed by high levels of an official security organization in Europe, I was number two on

the same list of assassination-targets which included Ponto and Schleyer.)

The case of the February 1986 assassination of Sweden's Prime Minister Olof Palme belongs in this category of terrorist actions which were set within the context provided by a decade of mass eco-terrorist violence. Whoever actually set up that assassination, or the related assassination of Germany's Uwe Barschel, two elements typical of international terrorism dominate the circumstances and aftermath of the crime. Both Palme and Barschel were persons whose continued existence represented a grave threat of inconvenience to those international weapons-traffickers, including Britain's Prime Minister Margaret Thatcher and U.S. Vice-President George Bush, who were up to their ears in what came to be called "the Iran-Contra" trafficking in drugs and weaponry. In both cases, official agencies willfully sabotaged the investigation of the crime; in the case of Palme, crucial assistance in that cover-up was prearranged through Warsaw Pact agencies, notably Section X of the East Germany Interior Ministry. In the Palme case, documents show that the East Germany intelligence service's operations received support from U.S. official and private agencies, including the U.S. Department of Justice, the Anti-Defamation League (ADL), NBC-TV News, and the *Washington Post*.

Although the high-level motives for eliminating Palme, like the murder of Uwe Barschel, were not related to "radical ecologist" issues, the climate created by a bloody decade of eco-terrorism in Europe had produced the political-psychological environment in which attention could be drawn away from the relevant, "Iran-Contra"-related prime suspects. Similarly, in the case of the 1989 assassination of Alfred Herrhausen, attention was drawn from the leading suspect, British intelligence services operating under openly stated "Fourth Reich" policies, by attributing the killing to a then non-existent "new Baader-Meinhof generation."

In the case of the 1970s-1980s terrorism in Germany, there were three leading, controlling factors in the background. For the Warsaw Pact, Germany was the leading-edge of NATO's capability. For the same elements in the Britain and France of the 1970s and 1980s, who, in 1989 surfaced to echo Prime Minister Margaret Thatcher's "Fourth Reich" hate-campaign against Germany, Thatcher's, Mitterrand's, and Bush's geopolitically motivated undermining of a German ally's technological-industrial potential, before and after the events of 1989, was already an actual, if not publicly proclaimed policy-consideration. Finally, inside Germany itself, there were the same finance-oligarchical interests which had backed the malicious, anti-Schiller, "post-modernist" tradition of Theodor Adorno's and Hannah Arendt's "Frankfurt School."

Such terrorism, whether European "eco-terrorism" of the 1977-1987 interval, South American narco-terrorism, or other varieties, was quite literally, "warfare fought by other," often homicidal "means," always converging, like eco-terror-

ism in today's U.S.A., upon violence against the targeted institutions of the state and society. That is to say, that these varying colorations of terrorism represented the bloody edge of a specific type of political warfare, a type of warfare deployed as an alternative to regular warfare between nations, or forms of civil war related to modern regular warfare. The task of the counter-terrorist specialists was to recognize this character of the terrorism of that period, and to address such terrorism as belonging to a special sub-category of warfare, a type of warfare which, like modern regular warfare, had its own specific characteristics, its own special strategies and tactics.

Thus, for example, during the mass battles between eco-terrorists and Germany's police, during the 1980s, the terrorist forces had a well-defined military structure and professional military command. The structure was represented on the field of direct conflict by an inner hard core, acting with "criminal energy," a "blooded" core of those willing to kill and be killed in a fight with police and others. Supporting the hard core, were the combat auxiliaries of less "energy" and inferior combat capabilities, and behind them, the physical screen provided by the camp-followers of this "Wallenstein's Camp," the political supporters. The hard-core military leadership were persons actually developed as an officer cadre, usually trained for this role in East Germany.

The European eco-terrorist forces of the 1977-1987 interval, represented armies which, between engagements, would blend back into the general population, from which they would be re-launched in small guerrilla tactics, or combined into a virtual regular military action-force, as in the most celebrated eruptions of this sort in France and Germany.

The adopted German term for this special type of warfare against the nation and state, was "*Kleinkrieg*" (e.g., the English "guerrilla warfare"). In our discussions of this matter with German and other professionals, a more appropriate term was adopted, "irregular warfare."<sup>1</sup> It is an alternative form of warfare between states, or an alternative form of civil war among opposing forces of the same nation. In every sense of the term, it is a form of warfare, in which the armies represent a powerful faction of some nation, fighting to impose their political will upon the targeted nation and its people.

Given the attack upon the United States by Prime Minister Blair and others, over the "Global Warming" issue, and given the state of development of the radical "ecology movement's" forces at this juncture, the mere fact that an estimated 60 black-hooded persons, representing an "ecologist's" cause, could break into a Congressman's office, and attempt to trash it thor-

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1. Cf. Friedrich Freiherr von der Heydte, *Modern Irregular Warfare*, 2nd edition, with Introduction by Michael Liebig and Note by Lyndon H. LaRouche (New York: New Benjamin Franklin House, 1986). This book had been originally published under the title *Moderne Kleinkrieg*, in 1972. The publication of the second edition, both in German and, simultaneously, in English translation, was a by-product of a broadly based discussion among professionals and others, on both sides of the Atlantic.



oughly, signals that the U.S. is ripe for a wave of eco-terrorist violence. As we should have learned from the European experience with the eco-terrorism of the 1977-1987 interval, pretending that eco-terrorism is not eco-terrorism, and that eco-terrorists are not terrorists, is precisely the posture which ensures the relative maximum number of victims, and the gravest degree of threat to the internal security of the nation.

## Eco-terrorists assault congressman's office

by Rogelio A. Maduro

In Eureka, California on the morning of Oct. 16, the occupants of the building that houses the congressional offices of Frank Riggs (R), and other Federal offices, were suddenly stunned by a loud boom, right outside the entrance to the building. The building shook, the windows rattled, and one office staff member thought that "a bomb had gone off and we were going to experience Oklahoma City all over again." Seconds later, about a dozen ecological terrorists, in black camouflage fatigues and hoods, crashed through the doors of Congressman Riggs's office, screaming at the top of their lungs. The staffers thought they were going to die.

The black-hooded terrorists proceeded to ransack the office, terrorizing the congressman's staff. One staffer said, "My first reaction was to hit the panic button on the building alarm, because of the sheer terror of seeing the persons in black in our lobby, and the 'boom' and rattling sounds I had heard previously. There was no mistaking their actions as anything other than acts of aggression towards me, my co-worker, and the office we work in."

### 'It's a go'

Another witness told an investigator, "I went around the corner of the building to witness a white male reach up to his face and pull something off his head. I concluded it to be a ski mask. The white male held a walkie-talkie and said, 'It's a green light. It's a go. Let's go.'"

Several dozen additional eco-terrorists then joined the assault, some going into the office, while others protested outside.

The loud boom that shook the building was a very large, heavy tree stump that had been dropped from the back of a truck by the eco-terrorists. They rolled it into Riggs's office, where four unmasked female eco-terrorists locked themselves to it.

The police, as well as the news media, started to arrive.

At that point, the hooded terrorists left the scene, leaving some 50 of their fellows behind, to protest against Riggs's policies on forestry, before the assembled media.

The police drove the rest of the "demonstrators" out of the office, with the exception of the four women who had locked themselves to the tree stump. The terrorists were using an ingeniously designed V-shaped metal-locking device that forces the police to either cut the metal sheets with saws, beat the protesters into submission (or break their arms), or use pepper spray to get them to release their hold.

### The least amount of force

After repeatedly trying to get the terrorists to turn themselves over peacefully, the police had no choice but to use a small amount of pepper spray, applied to their faces, to subdue them.

This is an increasingly common police practice, used to deal with protesters with the least amount of force. Any other approach, such as cutting the locks with a saw, could have resulted in the injury, perhaps death, of some demonstrators. The office was strewn with more than six inches of sawdust and woodchips, which could have been ignited by sparks from power saws.

The use of pepper spray to remove these eco-terrorists has led to a media outcry against Riggs and the Humboldt County Sheriff's Department. Instead of investigating the terrorist incident, the FBI has started an investigation of the use of pepper spray, alleging that the police may have committed civil rights violations.

This investigation sets a very dangerous precedent for any police department attempting to stop violent demonstrators and eco-terrorist incidents.

The Federal investigation comes in the midst of an upsurge in terrorist incidents in the United States. According to private investigator Barry Clausen, one of the foremost authorities in eco-terrorism in the world, there has been an increasing number of violent acts committed in the name of "saving Mother Earth" (see *Documentation*). In his "Report on Terrorism," Clausen details more than 1,200 acts of eco-terrorism and animal rights terrorism in the United States in the past ten years.

Clausen pointed out to *EIR* that the incident in Riggs's office falls within the Justice Department's official definition of terrorism: "The unlawful use of force or violence against persons or property, to intimidate or coerce a Government, the civilian population or any segment thereof, in furtherance of political or social objectives."

Clausen also pointed out that the media attack against Riggs and the Humboldt Sheriff's Department has been led by CNN, Ted Turner's news channel. According to Clausen, the Turner Foundation has been providing vast amounts of funding directly and indirectly to the Earth First! apparatus. A visit to the CNN homepage on the World Wide Web, covering the incidents at Riggs's office, provides a direct link to

the home page of the terrorist group. The Turner Foundation is part of a network of foundations, including the Ford, Rockefeller, and W. Alton Jones foundations, that provides hundreds of millions of dollars in funding every year to the radical environmentalist movement.

### **A new pattern**

The attack on Riggs is part of new pattern of eco-terrorist deployments. According to knowledgeable sources, the Earth First! leadership has been instructing its members to target elected officials in their areas. Perhaps the best known such attack on public officials took place in Gardner, Montana, on March 23, 1997, during a public hearing on a proposed bison management plan. Delyla Wilson of Earth First!'s Bison Action Group threw a five-gallon bucket of bison entrails on Sen. Conrad Burns (R-Mont.), U.S. Secretary of Agriculture Dan Glickman, and Gov. Mark Racicot.

The Montana State Court in Livingston convicted Wilson on Aug. 26 of misdemeanor assault and disorderly conduct. Wilson was sentenced to 190 days in jail and \$1,090 in fines, with the sentence stayed, pending appeal.

On Oct. 8, the same individual was convicted in Federal court, in Billings, Montana, of two counts of congressional assault. Wilson can be sentenced to up to two years in prison and a fine of \$200,000. U.S. Magistrate Richard Anderson scheduled sentencing for Jan. 7.

