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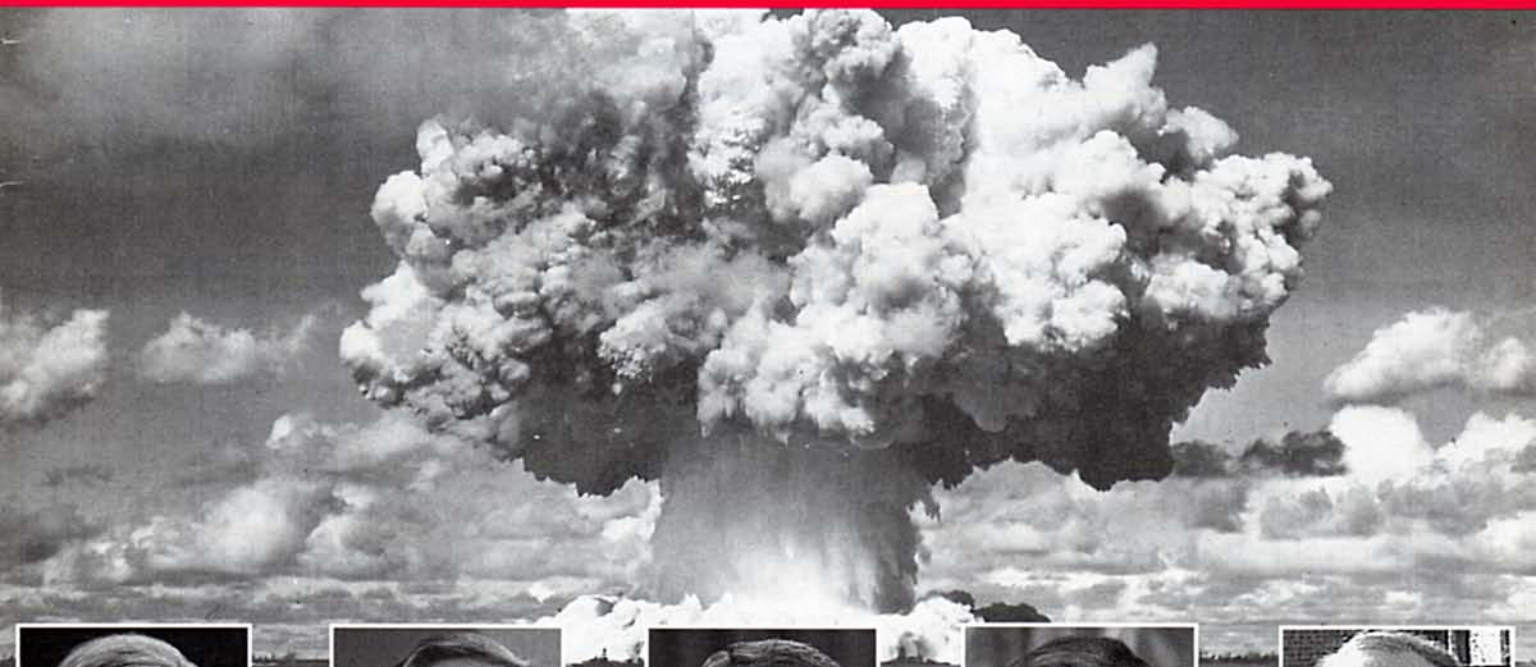
Executive Intelligence Review

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Starr and the Armageddon freaks**





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From the Managing Editor

For those who are acting, or would like to act to ensure posterity, this issue is blessed with several contributions by Lyndon LaRouche, which provide clear strategic guidelines for the war over which road humanity will travel: into a new Dark Age, or a New Bretton Woods system. First, in *Economics* (“Which Is the Real ‘New Bretton Woods’?”), LaRouche clears up any confusion that might exist about what a real New Bretton Woods system is, and what must be done to achieve it, as opposed to the proposals of those, such as British Prime Minister Tony Blair, who are also calling for a New Bretton Woods, but are determined to defend the current, doomed global financial system. (See also, the article on Blair on page 6, and “Report from Bonn.”)

In *International*, LaRouche’s policy directive for dealing with the Japanese financial problem, one that could blow out the global financial system, is clear: “Save Japan! Not Banks!” This is supplemented with several news articles on this fight globally: on Japan, Russia, and Malaysia, in particular. Also, in *Economics*, in a package on Ibero-America, Brazil is highlighted, because that nation’s economy (on a somewhat smaller scale than Japan), could also trigger global financial disintegration. Note here, the addresses of Helga Zepp-LaRouche and Presidential candidate Dr. Enéas Carneiro to the São Paulo City Council.

In *Investigation* (our cover story), LaRouche and other authors outline the strategic threat, that the oligarchs are on a course of war, and possibly nuclear war, in the Middle East and Western Asia, in order to defend the present IMF system. The attack on President Clinton must be seen in this light (see *National*), and I call your attention also to the resolution of impeachment offered by Rep. Alcee Hastings. The attacks on the Presidency must be stopped.

Last but not least, in our *Feature*, LaRouche draws upon the history of France’s greatest military hero, Lazare Carnot, and U.S. policy as formulated under John Quincy Adams, to define the precedents that President Clinton must draw upon today, if he, and the United States, are to provide the leadership necessary to implement a New Bretton Woods system.



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Investigation



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"This is a time of crisis in which to re-examine the historic and present relations between the office of President of the U.S.A. and other nations of the world generally. The issues addressed in the following pages go to the core of the historical basis on which to situate the role which the world requires of U.S. President Clinton now, as a leading world figure. The author's references to himself, to the role of the United States, and to the exceptional place which the U.S.A. occupies in the history of modern nations, are colored to the purpose of putting the emphasis on the most urgent among the immediate, practical, strategic implications of topics presented in this report: the key role which the United States must now play, for the cause of civilization as a whole."

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REAL VS. FAKE

Which is the real 'New Bretton Woods'?

by Lyndon H. LaRouche, Jr.

September 24, 1998

At a March 18, 1998 conference in Washington, D.C., I presented a formal statement of my proposal for the adoption of a "New Bretton Woods" policy. This was presented as an action to be initiated by the President of the U.S.A. It represented then, as now, the only feasible alternative to the continuation of a then already ongoing process of disintegration of the world's financial and monetary system.

Later, during late August of this year, following fresh, thunderously ominous escalations of Japan's and Russia's ongoing financial and monetary crises, a limited, but significant number of prominent figures and institutions began to echo my "New Bretton Woods" proposal; the proposals from these bankers and others were more limited in scope than my own, but were otherwise competent. Among sane bankers, there was general recognition of the urgency of four crucial facts which I had stressed in my proposals:

1. That, despite the dead-headed ideologues who refuse stubbornly to face the overwhelming evidence: the era of "globalization" has come to a screaming collision with long-looming reality. Either we reverse the process of "globalization," and return immediately to international economic relations premised upon the sovereign nation-state as the highest authority, there will be no recovery from the present process of disintegration of the international financial and monetary system.

2. That the model of economic policy, of nations, and among nations, must be a return to nothing different than the spirit and methods of protectionism employed throughout

post-war reconstruction, measures modelled closely on the protectionist actions prevailing through 1958.

3. That strictly enforced capital and exchange controls must be instituted by the authority of sovereign nation-states, with no substitution for the sovereign authority of the nation-state by old or new international agencies of any kind.

4. That there must be a strictly protectionist policy of large-scale, but highly selective expansion of credit for production and trade in tangible products of agriculture, infrastructure, and manufacturing, a protectionist policy which boosts production and trade in these areas, but sharply constricts credit-flows in other areas. Financial speculation, above all, must be put out of business, and the unpayable masses of so-called "derivatives" obligations simply cancelled as if they had never existed.

More recently, as might be expected, a number of fakers jumped in, notably Britain's fading Prime Minister, Tony "Cheshire Cat" Blair, claiming themselves to be the authors of proposals for a "New Bretton Woods." What the latter have presented, like Blair, is pure deception and dangerous incompetence. Meanwhile, all competent authorities agree that the required specifications for a "New Bretton Woods" are precisely those which I presented officially, from Washington, this past March 18.

Unfortunately, some persons, who ought to have known better, have been taken in by charlatans such as Blair. Such duped persons have said of my "New Bretton Woods" proposal: "Yes, you were the first to propose it, but, now, many others have taken over the proposal, squeezing you out of the picture." If such persons had thought before speaking, they

would not have been duped by such foolish, and potentially dangerous, false propaganda.

What Tony Blair, for example, could never seem to understand, is, that “God is not prepared to negotiate the laws of the universe with the kind of financier-oligarchical interest which Blair represents.”

The essential fact of the present situation, is, that during the period from the 1962 Cuba Missile Crisis through the 1972 establishment of the foolish “floating exchange-rate monetary system,” and also the “new world order” which Britain’s Thatcher, France’s Mitterrand, and the U.S.’s Bush put into effect during 1989-1992, the hegemonic governments and other monetary authorities of this planet installed a series of fundamental changes in direction of policy-shaping. All of these changes have combined to produce the global financial, monetary, and economic catastrophe now in its final phases.

To cure that sickness, you must remove the cause of that disease. Either, all of the fundamental changes in economic and related policy of the past thirty-odd years must be reversed, and that abruptly, and now, or else the planet as whole will be plunged into a “new dark age,” echoing Europe’s mid-Fourteenth Century “new dark age,” but, this time, on a global scale. Such are “God’s laws.” Against such laws, sane governments will not quibble. That disposition for quibbling between right and wrong, for demanding that God behave “more democratically,” is the reason Tony Blair’s political career is on the way to the garbage-dump; similar penalties await those who delude themselves that Tony Blair is proposing “a New Bretton Woods” reform.

What the self-doomed lunatics suggest

From among those fools who demand that God respond “democratically” to the expressed reluctances and other sensibilities of Blair and other politically suicidal types, there are certain objections raised, which are so typical that it is useful to identify and address them here.