The backdrop of the Riggs incident is, in fact, the trial of Theodore Kaczynski, the Unabomber suspect. Many of the participants in the assault on Riggs's office are involved in a campaign to defend Kaczynski. His trial may reveal evidence of the real nature of the environmentalist movement and the ties between the "mainstream" environmentalist groups, such as the World Wildlife Fund, and the "radical" groups such as Earth First! and the Animal Liberation Front. As documented in "The 'Green' Terrorists on Prince Philip's Leash," *EIR*, Jan. 13, 1995, the entire worldwide environmentalist and animal rights movement is run top-down by the oligarchical families of Europe.

### **The media move in**

The media feeding frenzy erupted on Oct. 30, following the release of videotapes made by the police, showing sheriff's deputies using pepper spray to break up the demonstration. The tapes will be used as part of a civil rights suit that nine of the eco-terrorists filed in Federal court against the Sheriff's Department on Oct. 30. The lawsuit seeks damages for pain and suffering, punitive damages, and a court order stopping Humboldt County sheriffs and Eureka police from using pepper spray on these supposedly "peaceful, non-violent protesters."

Humboldt County Sheriff Dennis Lewis continues to defend his deputies, saying that pepper spray was the safest way to disperse the protesters. "What we're trying to do is deal

with the situation with a minimum of force and a minimum of hazard," Lewis told reporters. Eureka Police Chief Arnie Millsap backs Sheriff Lewis. "That's not torture," he pointed out to the press. "This is an outrageous accusation brought about by people who have absolutely no respect for the rights of others at all."

Riggs took the unusual step of addressing the House of Representatives on Oct. 31, to defend the actions of Humboldt officers and denounce the media for making "victims and martyrs" of demonstrators whom he described as "masked and screaming intruders" (see *Documentation*).

The question remains, why are the FBI and the news media not investigating and exposing the of eco-terrorism that is sweeping the country? With some arson attacks, including the torching of entire lumber mills, costing in excess of \$50 million in damages, and congressmen and senators, and their representatives, being personally assaulted, one would expect some action.

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## **Documentation**

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### **Riggs to the media: Get the story right**

*The following statement was made by Rep. Frank Riggs (R-Calif.) in the House of Representatives on Oct. 31.*

Madame Speaker, it is rather unusual circumstances that bring me to the floor to address my colleagues during special orders, but I really feel compelled to make this statement, because of some very, I think, one-sided, misleading reports that have appeared in the media recently, regarding a protest that occurred at my district office in Eureka, California, on Oct. 16.

On that day, over 60 protesters stormed my office. They trespassed my office. They threatened, they actually accosted and assaulted my two employees working in the office at the time, both female employees, wonderful, dedicated employees, by the names of Julie Rogers and Ronnie Pelligrini, who felt genuinely threatened and frightened for their safety when this incident began.

These protesters, however—four of whom were subsequently arrested—have now gone to the media, along with their criminal defense attorneys, claiming that they were the victims of improper police conduct or inappropriate use of force by law enforcement. So, I want to explain exactly what transpired in my office.

First of all, as I mentioned, the group was led by an individual wearing a ski mask and carrying a walkie-talkie. So,

imagine for a moment, if your workplace, your business, your office, was invaded by somebody wearing a ski mask, and a group of protesters.

As they came in the office, as I mentioned, they jostled my employees, who obviously had no idea what was transpiring at the time, and who were attempting to call for help. They then trashed and vandalized my office, throwing bark and sawdust six inches deep on all of the equipment and throughout the office on the floor, and they unloaded and wheeled into my office a gigantic tree stump, as part of this protest. When they off-loaded the tree stump in the parking lot, they did it with such a thud that my employees initially thought that some sort of a bomb had gone off outside.

Bear in mind, this was all part of an orchestrated protest, part of a series or ongoing series of protests that have become, unfortunately, a fact of life on California's north coast, but involve the harassment of private law-abiding citizens, intimidation, trespassing, vandalism of personal and commercial property, and resisting arrest.

After all this took place—and this was to protest my role in helping to secure congressional authorization and funding for the protection of living wage jobs in the forest product industry, and 7,500 acres of old growth forestland in my district, in the context of the annual spending bill for the Department of the Interior, they were protesting my role in that, because they wanted to preserve, they want to preserve, 60,000 acres of forestland, all of it privately owned in our district, and they would like to add that to the vast tracts of forestland that already is in the public domain, under public ownership.

But, as this protest continued, four individuals, one of them a minor, all female, chained themselves to this gigantic tree stump in my office. When the local law enforcement agencies arrived, they refused repeated commands, lawful orders from sworn peace officers, to separate themselves.

It turns out they had stuck their arms in metal sleeves, chained themselves to this tree stump, and law enforcement officers explained to these four protesters that not only were they under arrest, not only were they resisting arrest, but that law enforcement was afraid to cut through these metal sleeves for fear that the sparks might set off a fire in the office, which, as I mentioned, had been littered at that point with sawdust and wood chips everywhere.

So, after they gave repeated orders to these protesters to separate, to unchain themselves, and to submit to the custody of law enforcement because they were under arrest, after they repeatedly refused these lawful orders, the police officers involved, who have a very difficult, dangerous, and dirty job to do, then warned that they might use chemical agents to compel them to surrender to arrest. I am a former law enforcement officer myself. That is opposed to some other manner of peaceful restraint. They thought that was the proper arrest technique to use in this situation.

Even then, after being warned repeatedly, they refused to comply with the orders, so the law enforcement officers at that point applied a little pepper spray in the face area of these protesters, who still refused to comply with the orders of the law enforcement officers, who then, finally, as a last resort, used a chemical agent called pepper spray to force them to submit to arrest.

Now, these protesters are out there with their criminal defense attorneys, saying, and I quote one of the attorneys, "The abuse of this extremely dangerous and incredibly painful chemical weapon to force obedience of peaceful protesters is not related to any legitimate law enforcement objective."

I want to conclude by saying that these were not peaceful protesters, these were reckless, wanton lawbreakers. My message to the media is: Get it right, and tell the rest of the story.

## An open to letter FBI Director Freeh

*This letter was sent by investigator Barry Clausen to FBI Director Louis J. Freeh on Oct. 28, 1997. Copies were sent to numerous U.S. senators and congressmen, interested organizations, and individuals. Mr. Clausen's "Report on Terrorism" is available from North American Research, P.O. Box 65296, Port Ludlow, WA 98365; (360) 437-0453.*

Re: Terrorism and violence by radical extremists

Dear Mr. Freeh:

For over seven years my company, North American Research, has been involved in monitoring the actions of certain radical extremists and their organizations. Myself and others have compiled a list of terrorist acts, including those advocating terrorism. That list is now about 1,200 acts in a ten-year period. During the last few years of the Clinton administration it has rapidly expanded, with nothing being done. In some cases, extremists are openly breaking the laws of our country and they have been ignored by the current administration, your agency and some U.S. Forest Service law enforcement agents. . . .

Many, if not most, state, county and city law enforcement agencies are unhappy with the actions of the FBI. There are also federal agents that have expressed frustration. All involved agree more needs to be done. Some of these agencies have expressed not only frustration but anger towards and FBI and yourself for lack of direction and action on this issue. I have supplied information and been interviewed by your agents for hours, only to find the information supplied was not shared with other investigators; those that actually want

to see arrests.

Two examples of information I had prior to terrorist attacks: On Oct. 18, 1996 I informed three FBI offices about the possibility of a terrorist attack on Oct. 29. There was no response until the Oct. 29th arson fire at the Detroit Ranger Station and the October 30th \$5-7 million arson fire at the Oakridge Ranger station both on the Willamette National Forest in Oregon.

On Feb. 2, 1997 I notified the Rancho, a meat packing plant in Petaluma, California that they were about to become an arson victim. I also notified the local police and gave them my source of information. On February 19 there was an arson fire. I purposely did not give the information to your agency as I knew your agents would not respond. In March, the Bureau contacted me for the second time, wanting to know how I had prior knowledge of the arson. Labeling my information "suspicious" yet your agency refused to act on other information that could have resulted in arrests.

Currently we are seeing violence directed towards public officials. On Oct. 16, 1997 sixty (60) members of Earth First attacked the Eureka, California office of Congressman Riggs. There was a loud boom in the lobby of the office. The boom was loud enough to shake the building and rattle windows. The first impression of one office staff member was "that a bomb had gone off and we were going to experience Oklahoma City all over again. . . ."

The loud boom was a very large, heavy tree stump that had been carried into the office and dropped. Riggs' office was left in a mess with six inches of sawdust and wood chips covering the desk and carpets. There were four arrests after police used pepper spray to subdue the protesters. One protester was 16 years of age.

Wording in a recruitment ad designed for high school and college students by the group involved with the Riggs office incident states: "suggestions" to students is to "get arrested" and "MORE ARRESTS SPELL SUCCESS!!!" The recruitment ad goes on to say: "Protest the injustice being perpetrated against Theodore Kaczynski [Unabomber suspect] by right wingers" and "Pacific Lumber logging equipment is very expensive and has fragile hydraulic lines easily cut. Every truck decommissioned may save the lives of hundreds of trees (can you hear them scream?)." The ad ends "For more information contact: NorthCoast Earth First P.O. Box 4319 Arcata, CA 95518 Call: (707) 923 DEMO."

On March 23, 1997 during a public hearing in Gardner, Montana on the bison management plan, Delyla Wilson of Earth First's Bison Action Group from Bozeman, Montana threw a 5 gallon bucket of bison entrails on Montana Senator Conrad Burns, U.S. Secretary of Agriculture Dan Glickman and Montana Governor Mark Racicot. The Montana State Court in Livingston convicted Wilson on August 26th of misdemeanor assault and disorderly conduct. Wilson was sentenced to 190 days in jail and \$1,090 in fines. The sentence

was stayed pending appeal. On Oct. 8, 1997 Wilson was convicted in Federal Court in Billings, Montana of two counts of congressional assault. Wilson could be sentenced to two years in prison and a fine of \$200,000. U.S. Magistrate Richard Anderson scheduled sentencing for Jan. 7, 1998.

I am in possession of an FBI verified, unpublished letter from the Unabomber, dated June 29, 1995. A letter that your agency has kept concealed from the American public. I can only speculate that it will be used as evidence in Unabomber suspect Theodore Kaczynski's trial. Following the ideologies from published rhetoric by Earth First, the Unabomber killed Gil Murray of the California Forestry Association. One paragraph of the letter states:

"Contrary to what the FBI has suggested, our bombing at the California Forestry Association was in no way inspired by the Oklahoma City bombing. We strongly deplore the kind of indiscriminate slaughter that occur-

## Selected EIR reports on international terrorism

*The following is a partial index of feature articles and special reports on terrorism, going back 20 years. All are from EIR, unless otherwise indicated.*

1977, "Environmentalism Move to Terrorism," *Investigative Leads*. A report on the anti-nuclear mobilization around the Seabrook nuclear power plant in New Hampshire.

Aug. 16, 1977, "Brandt Directs Rocky's Terror Against Europe."

Dec. 6, 1977, Lyndon H. LaRouche, Jr., "Fascist Wave of 'New Left' Terrorism Under Way."

May 15-21, 1979, "What the CFR and the Environmentalist Mob Have in Common."

Jan. 20, 1981, "Italian Terrorism: A Political Weapon."

Feb. 10, 1981, "Legitimizing Terror: Who Wins, Who Loses." On Colombian officials' negotiations with the M-19.

March 3, 1981, "Why Haig Is Lying About Terrorism." Focus on the Soviet role in promoting terrorism.

April 14, 1981, "The Profile of a Conspiracy." On the attempted assassination of President Ronald Reagan by John W. Hinckley, Jr.

April 20, 1981, "The Fascist International Coup and

red in the Oklahoma City event. We have no regret about the fact that our bomb blew up the 'wrong' man, Gilbert Murray, instead of William N. Dennison to whom it was addressed. Though Murray did not have Dennison's inflammatory style he was pursuing the same goals, and he was probably pursuing them more effectively because of the very fact that he was not inflammatory."

On February 11, 1990 during an investigation as licensed Montana private investigator, I was charged with crimes by Nels Swandal, the former Park County, Montana Prosecuting Attorney. Charges were eventually dropped, I then sued. Based on court documents from the incident I firmly believe this action was maliciously contrived by Alcohol Tobacco & Firearms agents in an effort to keep me quiet about the information I have pertaining to inappropriate, possible illegal actions of the FBI in another case. As part of a court

settlement Swandal sent my attorney a letter exonerating me of all charges. That letter is framed and hanging in my office as a constant reminder to me that by fighting to expose the truth, one person can make a difference.

There is a way to deal with this issue, however, we do not see the Clinton administration, Attorney General Janet Reno, the U.S. Forest Service law enforcement or your agency doing anything to stop ecoterrorism, the violence or to in any way protect the American people from this type of terrorism.

I believe that Senate or Congressional hearings is one way to expose the truth. We will see more violence and most involved with this issue believe it is only a matter of time until we see more deaths. I believe we can greatly lower the possibility of action is taken now. Will you support this effort?

Please help before we see additional violence and possibly more deaths.

Sincerely,  
Barry R. Clausen

Terror Network." Including the strange case of François Genoud.

May 12, 1981, "Assassinations, Terrorism, and the Socialist International."

Dec. 15, 1981, "Green Fascism Is on the Rise Again in Germany."

Dec. 21, 1982, "Italy Busts East-West Command Center for Guns, Drugs, and Terror."

April 5, 1983, "West Germany's Green Party: Brown-shirts Seated in Parliament." The Nazi roots of the Green party, and Adolf Hitler's "ecologist" outlook.

August 1983, "The Hot Autumn '83: History, Command Structure and Controllers of Anti-Nation-State Forces in Europe," a *Special Report* published by *EIR*'s bureau in Wiesbaden, West Germany.

Sept. 20, 1983, "Hot Autumn '83: Separatism, Pacifism, and Terrorism." Includes a dossier on the separatists' leaders, funders, and the "peace movement" connection.

March 6, 1984, "Nazi-Soviet Terrorism Strikes Ibero-America." The case of Peru's Shining Path.

September 1984, *Narco-Terrorism in Ibero-America*, an *EIR* Special Report.

Oct. 1, 1984, "Peru's 'Shining Path' Exposed: How to Fight Narco-Terrorism."

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## 'Fast track' defeat signals backlash against free trade

by Suzanne Rose

The lunatic policy of "free trade," i.e., the failure to protect the productive economy from speculators, suffered a major reversal the week of Nov. 10, when Congress failed to pass fast-track legislation. The bill requested by the administration, was pulled from the floor of the House on Nov. 9, when it became clear the votes did not exist for passage. The fast track would have given the President authority to negotiate trade deals which could only be voted up or down, and not amended, by Congress. The ongoing collapse of the world's financial markets spooked congressmen, particularly Democrats, who otherwise were under heavy pressure from organized labor to defeat the bill because of job and income losses suffered as a result of previous free-trade agreements.

Every President since Carter has been granted fast-track authority; so, it's clear times are changing. A harbinger of what was to come occurred earlier in the week, when the House failed to authorize the Caribbean Basin Initiative, granting countries in the Caribbean and Central America parity under the North American Free Trade Agreement (NAFTA).

The fast track was seen as needed by its proponents in the business and financial community, to achieve a near-term expansion of NAFTA to other nations in South America, beyond Mexico. It was believed necessary, in some quarters of the financial community, to achieve further gains in negotiations to "open up" the financial sectors of countries in Asia, under the auspices of the Asia-Pacific Economic Cooperation group, scheduled to meet in Vancouver, Canada, on Nov. 27, and in ongoing negotiations to liberalize trade under the World Trade Organization. The financial community, in particular, has been insisting on the fast track to continue the deregulation of Asian economies—more of the same medicine that has led to the chaos and collapse in the markets.

Although fast track was an apparent defeat for the Clinton administration, which had pulled out all the stops over the past

few weeks to achieve its passage, sending cabinet officials up to Capitol Hill to lobby before the expected vote, its defeat, rather, was a blessing in disguise. In a radio interview with "EIR Talks" on Nov. 12, Lyndon LaRouche commented, "I breathe a sigh of relief that that atrocity didn't happen. Of course, the problem for the President was, that this was one of the things he'd made a commitment on. And, sometimes the way you help a President get out of a bad commitment, is like helping a man who got stuck in the mud. Don't get down to the mud and try to help him; stand on the side of solid ground, and get a rope, and pull him out—and that was done."

The help was largely provided by AFL-CIO President John Sweeney and the forces allied with him in Congress, including House Minority Leader Richard Gephardt (D-Mo.) and Minority Whip David Bonior (D-Mich.), who went on a major organizing drive to defeat fast track. The AFL-CIO and its member unions, rejuvenated by the successful UPS strike, carried out a campaign to educate the public on NAFTA's detrimental effects, including rallies, mailings, television and radio ads, lobbying, and phone banks in Congressional districts.

### Massive job losses

The opposition to fast track in Congress, expressed in limited public debate, reflected the growing pressure from labor because of job losses following from the 1992 agreement. Think-tanks such as the Economic Policy Institute estimated net job losses at close to 400,000, as companies have been given the green light to move their operations out of the United States to exploit low wages in Mexico. A major theme in the debate was the failure of NAFTA, which had been passed with promises that side agreements would lessen the impact of expected job losses, and that the agreement would create new jobs through expanded exports to Mexico. Rep. Frank Pallone (D-N.J.) said that only a small portion, 144,000,

of the approximately 400,000 workers who have lost their jobs, have been certified for retraining assistance promised under a side agreement, the Transitional Adjustment Assistance Program, negotiated under NAFTA to protect workers' rights. Even those certified to receive assistance, according to Pallone, are not getting it, because of provisions that they must prove they were directly affected. In the case of Mexico, the trade deficit has increased, as Mexico suffered a 40% peso devaluation in 1995, because of the effects of free trade on its economy.

The unspoken fear, which came through in the remarks of congressmen on the House floor, was the looming danger of even greater job losses, resulting from the currency and stock market chaos around the globe. It was reported that one district in New Jersey has lost 15,000 jobs since the passage of NAFTA. Rep. William Lipinski (D-Ill.) told his colleagues, as reported in the *Congressional Record*, "It will continue the downward slide of the standard of living of all American working people."

Gephardt and other Democrats held press conferences attacking the effects of NAFTA. They denounced the increase in food-borne diseases, which can be directly attributed to the relaxation of food and border inspections under NAFTA, as well as the increased flow of drugs into the United States, in trucks which are no longer subject to border inspections, because of a drastically curtailed inspection schedule. According to reports, less than 1% of trucks crossing the border are thoroughly inspected. Fast track opponents also put the spotlight on the inhuman conditions of the *maquiladoras* (foreign company sweatshops) on the U.S.-Mexican border, many of which have grown worse since the passage of NAFTA.

For example, the minimum wage has declined from \$1 to 70¢ per hour in many plants. At a Washington, D.C. press conference on Oct. 6, Bonior and Gephardt described the alarming growth of hepatitis among children in the border towns of the *maquiladoras*. "We were in a town south of Juárez, south of El Paso, called San Alcidro," Bonior said. "Ninety percent of the people there have hepatitis; 70% of the kids in Juárez have hepatitis. And living in these shacks, as I described earlier, playing, their kids, in these cesspools with raw sewage, it is unbelievable."

In the end, the Republican-crafted fast track bill, which did not include even nominal safeguards against job and wage losses, was opposed by the overwhelming majority of the Democratic caucus, including 16 Democrats who had voted for NAFTA in 1992. They cited the growing trade deficit with Mexico and the failure to enforce the side agreements, which had been designed to overcome the objections to NAFTA.

Although fast track had been expected to pass in the Senate, Democrats, led by Byron Dorgan (N.D.), Paul Sarbanes (Md.), Ernest Hollings (S.C.), Robert Byrd (D-W.V.), Dianne Feinstein (Calif.), and Jack Reed (R.I.), made compelling arguments against it. Congress is abrogating its constitutional authority over currency, trade, and commerce, they said, by giving a President the authority to negotiate trade agreements

which must be voted up or down without amendment by Congress. Hollings, Reed, and Byrd cited the *Report on Manufactures*, a founding document of the American System of economics, by Alexander Hamilton, the first treasury secretary of the United States, which motivates the essential role of government in protecting manufactures.

Hollings repeatedly referred to the post-industrial transformation of the United States into a "consumer"-oriented economy. He attacked the idea of British free trade economist Adam Smith, that the "consumer comes first," which was promoted in an op-ed by *Washington Post* columnist James Glassman on Oct. 28. "That is historically inaccurate," Hollings said. "If we had done that, we would still be a colony. He doesn't know what he's talking about. They didn't land here from the *Mayflower* looking for consumption and a cheap T-shirt. They came here to build a nation. You don't build it without a strong manufacturing capacity." Hollings noted that the "Report of the Presidential Commission on U.S./Pacific Trade and Investment Policy" had documented that, during 1979-94, twice as many high-paying jobs in the U.S. economy were lost to imports as were gained from exports. He said the NAFTA agreement has driven wages down in Mexico, and left workers unemployed in his own state, who have no prospect for retraining or reemployment.