Objection Number One: It was John Maynard Keynes who designed the Bretton Woods system; therefore, “New Bretton Woods must mean that we are going back to Keynes.”

Objection Number One is essentially false. The policy which President Franklin Roosevelt revived for the U.S. recovery from the Great Depression of the 1930s, and the 1939-1945 mobilization for war, was modelled upon two precedents: the 1861-1876 mobilization launched by President Abraham Lincoln, and the U.S. revival of the methods of the 1861-1876 mobilization for conduct of World War I. These were what are known to all competent economists as the “American methods” of U.S. Treasury Secretary Alexander Hamilton and the world’s leading Nineteenth-Century economist Henry C. Carey. These are methods directly opposed to the versions of “free market” doctrines of both Adam Smith and Keynes.

Admittedly, after the untimely death of Franklin Roosevelt, the Wall Street gang joined with London in a policy of

systematic undermining of every policy which Roosevelt had launched prior to his death. Nonetheless, the dominant features of the Bretton Woods system, through 1958, were predominantly based upon the anti-“free trade,” “American methods” associated with the U.S. economic mobilizations of 1861-1876, 1914-1917, and 1934-1945.

Objection Number Two: “Obviously, no one would suggest actually going back to the Bretton Woods policies of the 1940s and 1950s.”

Why not? Every deviation from those policies of the 1940s and 1950s has resulted in nothing but a long, accelerating process of decline of the post-Kennedy U.S.A., a decline which has produced no net effect to date, but the present global catastrophe. Any sensible person would consider nothing different than returning to policies which were proven successful, to replace subsequent changes which have proven cumulatively disastrous.

Objection Number Three: “The world has changed since 1958. We have to start from perpetuating those changes. We can not turn back the clock of history.”

When, in 1819, the reactionary Holy Alliance of Clement Prince Metternich imposed fascist-like Carlsbad Decrees on Germany, the Prussian court philosopher who defended these reactionary measures was a fellow known as G.W.F. Hegel. Hegel typifies those immoral creatures who blame society’s changes for the worse upon some occult authority which they identify by such terms as “the World-Spirit,” the “Spirit of the Times,” or “Popular Opinion.” The fact of the matter is, that those things which a Tony Blair, for example, says we must not change, are precisely those post-1962 changes which are the cause for the downward spiral of the world’s economy up to the present verge of total disintegration. It was those who made these changes, who, in fact, “turned back the clock of history;” it is our responsibility to re-set the clock.

Objection Number Four: “Obviously, no changes can be made without the consent of all of the nations.”

Why not? That sort of nonsense was what apologists for Chamberlain’s and Daladier’s Munich Pact with Adolf Hitler called “Peace in Our Time.” When the issue is survival, the principle is, that those who can and will, must do; let the rest learn their lesson, and catch up later. I have pointed out, repeatedly: if the Presidents of the U.S.A. and China can reach agreements with a crucial minority of other nations, on a new financial, monetary, and economic relationship among themselves, those nations must act, whether other nations object to this, or not. Some nations, like some individuals, seem to learn only from the hard knocks of experience. No patriotic American, for example, has ever waited for assent from the British monarchy or Commonwealth.

The fact is, that if the U.S.A., together with China, India, Russia, and also Germany and Russia, can reach a suitable relationship among themselves, the majority of the world will support such a partnership. A partnership, including key nations of the developing sector, a partnership representing the

majority of the population of this planet, is the needed, winning combination. Those who refuse or are simply reluctant, will perhaps have to learn the hard way: perhaps that is real democracy in action.

Objection Number Five: "The New Bretton Woods must be a new supranational authority which decides whether or not individual nations will have the right to use temporary measures such as capital and exchange controls."

No workable agreement will subvert the sovereign rights of any nation-state to sovereign measures such as protectionism in general, or capital and exchange controls in particular. Sovereign partners will, rather, agree to coordinate their sovereign decisions, and will set their sovereign policies according to a principle of informed mutual advantage. They will never alienate their sovereign rights and powers to a supranational authority.

As I have written and spoken of this on numerous public occasions during the recent twenty years, we must enter into a new era of mankind, that envisaged by then-U.S. Secretary of State John Quincy Adams, an era in which the Hobbesian bestiality of a system of "balance of power," is superseded by a community of principle. We have come into a time, presently, when the long experience with cumulative consequences of an evil diplomacy, based upon "balance of power" represents such a clear threat to all of mankind, that the wisdom of a community of principle among perfectly sovereign nation-state republics, must recommend itself, instead.

It is my estimation, that the establishment of such a relationship between the Presidents of the United States and China, might probably supply the rallying-point, and pivot, for establishing among nations representing a majority of humanity, a true community of principle as Adams envisaged it.

Blair promotes phony 'New Bretton Woods'

by Mark Burdman

British Prime Minister Tony Blair has launched an effort to exploit the political difficulties that U.S. President Bill Clinton is in, to promote the idea that Great Britain is "stepping into the vacuum," to become the leading power dealing with the international financial crisis and other global problems. The effort is profoundly cynical, given the role of senior British operatives in having unleashed the witch-hunt against the American Presidency in the first place.

On Sept. 21, Blair made a one-day stopover in New York, for addresses at the New York Stock Exchange, the United Nations, and a conference at New York University Law School, the latter to promote his so-called "Third Way" politi-

cal approach. The next day's London *Daily Telegraph* ran a front-page article, headlined "Blair in Attempt to Take Spotlight," on how his New York expedition "attempted to fill the power vacuum" caused by President Clinton's domestic problems. The Hollinger Corp.-owned *Telegraph* has been in the forefront, for five years, of the "Get Clinton" efforts.

Most noteworthy, was Blair's speech before the Stock Exchange, which occurred one week after President Clinton's major address before the New York Council on Foreign Relations, in which Clinton had acknowledged that "this is the biggest financial challenge facing the world in a half century," and called for convening a "major meeting" of finance ministers and central bank heads "within the next 30 days, to recommend ways to adapt the international financial architecture to the 21st century."

Blair declared, "We need to commit ourselves today to a new Bretton Woods for the next millennium." In using this specific terminology, Blair and his advisers were undoubtedly aware of the intensive worldwide organizing by the LaRouche movement for a "New Bretton Woods" system. But, what Blair enunciated, was, in every respect, the opposite of a "New Bretton Woods" as defined by LaRouche.

What Blair laid out was a policy to buy some more time for the bankrupt and rapidly disintegrating international financial system. His recommendations are a repudiation of all the better features of the original Bretton Woods arrangement negotiated in 1944.

To wit, Blair stressed the industrialized world's "special responsibility to reject protectionist measures." He repeatedly stressed the need for free-market "reform" by Russia and the emerging nations, asserting that it is not that "market disciplines have failed," but only that there has been lack of such disciplines. He demanded that the International Monetary Fund (IMF) be given the resources "to ensure that where countries implement the right economic policies, they can be given sufficient financial support." He supported the time-worn "low inflation/structural reform" package that has brought disaster to Russia and every other country that has implemented it.

Blair asserted that the present Bretton Woods institutions, 54 years old, were "constructed in a world of fixed exchange rates and capital controls, where international capital flows were much smaller." But this is not the "modern" financial situation, Blair said. For "modernization," there are five priorities. These are "greater openness and transparency," including those codes developed by the IMF and OECD; "improving financial supervision and regulation"; an "imaginative" look at funding for short-term liquidity crises; better "risk assessment" by "global investors"; and, "greater openness . . . by the international financial institutions themselves."

He said that his "New Bretton Woods" proposal should be discussed "as a matter of urgency" in Washington, at the IMF and World Bank annual gatherings. The deadline for relevant discussions should be one year, Blair said, with full

proposals for a heads of government summit next year, and for a wider forum by next September. "If this process is to be successful, it will need to involve the heads of government. Without the impetus they can provide, we will not overcome the obstacles to reform. And given the gravity of the crisis we face, it is incumbent on all of us to provide the leadership the world so desperately needs. . . . We must design a new international financial system for a new international financial age."

The Commonwealth role

That there is a broader strategy in such Blair ramblings, was stated by London *Times* economic writer Janet Bush on Sept. 23. She proclaimed that Britain is now in an "ideal position" to lead the process of global economic reform, at a time when President Clinton is "pinned down by his political enemies." She praised the "valiant job" done by Blair and his Chancellor of the Exchequer, Gordon Brown, the two having tried "to give at least the impression that the West is responding to the increasingly dangerous economic crisis, and is beginning to grope towards some ideas of how to reform the management of the world economy, that is so clearly discredited. It is, in itself, a remarkable fact that, as we mark the milestone of 100 days to the launch of the European single currency, it is Britain, not Germany, nor France, that has attempted to fill the political vacuum" left by what Kenneth Starr and friends are doing in the United States.

Bush said, "As a leading member of the Commonwealth, Britain would be in an ideal position to develop a more inclusive forum for discussing these important issues."

That idea was promoted in a Sept. 8 letter to the London *Times* by Richard Bourne, visiting fellow of the Institute of Commonwealth Studies, who stated that the Sept. 29 meeting of Commonwealth Finance Ministers in Ottawa, which was scheduled just before the annual IMF and World Bank gatherings in Washington, "most surely" should be "one of the avenues" for reform of the world financial system. Praising global speculator George Soros for his recent statements in Washington about the "urgent need to reform the world financial system," Bourne invoked Britain's "special responsibility," as chairman of the Group of Seven countries, "to help devise both short- and long-term response" to the global economic crisis. "There is a real opportunity to use this forum of over 50 countries," he said. "In the famous words of former Commonwealth Secretary General Sir Shridath ('Sonny') Ramphal, 'The Commonwealth cannot negotiate for the world, but it can help the world to negotiate.' Now is the time to prove it."