Feinstein and others referenced the currency instabilities in Asia, which, she said, could lead to financial troubles which would cause countries to increase their exports and erect import barriers regardless of trade agreements.

## Revive the American System of economics

The American System policy of protection for producers is exactly what is needed, rather than "competitive devaluations," leading to export wars, as some in the financial community hysterically project. LaRouche said, "I think what we can say, is that this rejection, this political rejection of the fast track—which is a very strong rejection—symptomizes a growing readiness around the world, at least in many countries, to begin slapping on strictly protectionist measures, get rid of globalization, get rid of the so-called international kind of thing, get rid of George Bush's New World Order, and go back to a protectionist system consistent with the American System, and using such precedents, useful precedents, as the arrangements we made in the postwar period for limited convertibility, until the economy goes back on a sound basis, where you could have, more or less, free convertibility."

The defeat of fast track is a resounding defeat for "The New Democrats," a faction in the party which includes Vice President Al Gore, which has often allied with conservative Republicans and bankers in demanding more financial deregulation, austerity, and budget cuts. The President accommodated to this faction when he failed to veto their welfare reform bill preceding the 1996 elections, which was a factor in the Democratic failure to regain control of the House. Hopefully, the fast track defeat will lead to the realignment of these Democrats with reality.

# GOP promotes proposals to lease, auction prison labor

by Edward Spannaus

Radical privatization proposals, which could result in the Federal government auctioning off the labor of federal prisoners to the highest bidder, are currently being promoted by some Congressional Republicans. The most extreme ideas are coming directly out of the feudalist Mont Pelerin Society, and are receiving a favorable hearing in the House Judiciary Committee's Subcommittee on Crime, chaired by Rep. Bill McCollum (R-Fla.).

During an Oct. 30 hearing of McCollum's subcommittee, there was high praise for existing programs under which state prisons are already farming out their labor force to private businesses, and producing goods for both domestic U.S. consumption, as well as for export abroad. Thirty-eight states now operate such programs, under the "Prison Industry Enhancement" (PIE) program. The hearing was organized around proposals for applying this same approach to Federal prisons—although the organizers of the hearing were compelled to include representatives of labor and manufacturers' groups which are not interested in these radical privatization proposals, but are striving to protect workers and businesses from being undercut by cheap prison labor programs.

## Abolish the rules

At the hearing, the sole academic witness was Prof. Morgan Reynolds, of Texas A&M University, and director of the Criminal Justice Center of the National Center for Policy Analysis (NCPA) in Dallas. The NCPA is part of the network of Mont Pelerin Society think-tanks in the United States, and Reynolds is himself a member of that secretive society, which was founded in Switzerland in 1947 by Otto von Hapsburg and Friedrich von Hayek, to carry on the tradition of pre-war fascist economics.

The theme of Reynolds's testimony was that "competition is good," and that artificial restraints on competition are bad; therefore, all laws and rules which impede the employment of prison labor by the private sector should be relaxed or repealed.

"To apply the principles of competition to the labor of federal prisoners implies allowing qualified businesses to bid for their services—an auction, if you will," Reynolds said. "Cheap, productive labor is the major attraction for a private

business to tolerate the many disadvantages of operating behind prison gates."

Reynolds is the author of various studies on crime and prisons published by the NCPA. One of these, "Factories Behind Bars," nostalgically reviews the history of "leasing" convicts to outside businesses, which was prevalent in the South during the period between the Civil War and the World War I. Reynolds presents a number of case studies, including Tennessee and Texas; he reports that in Texas, "black prisoners in first-class physical condition cost \$31 per month and first-class white prisoners cost \$29 per month."

This report, including the above passages and an explicit recommendation that laws should be changed to permit "convict leasing" once again, was circulated by the Judiciary Committee staff at the hearing.

A 1994 Reynolds-authored NCPA report, entitled "Using the Private Sector to Deter Crime," calls for abolishing the "government monopoly" on the criminal justice system altogether, by privatizing law enforcement, prosecutions, prisons and jails, and probation and parole. One of Reynolds's recommendations is to expand the use of bounty hunters to track down persons who are wanted on bench warrants. He also suggests the payment of bounties for criminal convictions.

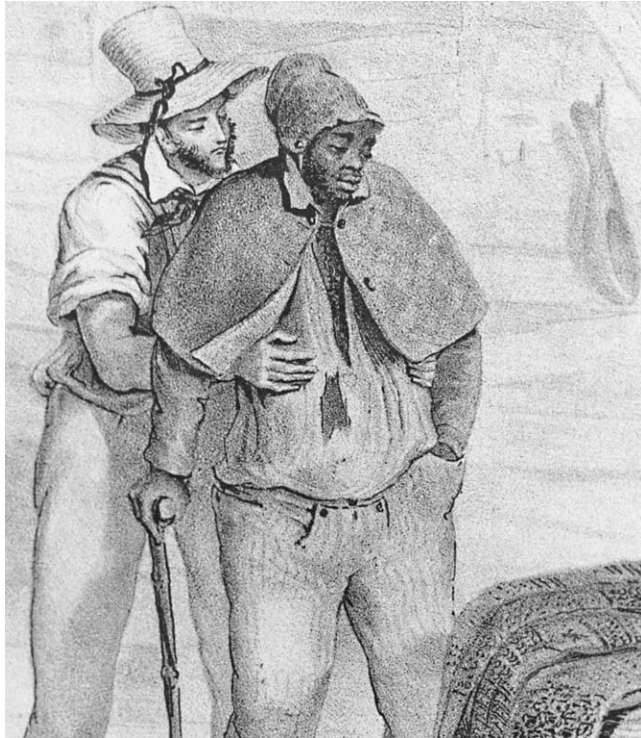
Reynolds had to be kept on somewhat of a leash at the hearing, because the hearing was supposed to be on the subject of proposed changes in the laws governing Federal Prison Industries. One of the specific proposals discussed, was to turn Federal Prison Industries (FPI, also known as Unicor) into an agency that simply contracts out prison labor to the private sector.

The spokesman for Unicor said that his agency would be receptive to the idea that Unicor would become what he called a "virtual corporation"—an agency that would simply hire out workers to the private sector, rather than carrying out its own manufacturing programs.

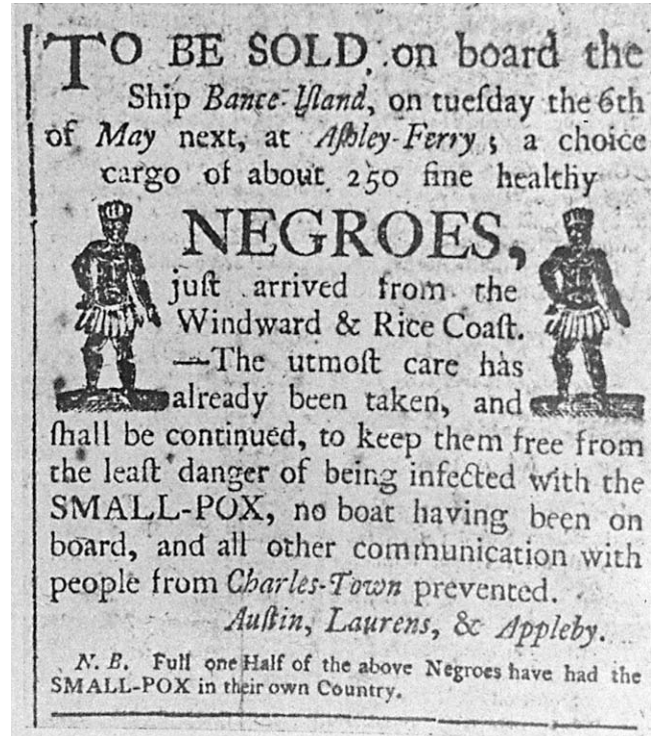
## Labor opposition

The labor and industry spokesmen, who testified on a second panel at the hearing, were definitely not promoting these radical privatization proposals.





Slaves at auction in the antebellum South. In today's privatized prison system, a black prisoner in Texas, in top physical condition, goes for \$31 per month, while white prisoners cost \$29.



“Prisoners should never be used in competition with free labor, or to replace free labor,” said Anne Hoffman, legislative director of the Union of Needletrades, Industrial and Textile Employees (UNITE), during her testimony. Hoffman also said that the union’s experience with the PIE private-sector programs in state prisons “has not been encouraging.” Under that program, prison inmates working for private industry are supposed to be paid the minimum or prevailing wage in the particular industrial sector. But, UNITE’s experience is that the minimum wage is not paid, much less the prevailing wage. “And workers on the outside are displaced by workers on the inside,” she added.

Hoffman gave a number of examples of situations in which workers lost their jobs when their employers began using prison labor. In one case, a hog-slaughtering plant in Arizona was shut down, throwing 400 members of the United Food and Commercial Workers union out of work. Then the plant was leased to the Arizona Department of Corrections and partially reopened with 60 prison workers, as a joint venture with private pork producers.

The “most audacious and disturbing prison-based program,” Hoffman said, is the “Prison Blues” manufacturing program for blue jeans, t-shirts, and so on, in Oregon. She said that UNITE has been getting calls from trade unionists in Europe, who are “incredulous that commercial use of prison labor is legal in the U.S., and that the products are being exported and sold worldwide.”

Also testifying at the hearing were representatives of furniture and apparel manufacturers, who complain that private-sector manufacturers cannot compete with the wages of 25¢ to \$1.25 an hour being paid to prison laborers. Their primary concern is to end the “mandatory preference,” under which government agencies are required to purchase furniture and other goods made by Unicor’s prison labor, thus freezing their businesses out of that market. A large number of members of the furniture and apparel trade associations attended the hearing to protest what they call the Unicor “monopoly.”

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## Documentation

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*The following are excerpts from the testimony of Ann F. Hoffman, Legislative Director, UNITE, Union of Needletrades, Industrial and Textile Employees.*

UNITE shares the view of the AFL-CIO that training opportunities should be provided for prisoners to help in their rehabilitation and to reduce recidivism, but prisoners should never be used in competition with free labor or to replace free labor. We find, unfortunately, that prison labor is being used increasingly in both the states and by the federal government to

perform work in both the private and public sectors ordinarily done by those who are not incarcerated. This is unacceptable.

We have considered the suggestions for expansion that have been propounded by Federal Prison Industries in the recent past, and have serious reservations about them.

One idea is to permit prison-made products or inmate-furnished services to be sold in interstate commerce, such as state prison products are currently made and sold in cooperation with private sector firms under the Prison Industries Enhancement, or PIE program. The experience with that program has not been encouraging.

The PIE program permits private sector businesses to engage in prison-based industries in many ways, including financing, marketing, planning and other participation. In return, the statute has certain requirements designed to protect non-prison labor. The requirements are payment of prevailing wages to inmates; consultation "with local union central bodies or similar labor union organizations . . . prior to the initiation of any project"; and assurance that inmate employment does not displace employed workers, impair existing contracts for services or occur in areas where there is a surplus of available labor.

The experience of UNITE and other unions is that consultation virtually never occurs. Minimum wage is not paid, let alone prevailing wages. And workers on the outside are displaced by workers on the inside. . . .

In short, the PIE program is not being operated in accordance with the law that established it. It is fostering head-to-head competition between prisoners and non-incarcerated workers, with the deck stacked against those on the outside. That is a good reason enough not to expand the PIE program to the federal prison system.

. . . The proposals that have been put forward for expansion of Federal Prison Industries all involve threats to the jobs and livelihoods of currently employed individuals who are not incarcerated. . . .

*Excerpts from testimony of Morgan O. Reynolds, Professor of Economics, Texas A&M University; Director, Criminal Justice Center, National Center for Policy Analysis.*

I assume that the question is, How can we use federal prison labor as normally and productively as possible, consistent with prison security considerations? First, we must repeal or relax the federal and state laws which impede the employment of prison labor and commerce in prison-made products. With that accomplished, access to productive work on a large scale would mean private enterprise supplying as many as six out of seven jobs, similar to the employment pattern in the U.S. economy.

Competition is a good thing, not bad. . . . Monopoly privilege, achieved through artificial restraints on competitors, is bad in terms of both fairness and efficiency. . . .

To apply the principles of competition to the labor of federal prisoners implies allowing qualified businesses to bid for their services—an auction, if you will. An open and just process, of course, implies freedom from corruption (collusion and fraud) on the part of both business executives and prison officials.

A vital factor in a successful bid to operate as a joint venture partner behind bars should be wage policies, which ought to be as high, flexible and market-determined as politically feasible. . . . Wages should be paid wholly to inmates, who, in turn, should be required to pay reasonable amounts for room and board, taxes, restitution, court costs, fines, family support and compulsory personal saving, usually to the tune of 80% of gross wages.

Cheap, productive labor is the major attraction for a private business to tolerate the many disadvantages of operating behind prison gates. But "cheap" must be understood in context. If convict labor is cheaper than civilian labor, it's because entrepreneurs bidding for the labor expect it to be less productive. Sustained overpayment for resources always spells doom for private enterprise. If government artificially overprices (and overregulates) prison labor, it can easily kill private employment and production in prison. . . .

Inmates should compete for employment opportunities and industry should compete for their labor. . . .

If bureaucrats can do it, they are best advised to move to the private marketplace and grab a golden ring or two. For details, please see my National Center for Policy Analysis Report No. 206 titled "Prisoners Behind Bars," published in September 1996, attached to my testimony today. . . .

*Excerpts from "Prisoners Behind Bars."*

If one in four prisoners could be put to work for private enterprise over the next five to 10 years, during which time the [federal and state] prison population is projected to increase to 1.6 million, that would mean 400,000 new prison jobs. Allocating 60% of their earnings to taxpayer compensation could reduce taxpayer costs by \$2.4 billion per year, or somewhat less than 10% of the total cost of prison support. . . .

One of the difficulties of creating jobs for prisoners is that many of them are illiterate or semiliterate, or have low IQs, but champions of inmate labor are confident such jobs could be created. The federal system has the best prospects for high rates of payback because many of the prisoners are there for crimes typically committed by more intelligent criminals like counterfeiting, kidnapping, and drug smuggling.

Among the steps that must be taken to make prisons hum with productive activity are:

- Repeal the various state and federal laws that restrict trade in prison-made goods.
- Repeal the laws that compel government agencies to buy prison-made goods in favor of competitive bidding for government purchases.

- Create prison-enterprise marketing offices in prisons and jail systems.
- Allow private prison operators to profit from the gainful employment of convict labor.

### **Origins of convict labor**

The idea of work by prisoners is hardly new. In 1787 the founding father of criminology in the English-speaking world, Jeremy Bentham (1748-1832), urged replacement of the jails of his day by what he terms “mills for grinding rogues honest and idle men industrious.”

### **Contracting with private businesses**

Under the contract system, prison officials advertised for bids from private employers to hire the labor services of convicts within the walls of the prison, while prison officials maintained control over security and sustenance. . . . The contractor sold the finished products in the open market, and the state received a fixed fee per prisoner per day. . . .

### **Prisoner leasing**

After the Civil War, convict leases became another way in which prisoners were put to work. Under convict leases, private employers essentially assumed control over nearly all aspects of prison life, including security and living conditions. Prisoner leases usually involved work camps on farms, construction sites (including railroads), and mines outside prison walls. Leases to private employers usually yielded the highest revenues to the state.

The system of leasing prisoners to private businesses for work outside prison walls was first tried in Kentucky in 1825, and during Reconstruction the practice became widespread in Southern and border states whose economies had been devastated. Leasing proved economically successful but politically difficult.

. . . Between the end of the Civil War and the outbreak of World War I, Texas also routinely hired out prison inmates to private individuals and corporations. . . . Railroad contracts were more lucrative for the state than farm labor, but the latter was more common, especially in sugar farming, and yielded net revenue to the state of \$3.4 million over the period. Black prisoners predominated on sugarcane farms, and labor prices charged to companies were only slightly less than the wages of similar free labor. From 1880 to 1912, black prisoners in first-class physical condition cost \$31 per month and first-class white prisoners cost \$29 per month.

### **Policy options**

Repeal of federal restrictions on prison labor would allow the states to design their own lease and contract systems. Conditions and criteria would differ among the states. States could lease labor to industries both inside and outside prisons and retain final control, inspection and auditing responsibilities. Allowing state authorities maximum latitude in negotiating prison lease deals would benefit taxpayers, prisoners, and crime victims and would improve public safety over the long run.

# Oregon votes a Nazi ‘solution’: euthanasia

by Linda Everett

On Nov. 4, the voters of Oregon gave themselves the ignominious distinction of voting twice for the same Hitlerian euthanasia policy that the United States condemned as crimes against humanity at the 1945 Military Tribunal at Nuremberg. Oregonians voted to retain their 1994 Death with Dignity Act, which gave physicians the legal right to provide sick patients with prescriptions for lethal drugs with which to kill themselves. The vote condemns the lives of tens of thousands of sick, elderly, and disabled, as well as polluting the purpose of medicine for millions of doctors, nurses, and health care workers in the state and beyond, with its focus on finding the most efficacious ways to kill a patient.

The Oregon law is the predictable result of the U.S. Supreme Court’s June 26 assisted-suicide ruling, in which the court accurately cites the incalculable risks that the nation faces by making assisted-suicide a legal right—and then, throws the issue to the “laboratory of the states,” to resolve it how ever they may. The monstrosities unleashed by the Oregon vote are now at work in dozens of other states—and, more insidiously, in Federal and state programs, like Medicare and Medicaid.

### **Background of the case**

In November 1994, Oregonians narrowly passed Ballot Measure 16, the Oregon Death with Dignity Act, the first law in the history of the United States that amends a state constitution to make euthanasia, or, in today’s parlance, “physician-assisted suicide,” legal, by permitting doctors to prescribe lethal doses of medications for terminally ill patients to allow them to commit suicide. The law was written by nurse and attorney Barbara Coombs Lee, who, at the time, worked with a major managed-care company that specialized in “early warning systems” for hospital cost projections. She called for Medicaid coverage of suicide aid, saying that it met a need without further burdening a medical system that already labors under huge costs. “The writing of a prescription,” she said, “is not expensive.” In fact, what could be cheaper?

Once passed, however, Measure 16 never went into effect, because a group of patients and doctors challenged it as un-

constitutional, and said that it denied sick or disabled patients equal protection under the law (although the state would intervene to protect healthy 25-year-olds from killing themselves, it would *not*, under Measure 16, stop a “terminally ill” suicidal patient from committing suicide). U.S. District Court Judge Michael Hogan agreed, and ruled that under Measure 16, terminally ill patients faced an imminent and irreparable loss of their constitutional rights, including their right to life. He ordered a permanent injunction against it.

The state of Oregon sought to dismiss the suit in 1995, arguing that “[T]he Constitution does not require a state to protect individuals from possible—or even likely—injury or death by another, let alone harm to an individual who knowingly and willingly chooses death.” The Oregon Right to Die Committee, which sponsored Measure 16, also appealed. The Ninth Circuit Court dismissed the case in February 1997, ruling that the patients who brought the suit, were not in imminent personal danger from it, thus, they lacked legal standing to challenge it. But, who, if not the terminally ill, would have standing? On Oct. 14, 1997, the U.S. Supreme Court refused to hear the case (*Lee v. Harclerod*), and let stand, without comment, the Ninth Circuit’s decision. But, since the Supreme Court did not address the merits of the case against Measure 16, another legal challenge is possible, even as Judge Hogan’s injunction is lifted.

On the legislative track, Oregon lawmakers initiated hearings in January, to address basic problems never raised in the initiative process (for example, are emergency room doctors to be held liable for saving a “suicide” patient?). The Oregon Medical Association set the tone for the coming travesty, reversing its “neutral” stance on Measure 16, to oppose the law as “a seriously flawed mechanism for allowing patients . . . autonomy.” But, a representative told *EIR*, “we’re *not* saying there is no place for physician-assisted suicide.”

The law allows no enforcement procedures for the State Health Division to ensure doctors’ compliance; it allows no public access to records of suicides. Even the office of Oregon’s Attorney General admits that they have no idea whether doctors are writing suicide prescriptions now, or whether patients are being coerced into using them—nor would they have any way of knowing, under this law.

Some of the law’s other problems:

- It defines a “capable” patient as one able to make and communicate health-care decisions—which most depressed people can do. Ninety-five percent of people (with or without a terminal disease) who contemplate suicide, suffer from emotional or mental illness. Most doctors admit that they don’t recognize depression, dementia, or delirium, which do impair judgment; but, the law does not require that they consult mental health specialists, who, at any rate, often agree with Hitler’s doctors, that euthanasia is best for the mentally ill.
- Fifty percent of Oregon’s doctors admit that they can’t

predict whether patients will die in six months, and the law defines “terminally ill” so broadly, that half the nation qualifies for suicide help. Any patient with any one of hundreds of conditions (such as diabetes), who could live a long life with treatment (insulin shots, dialysis), becomes “terminal” if he refuses treatment (due to depression), is unable to obtain it (closure of hospital or dialysis center, or lack of funds), or is denied it by an insurer, HMO, hospital ethics committee, or by political leaders. Ninety-three percent of Oregon doctors surveyed said patients would request suicide because they feared being a burden to others; 85% cited financial pressures on a patient (patients agree in both cases).