The 'Third Way'

Later on Sept. 21, Blair was a featured speaker at New York University Law School (others included Bill and Hillary Clinton, Italian Prime Minister Romano Prodi, U.S. "New Democrat" leader Al From, and AFL-CIO President John

Sweeney), in a conference on "Strengthening Democracy in the Context of a Globalized Economy." Swedish Prime Minister Göran Persson cancelled his appearance at the last minute, because his "Third Way"-oriented Social Democrats were suffering a massive rejection from voters, angered by his austerity policies, in the country's Sept. 20 elections.

The meeting in New York was sponsored by the World Policy Institute, whose *World Policy Journal* promotes an "Anglo-American partnership" for the next millennium. Over the years, the *Journal* has promoted delphic proposals for a "New Bretton Woods." Back in 1984, for example, it promoted an early-1980s study done by the Commonwealth, calling for a "new Bretton Woods." In spring of this year, *Journal* editor James Chace, formerly editor of the New York Council on Foreign Relations' *Foreign Affairs* magazine, wrote an editorial, "Bretton Woods II?" backing a strengthened supranational supervisory regime proposed by Harvard "shock therapy" punk Jeffrey Sachs and Soros.

At the event, among the exceptions to the blather about the "Third Way," a strategy which revolves around the desertion of traditional popular constituencies—trade unions, minorities, etc.—in favor of cultivating the forces most benefiting from "globalization," came when Blair attacked the policies of Franklin D. Roosevelt, clearly eliciting angry disapproval from Clinton. Another exception, was the speech by the AFL-CIO's Sweeney, in which he, for the first time for him, warned of a "severe global crisis" in the economy, and called for the creation of "new institutions" that could oversee the limiting of speculation, the writing off of bad debts, and the stimulation of real investment.

On the occasion of the New York Law School event, back in Britain, Blair released a manifesto, published, appropriately, by the Fabian Society think-tank, entitled "The Third Way—New Politics for the New Century," in which he boasted, "In New Labour's first year of government, we have started to put the Third Way into practice." He singled out for praise the policies of his Tory predecessor, Margaret Thatcher, saying that what she had done amounted to "necessary acts of modernization," by exposing the state industrial sector to "competition." Truly, the "Third Way" is Thatcherism with a Fabian, "human" face.

At the same time, Blair's guru, London School of Economics head Anthony Giddens, published a book entitled *The Third Way*, which was characterized by the London *Economist* as "disturbingly vacuous."

A number of articles critical of the Third Way have been published in the British press. In the *Independent* under the headline "The Third Way Is a Scam, Utterly Without Substance," Labour Party MP Alan Simpson described it as "the Emperor's new clothes of modern politics," and said that it is just an attempt to bolster the presently bankrupt ruling institutions of globalization. A nasty piece in the *Guardian* on Sept. 23, by Francis Wheen, was suggestively entitled, "Tony's Third Way to Cloud-Cuckoo-Land."

World financial hurricane makes land-fall in Brazil

by Dennis Small

A new, qualitatively more severe phase of the rolling disintegration of the world financial system was ushered in the week of Sept. 21, as three distinct areas of the global speculative bubble exploded simultaneously. Each of the three is making the others worse, and in combination they are threatening to detonate the chain-reaction meltdown of the entire global system, about which Lyndon LaRouche and this magazine have repeatedly warned.

- *Hedge funds.* The Long Term Capital Management (LTCM) fund, described by some as the largest hedge fund in the world, went bankrupt, and had to be bailed out to the tune of a reported \$3.75 billion—for starters. According to press accounts, a desperate U.S. Federal Reserve Chairman Alan Greenspan pressured 15 or so of LTCM's creditor banks to cough up the money, in exchange for a promise to lower U.S. interest rates in order to inject liquidity into the system. It is widely believed that the LTCM mess is only the tip of the iceberg, and that other hedge-fund bankruptcies may have to be announced shortly. The hedge funds, with their tens of trillions of dollars of side-bets on derivatives, are the most volatile potential trigger of a global financial crash.

- *Banks.* Europe's largest bank, Union Bank of Switzerland (UBS), announced at a press conference more than \$700 million in losses for the third quarter of 1998—although there is still a week remaining in that quarter—in part due to its involvement in the LTCM fiasco. The value of UBS's stock shares plunged by 7% in one day, bringing their total decline over the last two months to 42%. There are insistent rumors that a major European bank is about to go belly-up, although it is not known if UBS is the bank in question. Meanwhile, the entire Japanese banking system is suffocating under an estimated \$2 trillion in non-performing loans, and any number of banks in that country could be pronounced insolvent momentarily.

- *Nations.* The largest debtor nation among the so-called "emerging market" economies, Brazil, with \$481 billion in real foreign debt, is teetering at the brink of national bankruptcy. Hysterical scrambling by the International Monetary Fund (IMF), commercial creditor banks, and various Group of Seven (G-7) governments have reportedly cobbled together a \$30 billion package of financial *promises*—not to be confused with actual money—to try to prevent Brazil from going over the edge in the next week or two. With Presidential elections

scheduled for Oct. 4, and capital fleeing Brazil at the rate of between \$500 million and \$1 billion *per day*, the world financial community is holding its breath to see if the country will even make it to election day in one piece.

'Nightmare scenario'

It is widely acknowledged that a default by Brazil—whose economy is by far the largest in Ibero-America, and twice the size of Russia's—would quickly bring down the rest of Ibero-America with it. "And the result would almost certainly be a new downward spiral in Asian markets," the *Washington Post* explained nervously on Sept. 20. The *Post* quoted John Boorman, director of the IMF's Policy Development and Review Department: "Such a nightmare scenario 'is on people's minds. It has to be.'"

One man's nightmare is another man's poetry. Citicorp vice chairman William Rhodes chose to describe his plight metaphorically: "The Rubicon is basically Brazil, and if Brazil holds, so do the emerging markets." Rhodes's classical allusions may have been prompted by the fact that, as of the end of June, his Citibank had \$4.4 billion in direct loan exposure in Brazil—more than any other U.S. bank. U.S. banks as a whole have \$29 billion in direct loan exposure in Brazil, and another \$10 billion in domestic bonds and other holdings, for a grand total of \$39 billion (as of March of this year). This is more than they have at risk in any other emerging market: for example, it is more than five times the \$7.7 billion exposure that they have in Russia.

The Brazilian government is currently scrambling to do the impossible: roll over \$97.5 billion in public debt which comes due between now and Dec. 1, at a time when no one is buying government paper.

Of that, \$24 billion comes due in the last half of September, \$48 billion in the month of October, and another \$21 billion in November. The debt service on this is staggering, as some 60% of those debts are "post-fixed" notes, which means the government must pay the bondholder the interest rate prevailing when they come due, not when they were purchased. As of now, that is approximately 50%. In addition, 30% of the domestic public debt is denominated in dollars, which means they have to be paid in dollars when they come due.

But Brazil is quickly running out of dollars. The country

entered August with about \$70 billion in foreign reserves; \$12 billion fled over the course of August; and at least another \$16 billion have left so far in September, despite the fact that the government has announced new budget cuts, and jacked up domestic interest rates to nearly 50%. Today, Brazil has an estimated \$42 billion in reserves, a 40% drop in less than two months. With every billion that leaves, the likelihood of a further speculative assault by the global hedge funds increases.

At the beginning of September, when Brazil still had \$58 billion in reserves, market analysts were warning that a \$50 billion level was the “trigger” for a total crisis. That level has come and gone. Now, Morgan Stanley Dean Witter’s Latin American economist, Ernest Brown, is among many who say that “\$40 billion is the critical minimum level. Below that, prudent investors would have to consider that the chances of there being a maxidevaluation of the *real* in the coming quarter are very high”—meaning that “prudent investors” should get their money out of Brazil, while the getting is good.

A further problem was noted by a foreign diplomat in Brazil, as quoted in the Sept. 24 *Washington Times*: “If \$40 billion is the line, they should be able to tough it out until the elections at this rate, but that’s assuming the elections will prove a watershed. What happens if the money keeps flowing out after?”

During her mid-August visit to Brazil, Helga Zepp-LaRouche repeatedly warned her audiences of the likelihood of precisely such a speculative attack, as we document in the coverage below (see the text of Mrs. LaRouche’s speech before the São Paulo City Council, along with that of Brazilian Presidential candidate Dr. Enéas Carneiro).

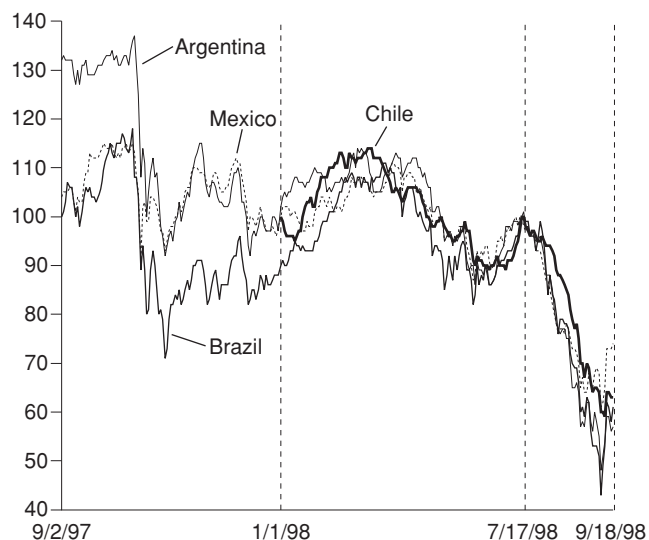
Credit asphyxiation

Brazil, like the rest of Ibero-America, has been subjected to a near-total capital cut-off since the middle of July of this year, when the first stages of the Russian financial crisis unleashed a wave of panic across the global markets. For a region which had become addicted to such flows of foreign speculative capital, the effect in Ibero-America has been like pulling the oxygen tubes from a respirator patient: the monetary and banking systems in country after country are grinding to a halt.

The three major sources of earlier foreign capital flows have all dried up.

First, *government bonds* have seen their interest rate spreads (the differential between these bonds and equivalent U.S. Treasury notes) nearly triple, from 6% to 16%, between July and September. These have become the interest rates at which such bonds are *not* being sold—since country after country has cancelled their bond auctions, as they are unable to pay such usurious rates. This has meant that previous bond issues reaching maturity cannot be rolled over, but have to be redeemed: thus the drop in foreign reserves all across the continent.

FIGURE 1
Ibero-American stock markets crash
(index: July 17, 1998 = 100)



Second, *stock markets*, which had attracted foreign capital in 1997 and even through mid-1998, went into free fall precisely on July 17 (see **Figure 1**)—the day the Russian crisis swept the world markets. For the year prior to July 17, the major Ibero-American stock markets had more or less held their own. But in the two months since July 17, they have plummeted: -43% in Argentina, -39% in Brazil, -37% in Chile, and -26% in Mexico.

Third, *commercial bank lending* is no longer available to any of the governments of Ibero-America: They have been red-lined. Some governments, such as Brazil’s, have tried to cheat their way around this blacklist, by having private sector companies, including banks, go borrow abroad and then turn around and lend that money (at higher interest rates) to the government (by purchasing government bonds). Such desperation tactics only go so far, and they end up aggravating the underlying problem.

With foreign funds being cut off, and with domestic interest rates rising to the stratosphere, national banking systems are entering rigor mortis. In Peru, all credit card transactions were temporarily suspended during the week of Sept. 21. Local banks wouldn’t issue credit to *any* clients for *anything*. In Mexico, the banks stopped issuing any mortgages or car loans in September. Only a few are being issued in Argentina; almost none in Venezuela. In Brazil, car producers are shutting down plants, because no one can get auto loans. Unemployment has reached a record 20% in the state of São Paulo, the heart of Brazil’s industrial capacity, and, at these interest rates, businessmen forecast layoffs to triple by December.

Zepp-LaRouche warns Brazilians of imminent financial blow-out

The following speech was delivered by Helga Zepp-LaRouche on Aug. 13, at a special ceremony at the São Paulo City Council in Brazil, at which Dr. Enéas Carneiro, Presidential candidate of the PRONA party, received a special award from that body.

Ladies and Gentlemen. Esteemed Dr. Enéas, let me first thank you for the very important message which you sent to our international conference in Washington, D.C. last June, because that message placed Brazil back on the world map.

But, why is it important to bring Brazilian interests to the world stage? The world faces at this moment a very advanced phase of collapse of the international financial system. The tumultuous fall in the last days in the stock markets of Rio de Janeiro, São Paulo, of Russia, the Asian countries, the “Down Jones” index of New York’s stock market, is only the beginning of the process.

From now until the end of August, September, and October, the entire international financial system could fall apart. The Japanese yen could shortly fall in value to 200 yen to the dollar; if the current trend continues, this could be a conservative estimate. Indeed, the situation in Japan is completely out of control, because the government is not willing to write off some \$2 trillion of worthless paper. That is approximately the amount of unpayable loans in the Japanese banking system. Instead, they are printing money like crazy.

For the last two years, international speculators have borrowed money in Japan at an interest rate of 0.5%, and taken this money out of Japan, to feed international speculation. Now, with the yen so depressed in value, they are once again using this to carry out a speculative attack on the Hong Kong dollar, on the yuan, and on the renmimbi. If China were to yield to the pressures to devalue its currency, this could lead to a wave of competitive devaluations which could sweep across Asia, to Ibero-America—including Brazil—and to the United States itself. We could quickly reach a situation in which national currencies simply are no longer negotiable. Under such conditions, what would happen to world trade?

Russia’s situation is desperate. It is in a state of national state bankruptcy. Yesterday, the Russian government had to issue a series of emergency measures. Today, in the morning, Moscow’s stock market fell 10%, and had to be shut down. If the Russian banking system were to go bankrupt, we would be facing an immediate threat of a strategic crisis. The threat is that chaos spreads uncontrollably, and that the mafias and

local warlords would simply seize control over the nuclear weapons which that country has.

And an even greater problem is the international speculative bubble of financial derivatives. A year ago, that bubble had reached \$130 trillion in financial derivatives instruments. No one knows how much this bubble has grown since then, how much new money has been thrown into the bubble. Currently, a situation similar to the hyperinflationary period of Weimar Germany in 1923 is developing in the world.

Entire countries are being destroyed. Indonesia is in danger of disappearing at this moment. South Korea, Malaysia, Thailand, right now are facing a profound depression. There is no bottom to this pit. The entire system is collapsing.

The IMF [International Monetary Fund] is bankrupt. Crisis management methods simply no longer function. The danger is that this could ignite a chain reaction which throws the whole planet into a New Dark Age.

In the coming weeks and months, all of the financial institutions are in danger of disappearing. If this trend is not changed, the lives of hundreds of millions, or perhaps billions of people will be endangered.

Brazil is facing a speculative assault

The situation in Brazil must be located within this strategic and historic context. The sale of valuable national assets, such as the Companhia Vale do Rio Doce iron company, or the Telebras communications giant, constitutes a crime against humanity. Why, for what possible reason, would anyone sell their national assets, just to pay one, two, or three months’ worth of interest payments?

Under the current policies in Brazil, there is no way in which the country can protect itself from a speculative attack by the hedge funds, the speculative funds, like they carried out against Malaysia, Thailand, and other Southeast Asian countries.

If those policies are not changed, Brazil could suffer the same political fate as Indonesia, in a very short time.

At this time, there is only one government which is not acting totally foolishly and irresponsibly, and that government is China’s. The Chinese Foreign Minister just stated that the effects of the world financial crisis are the equivalent of the effects of a total war. The Chinese Defense Ministry just issued a 20-page document in which they assert that, since the economic crisis is threatening the very nation itself, the sovereignty of the Chinese nation, from this point on, the question of the financial crisis is equivalent to a national secu-

rity problem.

The Chinese government has repeatedly declared that it will not devalue its currency.

The Group of Seven, the G-7, thus far, has simply failed to face up to this situation of strategic crisis. In fact, it was the policies adopted by the G-7, over the last 30 years, which were the cause of that crisis.

The cause of that crisis is the neo-liberal policy of globalization, of privatization, the policies of the New Age, of the counterculture, of rock, drugs, and sex, which have been followed for the last three decades. If the world wishes to save itself, all this will have to be wiped off the map.

The Lewinsky case is intended to neutralize Clinton

U.S. President Bill Clinton must assume a leadership role in that process of reorganization of the international system.

Behind the whole Monica Lewinsky scandal, there is nothing but the recognition by the financial oligarchy that their system is finished, and they therefore want to neutralize Clinton, because of the leadership role which he could assume in that process. If the independent counsel, Kenneth Starr, who is investigating the Lewinsky case, were to succeed in his attempt to open impeachment proceedings against Clinton, that single act could set off a process of collapse, which could sink the world into a New Dark Age.

But, the initiative to save the world must come from elsewhere. Therefore, we are organizing for the creation of a new Non-Aligned Movement, a new alliance of sovereign nation-states. Because any new world economic order—that is, any attempt to place the world on the path of a more just order—will have to be based on people.

Therefore, China and India, which already represent nearly 40% of the world's population, must assume a leadership role in this process.

I also believe that Ibero-America must assume a relevant role in the coming reorganization of the financial system. You have a population of 350 million in Ibero-America, and almost 170 million people in Brazil; you should have an equivalent voice in that reorganization of the world order.

At the moment that the crisis explodes with full force, which could happen in the coming weeks, there must be a group of nations ready to take on that situation. Tens of trillions of dollars of speculative assets must be simply written off. Within this process of organizing a new world economic order, there must be a complete rejection of the geopolitical aspects of globalization. All nations, principally those in the Southern Hemisphere, have the right to access to technological advances made anywhere in the world.

We need a New Bretton Woods system, which takes up the best features of the old Bretton Woods system, as it existed until 1969. Except that the industrial countries and the developing countries must have an equal voice in this process.

Almost all public and private foreign debts must be written off. We have to return to a system of fixed exchange rates



Helga Zepp-LaRouche autographs copies of the Portuguese translation of Lyndon LaRouche's The Science of Christian Economy, in Rio de Janeiro, Brazil on Aug. 11. She had presented the book, which was recently released, at a press conference.

among the currencies of different countries. We must return to a system of national banks, through which the ability to issue credit is returned to sovereign states. Those national banks should issue lines of credit, preferentially directed to the building of great infrastructural projects.

China, at this moment, is undertaking one of those great infrastructure projects, the so-called Eurasian Land-Bridge, whose objective is to integrate the continents of Asia and Europe. If you look at a map of Ibero-America, you will see that there is a total lack of infrastructure—railroads, waterways, highways—connecting the north-south and east-west axes of the continent. This is a relic of colonial times.

The integration of Ibero-America

We propose that in this reorganization process of the international financial-economic system, the integration of Ibero-America must play a crucial role.

We have come to a point in humanity's history in which, for the first time, all humanity is in the same boat. It will not be possible for part of the world to survive, while the other part collapses. We must have a new world economic order, and a cultural and moral renaissance on a global scale. We either have this positive process, or we will globally sink into

Zepp-LaRouche on TV: ‘Brazil could be hit by hedge funds’

On Aug. 13, TV Gazeta of São Paulo, Brazil, conducted the following interview with Helga Zepp-LaRouche.

Q: We have recently seen the fall of the yen, and now the problem in the exchange markets. What is your view about the international economy?