### **Cultural pessimism on both sides**

Oregon lawmakers voted in June to throw the issue back to the voters to decide, in a November ballot initiative (Measure 51), asking whether the law should be repealed. The ensuing campaign is memorable only for the level of cultural pessimism on both sides of the issue—and for the fact that the dirty fingers of billionaire speculator George Soros, who is bankrolling drug decriminalization initiatives nationally, including Oregon’s next year, were evident on both sides, through his “death culture” campaign.

The euthanasia camp pandered to state rights libertarians who want privatized killing, without government interference, and to Baby Boomers who want more “control” over death, with an “arranged death” and “suicide help.” Soros himself says his mother was a member of the Hemlock Society, who wanted his help to commit suicide; his father, he says, “unfortunately, wanted to live. . . . I was kind of disappointed in him.” Soros plunked down a quarter of a million dollars in Oregon, to establish a euthanasia beachhead there.

The “Yes on 51” committee includes a broad range of groups from the Oregon Right to Life, Oregon Association of Hospital and Health Systems, the Catholic Conference, and other religious groups, who all opposed the suicide law. The manager of the “Yes on 51” committee told KXYQ Radio that although she is *for* the concept of assisted-suicide, the law is so poorly written, that she opposes it. The “Yes on 51” opposition also focussed on Baby Boomer fears by exposing the “fatally flawed” suicide method of Measure 16. That is, the law is faulty, they say, because it requires patients to self-administer, by oral ingestion, large quantities of barbiturates, which can lead to miserable, lingering comas. In the Netherlands, Dutch doctors usually use lethal injections on their assisted-suicide patients who linger after taking legally prescribed barbiturate overdoses.

The “Yes on 51” crowd promoted hospices as the suicide alternative, saying that everyone has the right to refuse any and all life-sustaining treatments, including food and hydration. Their main campaign seminar featured Ira Byock, who heads a 15-year Montana hospice project to sell America on “how good dying can be.” The project is funded with nearly

\$1 million in grants from Soros's Project on Death in America and the free-market malthusian Robert Wood Johnson Foundation and its "Last Acts" project, among others. Byock told Oregonians that the hospice movement is promoting a new, better dying experience in hospitals (with hospice rooms).

The battle around the suicide law, now in effect, is not over. It is already reported that the Oregon Health Plan, which won't even cover basic items such as hearing aids for the state's poorest people, will pay for them to commit suicide. Measure 16's authors, Barbara Coombs Lee and Eli Stutsman, who designed the law to prohibit lethal injections (to quell the image of Nazi doctors), now say that a new interpretation of the law might let doctors give patients "suicide drugs" via existing intravenous lines and through lethal inhalants—like the portable poison gas chambers and lethal IVs employed by Jack "Dr. Death" Kevorkian (*Oregon Health Law Manual*, Vol. 2, 1997).

Days after the vote, several Republican state legislators proposed a special session to amend the law, and to debate its possible expansion to allow the use of lethal injections. Jack Kevorkian's accomplice, attorney Geoffrey Fieger, was in Portland calling for patients to have the right to "suicide help"

at any time (why wait until they are terminally ill?), with doctors and nurses giving the lethal injections.

The LaRouche movement alone has pointed out that the "solutions" promoted by both sides, embrace as positive, Hitler's notion that some lives are "not worth living." No matter how earnest the patient's plea for mercy, these "solutions," born of a culture of pessimism that cripples our vision of what medical science can do to relieve suffering, are wrong. They deny that we, as a nation, are capable of producing a better notion of mercy, than a mercy that kills. Under the culture of pessimism, a human life is deemed "too costly" or "not worthy" of society's support, if a person is hospitalized twice within six months for chronic illness. The patient will not die of his disease; he will be murdered by a barbaric social Darwinian economic policy.

Unless such economic policies, and euthanasia laws such as Oregon's, which they spawn, are reversed, we shall soon see the implementation of the Nazi arguments of the death "ethicists": If suicide is a "right" or is "morally correct" for those with a poor quality of life, then "all suicide prevention is wrong," and suicide may even be considered morally "obligatory."

## Soros funds campaign for assisted suicide

When speculator George Soros isn't sucking the lifeblood out of countries with currency speculation, he promotes his own personal solution for the sick and suffering millions among us, by pushing death. His Project on Death in America has distributed tens of millions of dollars to promote his "culture of death" in U.S. medicine, while his Open Society Institute funds the nation's most aggressive euthanasia stormtroopers, such as the following:

**Oregon Death with Dignity Legal Defense Fund:** (\$250,000) To defend Oregon's 1994 physician-assisted-suicide law against legal challenges and repeal in the Ballot Measure 51 campaign.

**Compassion in Dying:** (\$150,000) CID boasts that it "facilitates" scores of "rational suicides," many for "psychic pain." Its founder, Unitarian Universalist minister Ralph Mero, promotes his favorite "suicide" method: "There is nothing like applesauce and barbs [barbiturates]—it's calm, peaceful. You take the pills in the applesauce, have a sip of Chivas Regal. . . . Say your goodbye. Within minutes, you're gone. . . . It's something to see." CID spearheaded the Washington and New York "physi-

cian-assisted-suicide" cases which the U.S. Supreme Court decided in June. Mero founded Washington's Hemlock Society in 1988 and authored its defeated 1991 ballot initiative to legalize assisted suicide. Barbara Coombs Lee, the author of Oregon's Measure 16 suicide law, is now CID's executive director, overseeing several national campaigns to expand state euthanasia laws.

**The Death with Dignity Education Center:** (\$100,000) Founded in 1994 by Hemlock Society attorney Michael H. White, after Hemlock's "death on demand" California ballot initiatives failed in 1988 and 1992. Among its board members are:

Dr. Timothy Quill, who proposes "lethal treatment" as a legitimate care option for terminally ill patients or for those who refuse life-sustaining treatment when they find standard methods of care "unsatisfactory in the context of their own situation and values."

David Mayo, who says he is "totally sympathetic to voluntary active euthanasia," but wants doctors to distinguish between patients worth saving and those who say their lives are "not worth living."

Maggie Pabst Battin, who asks in her *Suicide: The Philosophical Issues*: "Can suicide be morally correct, or . . . even obligatory? Then we must look at our policies and practices with regard to heroism, self-sacrifice, self-senicide or killing oneself in old age, voluntary capital punishment, and even the fundamental distaste for life."

## IRS bill passes House, thwarted in Senate

The House passed the Internal Revenue Service reform bill on Nov. 5, by a vote of 426-4. Rob Portman (R-Ohio), a co-chair of the task force that wrote the bill, said that while it isn't complete reform of the tax system, "it is a first small baby step in the right direction." In fact, any "reform" which seriously tackled IRS abuses, would have to take up the outrageous actions by the government bureaucracy against Lyndon LaRouche. No committee has officially looked into the LaRouche case.

The bill establishes an oversight board with 11 members, eight of whom are to be appointed from private life, with authority to oversee and review strategic plans, operational functions, management, and the budget of the IRS. It also gives the IRS commissioner more authority to manage the agency, and shifts the burden of proof in tax cases from the taxpayer to the IRS.

However, attempts to bring the House-passed bill up for a vote in the Senate have been thwarted by Finance Committee Chairman William V. Roth (R-Del.), whose committee held three days of hearings that put the spotlight on IRS abuses. Roth explained on Nov. 6 that the House bill "is good legislation," but "it does not address all the problems that were uncovered in the hearings." The following day, he added that "IRS reform must be complete," because the last time the IRS was reformed, in the 1950s, "within only a few years, the agency was once again whacked by abuse and misuse of authority."

Bob Kerrey (D-Neb.), who co-chaired the IRS reform task force with Portman, said, "This piece of legislation has been examined from stem to stern by an awful lot of people who are now embracing and endorsing the

legislation and saying that on behalf of the American taxpayer, this piece of legislation, this change in the law for the IRS, will make the IRS more efficient and make the taxpayers themselves more competent." Kerrey complained that rather than moving the bill, Republicans were obsessed with carrying out a \$30 million survey on how taxpayers feel about the IRS, which has been proposed by House Speaker Newt Gingrich (R-Ga.).

## GOP school voucher schemes stall

A bill incorporating a Republican proposal to create a national school voucher program, was defeated in the House on Nov. 4 by a vote of 228-191. Even making the program "voluntary" was not enough to get it the votes needed for passage.

In an exercise in twisted logic, supporters of the bill argued that the program is necessary to improve public schools (which suffer from lack of funding), by having them compete for students through giving parents "school choice." Frank Riggs (R-Calif.) attacked opponents for showing "contempt for the fundamental right of parents to choose, who do not believe that we need improvement through competition and choice in our education system today."

Opponents of the bill accused Republicans of paying off a political debt, and argued that it would do nothing to improve public education. William Clay (D-Mo.) said it is an attack on civil rights, because "a private school . . . has no obligation to protect [students] from discrimination on the basis of race, sex, national origin, or age." Further, the bill "does nothing to address crumbling and overcrowded schools or to improve teacher perfor-

mance for the 50 million children now attending public schools." Marge Roukema (R-N.J.) said, "This program will not be for all low-income students," and if it were, "we would be creating a new entitlement," which she couldn't believe her Republican colleagues would do. However, a companion bill, to expand charter schools, a similar attack on education, passed by a vote of 367-57 on Nov. 7.

On the Senate side, the "Education Savings Act for Public and Private Schools," previously passed by the House, failed a second cloture vote the same day as the House debate on the vouchers bill. Majority Leader Trent Lott (R-Miss.), however, vowed that the GOP "will not let up on this." Paul Coverdell (R-Ga.), the chief Senate sponsor of the bill, predicted that by February or March, the Democrats "will find themselves marching to our tune."

If the lack of funding for public schools is not addressed, that danger does exist.