Zepp-LaRouche: We are presently at a very advanced stage of the complete disintegration of the financial system. If the yen continues to fall, say to 200 to the dollar, then that may trigger the total disintegration of the financial system. Unless the Japanese government writes off 80% of its worthless assets, about \$2 trillion in worthless bad loans, there is no way that Japan will not trigger a collapse of the international financial system.

Q: And this obviously will affect the whole world.

Zepp-LaRouche: Japan is now the Achilles’ heel of the international financial system, and could trigger a meltdown—and I mean a meltdown, a complete evaporation of the financial system.

Q: How is this crisis reflected in Brazil—in Latin America in general, but specifically Brazil?

Zepp-LaRouche: The danger is that Brazil could be hit by the international hedge funds, in the same way that happened with Malaysia and Indonesia. The real [Brazil’s currency] could come under attack and lose, like the currency in Indonesia, 80-90% of its value, and that would be the end of the Brazilian economy.

Q: Is this an imminent possibility?

Zepp-LaRouche: Right now the financial system is about to disintegrate. You have Japan, you have a state bankruptcy in Russia, the IMF is bankrupt, you have \$130 trillion in derivatives speculation, and you have a simultaneous process of Weimar-style hyperinflation, depression,

and deflationary collapse. So, we aren’t talking about a local crisis, but about a global crisis. This is the end-process of 30 years of neo-liberal policies.

Q: Doesn’t the IMF have any resources to bail out underdeveloped countries?

Zepp-LaRouche: The IMF is de facto bankrupt, and all its different attempts to solve these localized problems, through crisis management, hasn’t worked. Even the famous rescue package for Russia didn’t really function, because the coffers of the IMF are empty.

Q: Globalization is a fact, and seems irreversible. What can be done to try to prevent a major crisis?

Zepp-LaRouche: I do not agree with your assumption that globalization is irreversible. All the institutions—the IMF, the World Bank, globalization, free market economy—these all have to go, if the world is not to plunge into a deep, New Dark Age.

Q: And if not?

Zepp-LaRouche: Well, look at what happened in Albania one and a half years ago, when the country was collapsing into anarchy, and the Italian Army had to come from the outside and restore order. If you have a global collapse of that kind, the danger is tremendous. Just think of what happens if there is a state bankruptcy in Russia. This would mean a strategic crisis of unbelievable proportions, with nuclear weapons in the hands of local mafias.

Q: What do you think would happen if globalization continues, without disintegration of the markets? I recently talked with a businessman, and he was complaining that you can transfer a gigantic amount of money simply by pressing a button.

Zepp-LaRouche: This system is finished, and you will see that we are heading in the next weeks and months, into a period where currencies will no longer be convertible, so prices will mean nothing. Countries, if they want to survive and want to continue to trade for a short period, must go to barter agreements. So, I’m talking about the complete disintegration of the financial system.

a terrible New Dark Age.

This is a period of history in which an entire historical era is coming to its end. It is a period such as we have not witnessed in, perhaps, the last thousand years. This is a period in which everything is going to change. Nothing will stay as it is. This is real history. We will either change for “the very good,” or for “the very bad.” The outcome of this process will not be determined by money, by power, or by things of the

past. The outcome of this peculiar historical period will be totally determined by *ideas*. By the ideas of men and women who are willing to serve the common good.

Therefore, I appeal to you: Help form a new alliance of sovereign nation-states. And, help to establish an economic order worthy of human dignity. I thank Dr. Enéas for the opportunity to speak at this ceremony in São Paulo, because he is a man of ideas. Thank you.

Presidential candidate Enéas Carneiro: Brazil must rise up against the IMF

The following is a slightly abridged version of the speech given by Dr. Enéas Ferreira Carneiro, Presidential candidate of the PRONA party, at the São Paulo City Council, in Brazil, on Aug. 13, 1998.

. . . I would like to address a specific issue, which is the risk that our country is running. A moment ago, you were given an extremely clear explanation, in English, and also translated with precision into our language, by Prof. Helga Zepp-LaRouche, who gave you a panoramic view of what I call “the planetary financial catastrophe,” which is sending us constant signals here, and about which the world media are trying to concoct explanations, as if we were all facing a minor event, a temporary phenomenon, when, on the contrary, we are all—at least for those of us who have even a modicum of awareness of what is happening—on the brink of a world cataclysm.

What is happening, gentlemen, is that fabulous fortunes are being moved every day, at the speed of light, from one point on the planet to another. It is as if we are all on a gigantic billiard table, only the billiard balls are fortunes, travelling from one corner to another without any apparent control. I say apparent, because this demonic process which is occurring is being controlled from behind the scenes by extremely powerful individuals who don’t show their faces.

Here, in this phenomenon, in which \$3 trillion—nearly half the U.S. GNP—circulates daily, here you have the *raison d’être* behind everything that is happening in Brazil, in Argentina, in Malaysia, and in those countries across the planet which can’t manage to stay on their feet.

What is going on, gentlemen, is that in this international circuit of false money, there is, in fact, only 2-3% of it which corresponds to commercial and industrial transactions. Barely 2 to 3%! The rest is pure fiction, a fantasy.

But behind this fantasy, the world megaspeculators who pull the strings, attract those fortunes to themselves, bankrupt nations, destroy the economies of those countries, and, acting surreptitiously, sneakily, furtively, behind the scenes, they seize and appropriate the real wealth of those countries, among which our Brazil is, sadly, included.

This is the way for you to understand how, from one day to the next, the Companhia Vale do Rio Doce was handed over. . . . Why such interest by the government, in privatizing from one moment to the next? And the putrid,

rotten Brazilian press, saying: Vale is going to be more profitable, Vale will yield profits. But what those gentlemen, the owners of the communications media, don’t say, is that what was being carried out was a crime against the nation, that patrimony worth trillions of dollars was handed over for just \$3.338 billion, when just one year before that, the International Nickel Company had bought a deposit on the Labrador Peninsula, for \$3 billion. Just one deposit!

And are you aware of what was handed over, what was donated with Vale de Rio Doce? It was a treasure: 37 billion tons of iron ore alone; enough iron for 500 years, for half a millennium! If no one knows, if no economist can know what the price of an ounce of gold will be two weeks from now, how can the price of iron 500 years from now be known? Iron for 500 years was handed over. And besides the iron, the wealth of Vale’s subsoil included titanium, a first-class metal, the metal of the next century; silica, which is used, for example, in desalination vessels.

At this point, you might say, what difference does that make for Brazil? We have potable water. Yes, but the United States is already desalinating seawater. It is also fundamental for other activities. The niobium we have in Brazil represents more than 98% of the world’s wealth in niobium, sold abroad at the price of bananas. Brazil’s quartz has an impurity grade of only 10^{-11} . Manganese, mountains, millions of tons of manganese were taken, and are today in Pennsylvania, and are part of the strategic reserves of the United States. . . .

Gentlemen, the price at which Vale was sold doesn’t amount to 0.2% of its true value. A crime against the nation was committed. The railroads, the ships, the entire industrial structure of Vale went for nothing. All the legal actions taken, including by ourselves, against His Excellency, the President of the Republic, were shelved.

And more recently, we all saw how the backbone of the entire country’s communications, Telebras and Embratel, were handed over, donated. . . .

We face colossal risks

I am giving you just a faint idea, a succinct view of the colossal risk that we are all running. Yes, don’t think that we, in our suits and ties, are not running any risk. We are all running risks. The poor face the risk of becoming poorer, more miserable. Those who have no special training, which is the majority of the population, will be unemployed. Of



Brazilian Presidential candidate Dr. Enéas Carneiro, speaking at the São Paulo City Council, where he received an award designating him an honorary citizen of São Paulo.

course, the fittest may survive, but they survive running the risk of being eliminated—for a shoe, for a tie. Because we are creating an enormous legion of desperate, starving people, who will do anything to survive, and it is natural that they do so.

But I wanted to tell you that, a little while back, I prepared an analysis, which I put in our book, *National Project for 1998*, on the financial reality of the country. Gentlemen, it is terrible. The so-called public debt, which are the bonds, the paper that the government issues to get money, that debt has reached \$200 billion. I'll say it slowly: \$200 billion! . . .

If you add up the debts of the country's states, from Acre to Rio Grande do Sul, which total around \$100 billion, and add it to the \$200 billion we mentioned, you have \$300 billion. If you now take the foreign debt, as presented by the Central Bank most professionally, you find that they sordidly say that the Treasury debt is only \$65 billion, of which a large part has been rescheduled. They say: "The other \$135 billion is actually private debt. The Treasury is not responsible." That is what they say, but it is a lie. The Treasury is not technically responsible, but the Central Bank is the one entitled to transform reals [Brazil's currency] into dollars.

If we were to be hit, from one moment to the next, by what

has hit our brothers in the countries in Asia, who were obeying the IMF [International Monetary Fund] to the letter—if from one moment to the next, what happened to them were to happen to us—gentlemen, there would be no dollars. Imagine a citizen, any one of you, the owner of a company, perhaps, who has earned dollars abroad. He brings these dollars back and he is required to turn them over to the Central Bank, to exchange them for reals. With the reals, this gentleman carries out his business; but at a certain point he will say: "I don't want any more of this; I want my dollars." Imagine 100, 200, 500 persons demanding dollars. There are no dollars. Then, what happens in all these countries, is that the IMF comes and says, "No, you have to have dollars. For us to be able to lend you dollars, you have to, first of all, privatize everything."

What does privatization mean? It means: Hand everything over. Why do they want us to privatize? Why do they want it so badly? Because what is being privatized is real wealth. Minerals are wealth, not colored paper or computer bytes. That is not wealth. Wealth is minerals, taken from the subsoil. Wealth is potable water. Wealth is the jungle. *Wealth is our people*, the poor Brazilian. But, according to the IMF's rules, people are worthless.