## Appropriations process finally nearing end

The end finally came into sight for the Fiscal Year 1998 appropriations process, in a flurry of activity just before Veterans Day. On Nov. 7, the House passed the conference report on the Labor, Health and Human Services, Education Appropriations bill by a vote of 352-65. The bill had been held up for weeks by issues that Labor-HHS Appropriations Subcommittee Chairman John Porter (R-Ill.) admitted had nothing to do with funding. Among these were the Clinton administration's pursuit of a national education testing program, which the Republicans vehemently opposed. Among things that were left in the bill

were prohibitions on Federal funding of a number of activities, including a new Teamsters election, a six-month needle-exchange program for heroin addicts, and restrictions on the funding and activities of the National Labor Relations Board. The Senate passed the bill on Nov. 8.

On Nov. 9, the Senate passed an omnibus bill to fund the District of Columbia Federal payment, Foreign Operations programs, and the Commerce, Justice, State and the Judiciary Appropriations. Many controversial riders were stripped from the District portion of the bill in order to secure its passage, including the school vouchers provision, which was passed as a separate bill. But, what remains at its core is support for the Financial Control Board's dictatorship over the D.C. government. Some \$8 million goes to "restructure the city's finances and impose some much-needed management reforms on the city and its various agencies," according to D.C. Appropriations Subcommittee Chairman Lauch Faircloth (R-N.C.).

Both Houses then passed another continuing resolution, which expires on Nov. 14, to fund government functions until the appropriations bills are completed.

## **Hatch blocks pro-civil rights Clinton nominee**

Senate Judiciary Committee Chairman Orrin Hatch (R-Utah) all but killed the nomination of California civil rights attorney Bill Lan Lee to head the Department of Justice's Civil Rights Division, when he announced on Nov. 3 that he could not support Lee's nomination. During a Judiciary Committee hearing on Nov. 6, Hatch said that while he thought Lee was a "good person, his record reflects that

he is also an activist lawyer who has demonstrated a distorted view of the Constitution and the nation's civil rights laws." He said he could not "support a nominee whose record, combined with his testimony, demonstrate a decided reluctance to enforce the law as intended."

Patrick Leahy (Vt.), the ranking Democrat on the committee, responded, "You are here to bury Lee and do very little praise on the way by." He called Hatch's action "outrageous" and "divisive." Leahy also called on Hatch to allow Lee's nomination to be reported to the full Senate without recommendation.

Hatch defended his action, saying that the Judiciary Committee hasn't reported a Department of Justice nominee without a favorable recommendation since 1950. "While I don't begrudge those who strongly support a nominee and try to move a nomination forward by any means possible, our sense of responsibility to our colleagues and Senate precedent counsel us against such an extraordinary measure."

Leahy exercised his right as the ranking member to delay the committee vote for a week in order to buy some time to organize support for Lee. But Hatch, on CBS's "Face the Nation" on Nov. 9, declared, "This nomination is dead."

## **Bosnia withdrawal pressed by Republicans**

Republican members of the House International Relations Committee spent the better part of a hearing on Nov. 7 badgering Special Representative for Implementation of the Bosnia Peace Accords Robert Gelbard, on when U.S. troops would be withdrawn from Bosnia. The Clinton administration

acted to halt the British-run Serbian war of aggression against Bosnia, and the U.S. troop presence is still necessary to prevent an outbreak of renewed hostilities.

Committee Chairman Ben Gilman (R-N.Y.) said that he believed Secretary of State Madeleine Albright "should explain why the President's initial pledge that U.S. military forces would be out of Bosnia by the end of 1996 was not met, and what this may augur for meeting the current withdrawal date of June of 1998."

Tom Campbell (R-Calif.) argued that the War Powers Act applied to the Bosnia situation, and that the Congress had a role in making the decision.

Gelbard praised the implementation of the Dayton Accords, especially progress made in the last six months in municipal elections and in the destruction of heavy weapons. "The most important development since the summer," he said, "has been the drastic decline in power of the Bosnian Serb hard-liners operating out of Pale," which he attributed to the "blatant corruption of the hard-liners" and the "consistent support of the democratic process in the Republika Srpska." However, he pointed out that "to implement fully the Dayton agreement requires a long-term effort," and that no decisions have been made yet with respect to a U.S. military presence in Bosnia after June 1998.

Gelbard had testy exchanges with Campbell and Dana Rohrabacher (R-Calif.) over the definition of the War Powers Act and whether U.S. troops were in imminent danger of being involved in hostilities. Gelbard reiterated that "there has been extraordinary progress," but "we shouldn't make the mistake of falling into the trap of thinking that quick solutions can solve these problems."

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## Brave legislator kills Mass. death penalty

The fact that one individual can change history was demonstrated in Massachusetts on Nov. 6, when State Rep. John P. Slattery (D-Peabody) switched his vote and opposed the final version of a bill legalizing capital punishment, which had passed both House and Senate, as *EIR* reported last week. While the reconciled bill passed the Senate, the House vote was 80-80, killing it until the next session, in 1999, unless it is attached as a rider to another bill.

In a dramatic speech, Slattery said he feared that an innocent person could be executed, and that the bill did not afford enough protection for juveniles and minorities. The bill allowed execution of children as young as 14. Slattery also said, "I don't want to face . . . lying in my bed at 12:01 a.m. 15 years from now, knowing that somebody is being put to death, that I helped create the mechanism for putting that person to death, and not being sure that person being put to death deserved what he got."

Cardinal Bernard Law of Massachusetts, speaking before the final vote, likened the death penalty drumbeat to the lynch mobs he encountered as a young priest in the South in the 1960s. "It's the closest thing I have seen to a lynch mob mentality since I left Mississippi; it's a frightening thing."

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## 'Defrauding America' covers LaRouche frame-up

The third edition of Rodney Stich's book *Defrauding America: An Encyclopedia of Secret Operations by the CIA, DEA, and Other Covert Agencies* has a remarkably good summary, with only minor errors, of the way in which the fraudulent bankruptcy was used to illegally frame up Lyndon LaRouche: "In one case," wrote Stich, "the Department of Justice forced a publishing company into bankruptcy. The company was set up for the purpose of spreading political ideas, and the Justice Department attorneys did not like the exposures. Presidential

candidate Lyndon LaRouche informed the public of corruption by federal officials via the publications *Campaigner Publications*, *Caucus Distributors*, and *Fusion Energy Foundation*.

"Without a hearing, the Justice Department obtained an ex parte order forcing the company into bankruptcy. The company argued that the law required three parties to force a person or company into bankruptcy, and sought to have the seizure overturned, without success. The Justice Department used its United States Trustee Division and its control over private trustees and federal judges to force the company into Chapter 7 liquidation.

"The Justice Department secured indictments against LaRouche and six associates for mail fraud on the basis that the companies did not repay earlier loans. LaRouche argued that the loans could not be paid back because Justice Department officials forced the company into bankruptcy. The Justice Department attorneys obtained a fifteen-year prison term for the 67-year-old LaRouche.

"Fortunately, LaRouche had friends outside of prison willing to fight for him. While LaRouche and his associates were in prison, District Judge Martin Bostetter ruled in a 106-page decision on October 25, 1989, that the Justice Department's seizure of the assets and involuntary bankruptcy action were illegal and a fraud upon the court."

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## 'MediCaring' to get rid of 'useless eaters'

Several hundred new "health care" projects have sprung up to cut costs by dispatching chronically ill and disabled patients, who are not terminal, by eliminating treatment under the guise of "improving care for the dying." These projects are epitomized by the "MediCaring" Project of the Center to Improve Care of the Dying.

Far from containing costs, such entities as George Soros's "Project on Death in America," the Robert Wood Johnson Foundation's "Last Acts," and the Institute of Medicine's "Approaching Death" are pouring millions into their model, appropriate to a collapsing economy, where ever-growing segments of the population are defined as

"useless eaters." They even make references to returning "dying" to "the way it was" in the old days—Nazi Germany's euthanasia programs come to mind.

MediCaring, for instance, proposes to make hospice—heretofore available to patients with a life-expectancy of six months, who receive only palliative care—available to anyone who has been hospitalized more than once in six months for a costly chronic condition. The plan aims toward "reallocating resources from traditional hospital-based 'rescue' care to . . . supportive care that more appropriately meets the needs of those facing 'life-defining,' eventually fatal illnesses." Cost-cutting is achieved "mainly by diminishing the use of acute care interventions that may no longer serve the patient."

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## London daily cheers on Unabomber fan club

The Hollinger-owned London daily, the *Sunday Telegraph*, continues the tradition of its former Washington correspondent Ambrose Evans-Pritchard, organizing support for U.S. terrorists—in this case, for environmentalist Theodore Kaczynski, who is on trial in connection with the 15-year spree of mail-bomb murders, as the "Unabomber." Under the headline "Unabomber's Fans Spring to the Defense of 'A Mad Genius,'" the Nov. 9 issue reported that "Kaczynski's virulent anti-technology message has made him a hero" to some Americans. "Hundreds of messages of support have been sent to his defense lawyers in Sacramento, where his trial will begin on Wednesday, and to the Attorney General, Janet Reno. . . . The campaign is being coordinated by the Unabomber Political Action Committee, which last year attempted to promote him as a Presidential candidate." One message reportedly said: "People call him a killer, but he was defending our planet. People will kill to defend their country, so why not their planet?"

"The Unabomber killed people and that was wrong," said a spokesman for the Unabomber Political Action Committee. "I am very sorry that innocent people were hurt and killed. Nevertheless, there is widespread



**REP. FRANK WOLF** (R-Va.), front-man for British intelligence's Christian Solidarity International, wrote a provocative letter to Chinese ambassador Li Daoyu on Nov. 3, demanding a visa to visit Tibet, and to "meet privately with prisoners" (which is strictly forbidden to Virginia's prisoners). Wolf illegally travelled to Tibet earlier this year.

**CONGRESSIONAL** neo-cons, led by Robert Barr (R-Ga.) and Chris Smith (R-N.J.), filed a resolution on Nov. 5 requesting an "Inquiry of Impeachment" against President Clinton, that would mandate an investigation by the House Judiciary Committee. White House spokesman Mike McCurry responded that "in any body of 535 people, there will always be a denominator that is lowest."

**BUDDHIST BOOMERS?** Thanks to Hollywood glorification, conversions to Buddhism, especially the Tibetan variety, has grown to 1 million Americans over the last decade, says Helen Tworokov, editor of the slick magazine, *Tricycle*. "I think people in their 20s are scared," she says. "The planetary situation is really scary, and people are realizing that there is really no security out there. You either have to create it internally, or you don't have it."

**JOB ACTIONS** continue to plague Los Angeles County, where a walk-out over pay increases for 600 court clerks continued on Nov. 6. The walkout has hit the nation's busiest judicial system. It is also reported that the Joint Council of Interns and Residents for the County Hospitals are protesting being asked to regularly work 12-hour shifts, for 8 hours pay, according to preliminary reports.

**TEXAS VOTERS** overturned the state's 150-year-old "homestead" law which prohibits foreclosure on a home, thereby preventing banks from making loans guaranteed by the home's equity. Only 10% of Texas voters turned out on Nov. 4, with just over 5% of them forcing passage of the ballot measure.

sympathy for the ideas expressed in his manifesto."

The Hollinger's daily gushes that Kazynski is even the subject of a play, *Montana Dreaming*, which just opened in New York. "For some people he is a folk hero," says the play's author. "That is not to condone murder or violence, but the Unabomber is acting out a collective uncertainty that society has about computers and the way technology has taken over their lives."

## Treasury's Rubin opposed phony welfare 'reform'

According to a recent issue of *U.S. News and World Report*, U.S. Treasury Secretary Robert Rubin was one of the major opponents of the fascist "welfare reform" bill, passed in September 1996, and has indicated his preference for jobs creation through encouraging manufacturing. In a profile of Rubin, the weekly wrote that Rubin "has some traditionally liberal views about inner-city problems. Rubin believes the social problems of the ghetto like crime and illegitimacy are strongly linked to the decline in the number of manufacturing jobs. He thinks Washington can help by making more capital available to 'distressed communities.' And he joined the left wing of the Democratic Party in advising President Clinton to veto the welfare-to-work bill last year, because he thought it imposed draconian cuts in the food-stamp program and Medicaid."

*U.S. News* identified Rubin as "one of Clinton's leading urban strategists," who supports three programs. "First, he led the campaign to expand the powers of the Community Reinvestment Act, under which Federal regulators must make sure that banks lend money to the inner cities. Without Rubin's lobbying, GOP legislators would have weakened the program. Since 1993, home mortgage lending in low- and moderate-income neighborhoods has gone up 25%." This is a program supported by Rep. Henry Gonzalez (D-Tex.), former chairman of the House Banking Committee.

Rubin also supports more community development financial institutions to provide loans and grants to inner cities, and has pushed for added "empowerment and enter-

prise zones." The first program, though limited in its effect, goes in the right direction. (*EIR* has pointed out the flaws in the "enterprise zones" programs.)

Rubin's outlook reveals a personal morality which contrasts sharply with his opponent, Fed Chairman Alan Greenspan.

## D'Amato attacks Germany over Scientology ban

Sen. Al D'Amato (R-N.Y.) mounted his bully pulpit on Nov. 11 during hearings on the Organization for Security and Cooperation in Europe (OSCE) human rights conference, to attack Germany for removing the status of a religious organization from the Scientology cult, and ranting about German "religious persecution." Earlier, despite testimony from Hollywood devotees to House hearings on so-called religious persecution, a House resolution denouncing Germany was resoundingly defeated.

In the meantime, the German embassy in Washington was whipped by Congressional committees to make it appear "uncooperative": On Aug. 25, D'Amato had requested the embassy to report to hearings on "growing intolerance in Germany," and was, of course, refused in an official letter of response on Sept. 16. The embassy cited a State Department report that explicitly stated that there was no religious repression in Germany. However, by Sept. 9, the Germans had been informed, that their testimony was no longer required. Then, surreptitiously, D'Amato had introduced the issue into the Senate hearings in mid-September, in preparation for the OSCE meeting, set for Nov. 12 in Warsaw. When the German embassy learned about it, and the mooted House resolution, the embassy offered to testify, but was brusquely rebuffed.

That was the signal for the *Washington Post* and *New York Times* to trumpet that the Germans were too "arrogant" to respond to charges of religious intolerance. Ironically, those two papers were always eager to defend the kidnapper/brainwashers of the Cult Awareness Network, whenever that anti-cult cult illegally snatched a Scientologist for "deprogramming."

### *It's a question of leadership*

As stock exchanges and currencies around the world were being beaten to a pulp, the heads of state of Ibero-America, plus Spain and Portugal, met on Nov. 8-9, in the Venezuelan resort town of Margarita, for a chummy discussion of "The Ethical Values of Democracy." Lodging their heads firmly in the sand, most of the assembled leaders refused even to put the financial crisis on the agenda. Yet, four of them had to fly home a day early, for emergency meetings on how to stem the outflow of capital. In Brazil alone, about \$1 billion left the country the week prior. Two weeks before, about \$10 billion had fled.

Like their counterparts in North America and Europe, these heads of state are terrified of facing up to reality: that the whole system is coming down.

Most scandalous was the behavior of Brazilian President Fernando Henrique Cardoso, who will be knighted in December by Queen Elizabeth II, and is spending most of his time manicuring his nails in preparation for that occasion. Cardoso was at pains to disassociate himself from any idea of curbing financial speculators. "There is no international climate for this," said his foreign minister. "Everyone depends solely on himself, and has to take care of his own house."

Returning from Margarita, Cardoso and his cabinet slapped together a fiscal shock program to "retain investor confidence," which was announced on Monday morning, Nov. 10—before the markets opened. It includes 50 measures to increase state revenues and cut the 1998 budget, for total savings of about \$17 billion. Just about the only thing that will *not* be cut, is debt service. The program was promptly endorsed by International Monetary Fund Managing Director Michel Camdessus and Argentina's President Carlos Menem.

Still, the battering of the stock markets continued, to the point that trading was halted on the São Paulo stock exchange on Nov. 12, after a 10% plunge.

Among the participants in the Margarita summit, only Peru's President Alberto Fujimori and the Dominican Republic's President Leonel Fernández had the cour-

age to focus on the crisis that is threatening all humanity.

Fernández called for unity of the nations of the region, to achieve debt relief, in order to attain "equitable economic growth." He stated that his government had paid \$700 million last year in debt service—more than 5% of the country's GNP, 23% of its export earnings, and 35% of its tax revenues. Citing Shakespeare's *The Merchant of Venice*, in which Shylock, the money-lender, demands a pound of flesh from his insolvent debtor, Fernández concluded: "At the dawn of the 21st century, we cannot permit that the foreign debt continues to be the dagger stuck in the heart of the development of our peoples."

Fujimori also referred to the worldwide financial instability, albeit in more cautious terms, and called for measures to be taken to address the problem.

Fernández and Fujimori have thus joined Malaysia's Prime Minister Dr. Mahathir Mohamad, in calling for defense of the so-called developing sector against the speculators' savage attacks. But although their role is useful, they are not the ones who can reverse the crisis. They do not have the power to defeat the British Empire and its Shylocks.

The solution can only come from the President of the United States, as Lyndon LaRouche has often underlined. Joining with China, the President must convene a New Bretton Woods Conference, to put the current financial system through bankruptcy proceedings. He must take the measures that LaRouche has specified, to defend national economies, while allowing the speculative paper to vaporize. He must embark upon the great development projects of the 21st century, notably the Eurasian Land-Bridge.

Will the U.S. President have the courage to take that leadership, when the right moment comes—as it will soon? That depends upon what we do. The President will act, if and when he knows that there is sufficient political support for LaRouche and his program. Mobilizing that support, is the essential task facing people of good will today. There is not a moment to lose.

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- MONTVALE/MAHWAH—Ch. 14  
Wednesdays—5:30 p.m.
- NASSAU—Ch. 80  
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- POUGHKEEPSIE—Ch. 28  
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- ROCHESTER—GRC Ch. 15  
Fri.—11 p.m.; Sun.—11 a.m.
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- STATEN ISL.—CTV Ch. 24  
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Wednesdays—9:30 p.m.
- YONKERS—Ch. 37  
Fridays—4 p.m.

- YORKTOWN—Ch. 34  
Thursdays—3 p.m.

## OREGON

- CORVALLIS/ALBANY  
Tuesdays—1 p.m.
- PORTLAND—Access  
Tuesdays—6 p.m. (Ch. 27)  
Thursdays—3 p.m. (Ch. 33)

## TEXAS

- EL PASO—Paragon Ch. 15  
Channels 26, 29, 37, 38, 98  
Mon.-Fri.—various times
- HOUSTON—Access Houston  
Mondays—5 p.m.

## UTAH

- GLENWOOD, Etc.—SCAT-TV  
Channels 26, 29, 37, 38, 98  
Mon.-Fri.—various times

## VIRGINIA

- ALEXANDRIA—Ch. 10\*
- ARLINGTON—ACT Ch. 33  
Sun.—1 pm  
Mon.—6:30 pm  
Tue.—12 Midnight  
Wed.—12 Noon
- CHESTERFIELD COUNTY—  
Comcast—Ch. 6  
Tuesdays—5 p.m.
- FAIRFAX—FCAC Ch. 10  
Tuesdays—12 Noon  
Thurs.—7 p.m.; Sat.—10 a.m.
- LOUDOUN COUNTY—Ch. 59  
Thursdays—10:30 a.m.;  
12:30 p.m.; 2:30 p.m.;  
4:30 p.m.; 7:30 p.m.; 10:30 p.m.
- PRINCE WILLIAM COUNTY—  
Jones Communications—Ch. 3  
Saturdays—6 p.m.
- ROANOKE—Cox Ch. 9  
Wednesdays—2 p.m.
- YORKTOWN—Cox Ch. 38  
Mondays—4 p.m.

## WASHINGTON

- KING COUNTY—Ch. 29  
Wednesdays—11 a.m.
- SPOKANE—Cox Ch. 25  
Tuesdays—6 p.m.
- TRI-CITIES—TCI Ch. 13  
Mon.—12 Noon; Weds.—6 pm  
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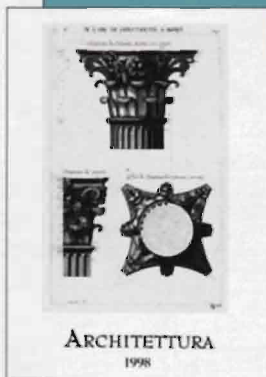
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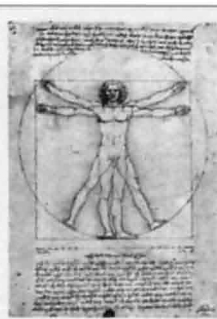
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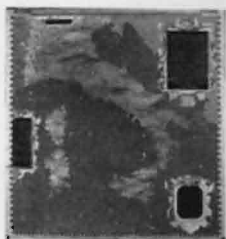
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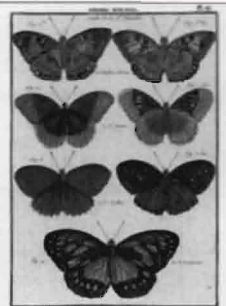
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