The truth is that the IMF is only one institution. So let's stop talking only about the IMF, because it is another simplification. There are a series of institutions: the IMF, the World Bank, the World Trade Organization—these institutions are part of a complete system that we call the international financial system. That is where the rules are set. The fact is, that there are powerful organizations ruling everything. For example, the so-called Inter-American Dialogue, which issued a terrible document where they forecast all of this. After that came the "Washington Consensus." . . .

I told UPI that we have \$200 billion in domestic federal government debt. We have \$100 billion more in public debt of the states; that makes \$300 billion. We have \$200 billion in foreign debt. Gentlemen, the total is \$500 billion. That is, half a trillion dollars. This is an astronomical figure. None of us has any idea of what a trillion is. . . .

If any of us wanted to count to a trillion—now don't be frightened, a trillion is just a million millions. Now, if any of you would like to count, one by one—don't be frightened—but without doing anything else, without eating any food, without taking out any time for physiological necessities of any kind, by merely counting, any one of us would take 20,000 years to count to a trillion. Anyone who wants to, can try it. Well, gentlemen, this is the situation in our country. . . .

So you might ask: What is the cost of all of this? The debt is there, right? But, what is the point of vulnerability of that astronomical debt, with its variable interest rates, the very high interest rates of the domestic debt, and the only slightly lower rates for the foreign debt? This calculation was done very carefully: We pay in interest—and I can prove it—a little more than \$5 billion per month; \$5.3 billion, to be precise.

But, the government's income is about \$10 billion, and we are paying \$5 billion. Therefore, gentlemen, we are paying in interest half of everything that comes in through taxes and so on.

There is no way out, gentlemen. Anyone in the audience who has a company, whether small or large, knows that it is impossible to continue this way. You can't improvise your way out. If things continue like this, Brazil is condemned to be a banana republic.

But even worse, in these people's ongoing diabolical project, they intend to fragment the national territory; to shatter our country; to tell the population: "Gentlemen," (this is, of course, usually said with a smile on their face), "we did what we could. It is impossible to control a country of this size. The realities of the north and of the south, of the southeast and of the northeast are so different, we have to break things up." And in the diabolical project of these people, the fragmentation of the national territory is already planned.

This is the national scenario which cannot be understood outside of the international scenario of which Helga spoke. In this situation which we all find ourselves in, of total submission to rules made abroad, from our viewpoint, there is but one answer: a total break. And this is what we are saying in the minuscule time slots we are granted on television. There is no other way: If a ship is sinking, taking on water, you have to jump, to leap from the ship.

There is no other way. There is no solution. The gentlemen say: "We are going to talk with the IMF." We gain nothing this way. Indonesia talked, and talked, and talked. A few days ago, in the newspapers, one of the economics ministers—I don't remember his name, because there are so many, and they change so often—said (if I'm not mistaken): "We must consult with society (poor society, which doesn't know what's going on), to levy another tax (yet one more), so that we can use the income for social services."

What cynicism! What falsehood! What hypocrisy! Of course, you have no reason to know this, but the truth is that the total taxes which Brazilians pay is much greater than ever paid before. It is nearly 31% of the GNP. . . .

We must stop exploitation

Gentlemen, my message is the same as it has been since I began in 1989: We must rise up against all this, we have to say enough to this exploitation. We have to have the courage to sit down at the table, in the international arena, and say: Yes, we are adults, we want to be respected. We don't want to make war against anybody. When I spoke about the atomic bomb, there was a hue and cry. Cynically, they even showed images of Hiroshima on television, and said that this is what I wanted for Brazil. What cynicism! They don't know what they are talking about.

I was in Hiroshima. I saw the exact place where the bomb fell. I am a doctor. Never, at any time, in the political

party we founded, have I ever defended abortion, the death penalty, any of this. Our background is humanistic. What I said, is that it is extremely unjust that half a dozen countries should hold all nuclear control, and prevent others from having it, while forcing leaders who are little more than puppets, to agree to sign treaties, the way that nuclear one was signed [by Brazil] after I spoke up. I spoke, and one or two weeks later, the treaty was signed. It was signed on July 2, and not before, as many people thought. Do you know why? Because if Japan had had the atomic bomb, the United States wouldn't have dropped the bomb there. To have the bomb, is not in order to drop it on anyone. It is in order to say: Leave us alone; respect us. It was a lie when His Excellency, the President of the Republic, said afterwards—he didn't mention my name, because my name causes chills—that to defend the bomb was a mistake, because we need to use that money for schools. What a lie! Why haven't they used the money for that so far?

We either have a nuclear submarine, as is now being built, and an atomic bomb, and have the conditions to maintain our views; or, soon enough, we will be at the gates of Hell.

It is sad to have to say this to our people. You, gentlemen, are a good representative group, because you are in a position to understand everything that I am saying, which is in fact not the case with the poor man who sweeps the floor. He doesn't even know what's happening. You have that responsibility.

In conclusion, and within my allotted time, I come to deliver a message from our party, a civic message. I repeat what I say everywhere: I am not asking for your vote. A vote is a matter of consciousness. A vote is an intimate, full conviction which is transmitted at the moment that the individual actually pulls the lever.

I only want to transmit a message, and the decision is yours. For centuries now, an avalanche of banality has been dumped on Brazilian society. The value placed on inequity has grown, while that of productive labor has diminished. We are living in an era which urgently requires an example that can kindle in people the flame of citizenship, and the love for our nation.

It is time for a policy truly oriented to the interests of the citizenry to emerge, and not a policy which is against them, where politicians always fight among themselves, in an offensive exchange of favors which always seeks to perpetuate their own interests, while the community sadly watches as its own dreams of building a free society for the future, vanish.

We are going to build the era of conviction, the era of respect, the era of decency, the era of dignity, the era of enthusiasm, the era of science, the era of knowledge, the era of freedom.

Thank you very much.

Brazil's government doing financial acrobatics on the edge of the abyss

by Lorenzo Carrasco

Unless the world financial crisis explodes in the next two weeks, it is highly probable that Brazilian President Fernando Henrique Cardoso, despite the crisis which is insistently knocking on the doors of the Brazilian economy, will manage, through diverse lying and propagandistic ruses, to get himself reelected on Oct. 4. Immediately thereafter, the crisis will return with greater destructive force, unleashing chaos in its wake. The President could celebrate his victory as a kind of Mephistopheles, against the backdrop of a country devastated by usury, with tens of thousands of bankrupt industries and farmers, tens of millions of unemployed, and with the state sector having lost the greater part of its profitable companies. A victory at the country's expense, will last only as long as the oligarchic system imposed through this mockery of democracy, lasts.

To cover for his own responsibility in the approaching domestic calamity, the President hides behind the argument that the domestic crisis is only a reflection of an international crisis. This conveniently ignores, however, what he himself told *Gazeta Mercantil* in a June 19, 1997 interview. There, he admitted that what he most feared was, that there would be a "imbalance" of the world financial system during his government. But, he declared that his government would bet the country's future, that there would be no world monetary crisis.

"We are here placing a bet, that this risk is transitory," Cardoso declared. "You know, that in politics as in economics, one is always placing a bet, because politics is the reign of the unpredictable. . . . What is our bet? It is that we are in a phase in which we are changing the structural model of our productive system. . . . So, we are making this bet . . . and we expect that this will take three to four years."

Now that he lost his bet (his "imbalance" of the global financial system has, indeed, turned into a hurricane), President Cardoso's irresponsible conduct is equivalent to the gambler who blames his personal ruin on the roulette wheel of the casino which he frequented—a point not absent from some of the electoral debates. And, still insisting that "globalization is inevitable," he continues to calmly direct Brazil into the path of the whirlwinds whipped up by the speculative world casino.

The pestilence of usury

While he contemplates the crisis, giving it nary a mention in his lavish electoral propaganda, President Cardoso has let somewhere close to \$30 billion of the country's foreign exchange leave the country. Foreign exchange reserves have dropped from some \$70 billion, to just above \$40 billion (\$42 billion, some analysts calculate, as of Sept. 22).

To try to contain the hemorrhaging of the reserves, his government raised interest rates twice in the last 30 days, jacking them up to just under 50% on Sept. 10. This dramatic measure was adopted on the explicit "suggestion" of London and Wall Street. That same day, *Gazeta Mercantil* columnist Maria Clara Prado had filed a report from London spelling out their orders: "As long as the government does not stake body and soul on a severe adjustment of the 'Real Plan' [read: impose draconian budget cuts], the crisis which has been attacking the Brazilian currency for almost two weeks, will not stop. This is the generalized impression of the London financial market. They know it is an extremely delicate situation because of the closeness of the elections, but leading analysts and players who follow the so-called 'emerging countries,' think that Brazil will have to push its interest rates much higher. The 30% level is considered insufficient to secure the money of the Brazilians themselves. The market has already set the rate at which the Central Bank will have to operate in the open market: The minimal level is 40%."

The interest rate announced the next day, 49.75%, followed London's specifications, and then some. The rate has been sufficient to stop the collapse of the stock market (so far), which had lost around 40% of its January 1998 value by the third week in September, but it did not stop capital flight. The measure, equivalent, in any case, to hanging the victim to stop the pain of hemorrhage, will increase interest payments due between now and the end of 1998 by \$10-15 billion, depending on how long this level of interest rates continue.

This, alone, assures the general bankruptcy of the country. The fiscal deficit will rise from 7%, to more than 8% of Gross Domestic Product, primarily due to interest payments. The government's bonded debt will exceed \$320 billion, with ma-

turities shortening to two or three months; the non-performing loans of the private banking sector will reach more than \$400 billion; and the indebtedness of private businesses will dramatically increase, many of which will therefore stop paying taxes.

'The Rubicon is Brazil'

That Brazil's financial calamity is not worse, is because of the fearful recognition on Wall Street and in London that the Brazilian crisis can drag the rest of the financial system down with it. *Gazeta Mercantil's* London correspondent, Fernando Dantas, put it this way on Sept. 8: "The global markets are focussed on Brazil. . . . What happens there, will be decisive, to know whether the wave of aversion to risk which is passing from country to country, will be detained, or, instead, will worsen substantially. There is near consensus in the City of London over the importance of Brazil in the current world turbulence. For some analysts," he wrote, "at this point, Brazil is even more important than China and Hong Kong, in terms of determining what will happen in the global economy. Because of its dominant position, what happens in Brazil will certainly determine the direction of all Latin America. In addition to this, the influence of the Latin American economy on the United States is much greater than that of Southeast Asia or western Europe."

Albert Fishlow, the New York Council of Foreign Relations' Paul A. Volcker Senior Fellow for International Economics, voiced the rising fears over the *political* impact, were Brazil to break with globalization outright. In an article published in early September, entitled "Lessons of the Economic Crisis," Fishlow warned that "it would ironic—and tragic—if the U.S.A., the European Union, and especially Japan were not in condition to take important steps toward coordination of this process [of globalization]. We will see over the next months, whether this will occur or not. . . . But it would be equally tragic . . . if the developing world decided that globalization is undesirable, and began to turn back from current economic policies. Perhaps the most important example will be Brazil. What Brazil does in the near future, is of vital interest to the world."

Identical warnings were made on Sept. 17 by Alan Blinder, former vice president of the U.S. Federal Reserve, before House Banking Committee hearings. "It is urgent and imperative that the United States and the IMF [International Monetary Fund] check the crisis, before it swallows Latin America. . . . If Brazil falls, it will have a domino effect," he said.

For the president of the Inter-American Dialogue, Peter Hakim, Brazil "is in a very delicate position," facing various possible attacks on its stock market and its currency, the *real*. He believes that it is crucial to put together "a foreign financial package." "The future of Brazil and Latin America depends on an international action at this moment," which the United States must head up, he said. According to the Sept. 18 *Wall*

Street Journal, the IMF's Stanley Fisher spoke "informally" with top executives of the leading New York banks and financial houses, including Chase, Citicorp, Goldman Sachs, and Merrill Lynch, on Sept. 3, and lined up an agreement to back an IMF package for Brazil, should this become necessary. Brazil, the fifth-largest foreign market of the U.S. commercial banks, was considered too big to let it fail.

As the vice chairman of Citicorp, Bill Rhodes, announced shortly after that meeting: "The Rubicon is basically Brazil, and if Brazil holds, so do the emerging markets."

The game is up

With this idea that the Brazilian economy is too big to fail, President Cardoso is placing another bet, a bet, as the Brazilian newspaper *Folha de São Paulo* put it on Sept. 16, "that the worst of the crisis is over, a bet premised on the principle that Brazil is the last country where the domino effect of global turbulence can be checked, thereby keeping it from sweeping away even more. . . . If that is the case, the government believes that the developed world, especially the United States, will find a way to create a financial cushion which will permit Brazil to resist the impact of the crisis. If this is not the case, Latin America will fall, dragged down by the weight of the largest economy in the sub-region, with direct and heavy repercussions upon the United States itself. After all, Latin America absorbs close to 20% of U.S. exports, and U.S. banks lent Brazil almost \$28 billion, four times more than to Russia."

Fortunately, sane voices are being raised from within Brazil's political establishment, against this continued irresponsible course of action. There is an increasing number who recognize, as former President, now Sen. José Sarney bluntly stated in his weekly column in *Folha de São Paulo* on Sept. 18: The speculative game is over. The former President said:

"That the crisis is big, everyone knows. When it will end, no one knows. Clinton says it is the greatest crisis of the last 50 years. No one recalls problems of this nature that have a fast and easy solution. The issue is more profound. This is the bankruptcy of the model of speculative financial capitalism; it is the first great convulsion of neo-liberalism, and the warning sign that the internal contradictions of capitalism are breaking out, as occurred with communism. . . . The bankruptcy of Latin America is the end of the solution based on free-market preaching. . . . Brazil has to be alert and have other options. Under no circumstances, should it burn its reserves on the expectation of aid. It must have a 'deadline.' When this red line is passed, it must play dirty and use the axe."

The problem is that thus far, the only game which President Cardoso understands, is that of betting, in a game premised on his firm belief in the immortality of the gods of Olympus whom he is committed to serve. But under current conditions, in which the system as a whole can come apart, the President's bets are dangerous rhetorical acrobatics at the edge of the world financial abyss.

Chile: hardly a 'model' to be followed

by Cynthia R. Rush

At the mercy of the systemic global crisis which has left it cash-starved and unstable, on Sept. 17 the Chilean government abolished its controls on foreign capital, put in place some years ago as a modest restriction on short-term speculative capital. Last June, in hopes of attracting more foreign capital, even if it were speculative, authorities had reduced from 30% to 10%, the percentage of incoming foreign investment they required be deposited in the Central Bank for one year.

When this didn't bring in the flood of hot capital the government had hoped for, it decided in September to eliminate the 10% reserve ratio. At the same time, measures raising the official interbank interest rate from 8.5% to 14% (although the annualized interbank rate has been at 60% in recent weeks), and widening from 5.5% to 7% the bands within which the national currency, the peso, is allowed to fluctuate, were announced. The latter measure effectively devalued the peso, which has been under speculative pressure for months. The Central Bank has had to repeatedly intervene in the market to defend the peso, spending more than \$2 billion of its \$17 billion in reserves so far this year, even though this forced interest rates up to as high as 120%.

"We are experiencing, and will [continue to] experience, difficult moments, because there is a world crisis," said President Eduardo Frei on Sept. 18, in an interview with Radio Cooperativa de Santiago. He urged Chileans to accept the latest austerity measures announced in the wake of the government decision, as the only option for dealing with the financial upheaval. Central Bank president Carlos Massad called for more budget cuts; more than \$685 million in cuts were made last July.

"Isn't it ironic," chortled a Merrill Lynch executive quoted in the Sept. 18 *Wall Street Journal/Americas*, "that just when everyone is talking about Chile and the 'Chilean model' [of capital controls], Chile itself abolishes them!"

Russia beware!

Contrary to the opponents of Lyndon LaRouche's proposed New Bretton Woods system, what is actually dead here, is Chile's radical free-market, British colonial export-dependent economic model, hawked for more than a quarter-century (since the 1971 Pinochet coup) by the fascist Mont Pelerin Society as one of its greatest success stories. The latest intended victim of their policies is Russia, which is being

pressured to follow Chile's "success." But, one may ask: What success?

In its July 21, 1995 cover story "An Obituary for London's Chilean Economic Model," *EIR* showed that since its imposition by a team trained at the University of Chicago, the model's "success" was based on gutting Chile's *physical* economy. From the early 1970s to 1995, the speculative bubble of foreign debt grew sixfold, and the 1981 privatization (i.e., seizure) of pension funds, a dramatic form of forced savings, gave bankers a way to keep looting the economy, to ensure payment of the ballooning foreign debt. While bankers have managed to keep "their beloved Chilean model afloat," *EIR* warned, "this phase of looting is also rapidly coming up to the limits of what the physical economy can withstand."

The crisis of the world financial system today has exposed the hoax of the Chilean model. Dependent on copper exports (it mines one-quarter of the world supply), Chile has seen the revenues of Codelco, its state-run copper conglomerate, drop by 65.2% in the first half of 1998, due to the more than 30% drop in the copper price this year (now at 73¢/lb). Revenues from Codelco finance part of the national budgets for health and education. The prices of its other major exports, forestry and fishing products, have also plummeted. It is estimated that Chile will lose at least \$1.7 billion in export earnings this year. Nearly one-third of Chile's overall exports go to Asia, which has been engulfed in crisis for more than a year now.

According to the Sociedad de Fomento Fabril, the Chilean business association, the industrial sector lost more than 30,000 jobs in the first half of 1998. The value of the stock of the 40 leading companies quoted on Santiago's blue chip IPSA index, has dropped 25.3%, and the stock market is at its lowest point since 1993. Between January and July, foreign investment dropped 47%, compared to the same period of 1997. The Chilean Exporters Association estimates a \$3 billion trade deficit for 1998, and the current-account deficit will be close to 7% of GDP.

What about the private pension system, whose funds were channeled into the stock market and other speculative ventures, supposedly to bring lucrative returns? In its Jan. 5, 1996 issue, *EIR* revealed that a large percentage of the privatized funds (now at \$32 billion) was invested in highly speculative paper linked to the international derivatives bubble. It was only a matter of time, *EIR* said, "before the whole pension fund goes up in smoke," following Barings Bank, Orange County, California, and others. In September 1995, the funds lost \$1.5 billion of the one-third it had invested in the stock market, and for 1995, the system had real returns of -2.5%, supposedly due to "over-concentration" of its investments in the electricity sector, which dropped by 25% during that year. *EIR* warned at the time that this "could be just a taste of what is to come." Now, in the last 11 months, the AFJP's, as the funds are called, have lost \$5 billion.

Mentally tied to a doomed system

The German elites still find it hard to imagine a world without the International Monetary Fund.

Repeated heavy losses in the stock market in Frankfurt in recent weeks, and the Russian collapse, have compelled Germans who usually wouldn't listen to any warnings, to finally acknowledge that this is a financial crisis that won't easily go away. But, there is far more open-mindedness among the population, than among politicians and bankers, about the need to have something other than the International Monetary Fund (IMF). There is ample evidence of popular interest in this matter, provided daily in the campaigns of the LaRouche movement for the elections for national Parliament on Sept. 27. If one addresses the fact that "this system is finished," most voters agree; bankers and politicians still tend to say, "Well, but . . ."

It comes as no great surprise, therefore, that President Bill Clinton's Sept. 14 call at the New York Council on Foreign Relations for a special world economic summit, involving more than the Group of Seven governments, has been met with much reserve among senior politicians and bankers. They still hope that the monetary problems might be solved within existing institutions—the G-7, IMF, Organization for Economic Cooperation and Development, United Nations, and so on.

Very few figures among the German elite have said publicly, that such "reform" is certainly not sufficient to combat global monetary and economic disorder. The LaRouche movement, its publications, election campaign spots, and pamphlets, have, to date, been the almost exclusive forum for public debate on alternatives to the collapse of the global financial system.

The most prominent among the exceptions has been former Foreign Minister Hans-Dietrich Genscher. In his monthly guest column in the Berlin daily *Tagesspiegel* on Sept. 23, Genscher wrote that what Britain's Prime Minister Tony Blair said about reforms in the international structures of decision-making, is insufficient. The G-7 plus Russia, for example, is far too small a group to discuss such crucial matters as the future of the world economy, Genscher said. "The importance, alone, of the Chinese economy and the Chinese currency policy should be reflected in an invitation to such an extra summit," he wrote. "Also, Latin America, as well as Southeast Asia, should be heard at this type of occasion."

Genscher proposed an international council of "wise men," to prepare for an extended global economic summit. The list of elder statesmen and central bankers whom Genscher proposed, however, promptly raises doubts that such a council would produce anything useful—not least because of the crippling flaw that Lyndon LaRouche is not mentioned. And, the people whom he did mention, including former U.S. Secretaries of State (and also Treasury) George Shultz and James Baker, and former Chancellor Helmut Schmidt, have not contributed much that is meaningful.

For example, Schmidt, who has been campaigning for Gerhard Schroeder, the chancellor candidate of the opposition Social Democrats (SPD), published a front-page essay on Sept. 3 in the weekly *Die Zeit*, entitled "Global Madness." Schmidt correctly said that "not Russia, but the hot

money of speculators could trigger a worldwide economic crisis," and also identified the "short-term flows of hot money with all their speculations and psychoses," and the "options, swaps and thousands of other derivatives." But, Schmidt's absurd conclusion, is that the "upgrading" of IMF supervisory functions would suffice to make that madhouse more reasonable.

Schmidt conceded that troubled governments should be allowed to take protective measures for their currencies, and to impose capital controls; but, the main work of preventing a new global economic depression and financial collapse should be done by the IMF and other supranational institutions, like the G-7 summits.

This is also the approach taken by another "wise man" who has been proposed by Genscher: Jacques Delors, the former president of the European Commission. Delors has just published an assessment of the global financial "madness" that is similar to Schmidt's, and he has also called for a "world economic security council," which would supersede the G-7 and work through the UN. Oskar Lafontaine, SPD party chairman and a possible finance minister in an SPD-led government, has the same view as Schmidt and Delors.

The supranational structures they propose would not upgrade national economic approaches of the kind that is practiced by the country mentioned by Genscher: China. The proposed structures would only replace the old evil of the IMF, with new locust swarms of monetarist bureaucrats. Their "capital controls" would impose a bit more discipline on speculators, but curb credit lines to productive ventures, as well. Their priority would be to preserve monetarism. But, time has run out for such schemes, because the era of globalized, supranational monetarism is coming to an end.

Business Briefs

Eurasia

'New Silk Road' pact signed in Azerbaijan

Twelve nations (Armenia, Azerbaijan, Georgia, Bulgaria, Romania, Moldova, Ukraine, Kazakistan, Kyrgyzstan, Tajikistan, Uzbekistan, and Turkey) signed an agreement to develop road, rail, air, and ferry networks linking Central Asia to Europe, via the Transcaucasus, at a Traceca conference in Baku, Azerbaijan, on Sept. 8. The European Union is sponsoring the plan.

Georgian President Eduard Shevardnadze called the pact the "New Silk Road Agreement." Turkey's President Suleyman Demirel stated that the plans to build transport links along the ancient Silk Road will define international politics in the next century, and bring peace and prosperity to the world, BBC radio news reported.

The 12 nations agreed to regulate transport tariffs and customs procedures, and set up a permanent secretariat in Baku. The project has already drawn \$200 million worth of investment, although the EU estimates that at least \$900 million is needed to refurbish existing infrastructure. The European Union and European Bank for Reconstruction and Development are to finance many of the projects.

Transport volume along this route was 1.9 million metric tons in 1997, but plans are to increase it to 34 million tons, by 2010.

China

Rate of rail, road construction increases

China is increasing the rate of rail and highway construction this year, Xinhua reported on Sept. 11. Beijing recently added another 4.2 billion yuan (\$506 million) to rail investment, bringing the total for this year to 53 billion yuan. Some 41.3 billion yuan will go into construction of large- and medium-sized projects, including laying 1,876 kilometers of railroad tracks, and building 1,210 km of new rail lines, 575 km of double-tracked lines, and 1,091 km of electric

railways. The Ministry of Railways noted that work in the next four months will exceed that of the past eight months.

In addition, construction of 16 priority projects will be intensified. These include double-tracking the southern section of the Beijing-Kowloon railway, and electrification of the Chengdu-Kunming railway.

However, rail construction in the past few months has been slower than expected, due to a lack of preparatory work. Major problems have arisen in acquiring the necessary land, which have been compounded by the floods.

Investment in highway construction was 86.2 billion yuan in the past eight months, up 82% over 1997, employing over 3 million workers. There are projects to build 38,500 km of highways this year, costing 180 billion yuan. Repairs of flood-damaged infrastructure will also receive major investment. Some 29,000 km of roads were damaged by the floods, about 2.5% of China's total. The Ministry of Communications has earmarked 60 million yuan for repairs.

Venezuela

Doctors strike over hospital conditions

Doctors in Venezuela's public hospitals went on strike in September, denouncing the "deplorable conditions" in public hospitals, and demanding a wage increase, up from the monthly \$500 salary they now make, to \$1,029. The government of President Rafael Caldera declared the strike illegal, and ordered the firing of 250 doctors from a Caracas hospital, before the dispute entered arbitration. The strike was initially called by the Medical College in Caracas, but was joined by the Venezuelan Medical Federation. The public hospitals are funded by the Health Ministry, but the government states that it is impossible to meet the doctors' demands, because of the severe economic crisis afflicting the country.

In a press release, the Medical Federation reports that because of budget cuts, epidemiological information is no longer sent out to the country's public hospitals, and it has called on the World Health Organization

to send representatives to Venezuela "to confirm the deplorable conditions in which we, the doctors, work." The doctors also charge that "patients die daily" in hospitals, because of lack of supplies and medicines. A Venezuelan doctor who saw the video on conditions in Russian hospitals at a recent Schiller Institute conference in Caracas, remarked that "this is exactly what is happening in Venezuela." Doctors also say that the new health law would leave 80% of the population without medical protection, especially for serious ailments such as heart or kidney disease.

Demographics

Life expectancy is falling in Europe

Because of the catastrophic deterioration of health conditions in eastern Europe, overall life expectancy in Europe between 1991 and 1994 dropped from 73.1 years to 72.4 years, the World Health Organization (WHO) said in a recent report on the health situation in Europe. It is the first drop in life expectancy in Europe since World War II.

The health situation in all the successor states of the former Soviet Union is even worse. In 1970, people in western and central Europe had a life expectancy 2.5 years above those in the Soviet Union, but by 1995, the gap had increased to 11 years. However, the report said that in western Europe, there are alarming developments because of the rapid expansion of poverty and unemployment, while social assistance is being cut back.

Health

HIV infection rates to rise in western Pacific

World Health Organization regional chief Dr. Han Sang Tae told a WHO meeting in Manila, the Philippines on Sept. 15, that the infection rate for human immunodeficiency virus (HIV) is projected to increase to more than 1.5 million individuals by the year 2000, a 100% increase, the *South China Morning Post* reported. The increase is fu-

elled in particular by the spread of curable sexually transmitted diseases.

The regional WHO office estimates that more than 35 million new cases of chlamydia, gonorrhea, and syphilis occur yearly in the region, with rates of infection of 2-5% among the sexually active population, and 20-40% among "commercial sex workers." Nearly 85,000 new HIV infections and more than 15,500 new AIDS cases were found in the region in a one-year period to May 1998, but Dr. Tan says that, because of underreporting and underdiagnosis, the actual figure is closer to 700,000 HIV infections and 40,000 AIDS cases. Tan relied on the conservative figures to reach his conclusion of a 100% increase in HIV infections, to 1.5 million, and 50,000 AIDS cases by 2000.

Trade

Activity across Taiwan Strait is on the rise

Economic and trade exchanges across the Taiwan Strait "are growing by the day," the Beijing-owned China News Agency reported on Sept. 12. "Since the outbreak of financial crisis in Asia last year, . . . Taiwan businesses that invested in Southeast Asia as prompted by Taiwan authority's 'southward policy' are now suffering great losses . . . because of the significant currency depreciation in Southeast Asia. On the other hand, Taiwan businesses which went 'westward' to invest in mainland China, basically remained unaffected," it said.

"Because of the rapid development of the mainland market and the rising profits, Taiwan businesses are even more confident of their investment in the mainland," it said. "The amount of Taiwan investment [in China] from January to June stands at \$695 million, or a 40.22% growth from the same period last year," while enterprises which invested in southeast Asia are "almost in a stalemate."

Recently, a delegation from a group of Taiwanese petrochemical factories toured China. Under current Taiwan policy it is impossible for Taiwanese petrochemical firms to invest in China, but industrial leaders are preparing for when it does become possible.

Groups from Taiwan enterprises in information, telecommunications, computer science and technology, finance, banking, and other sectors have all recently visited China.

Britain

Blair under attack as physical economy falls

British Prime Minister Tony Blair is walking into a "Greek tragedy" by insisting on holding down salaries for public sector workers, Trades Union Congress (TUC) president John Edmonds said in an interview with *New Statesman* magazine and reported on in the Sept. 10 London *Guardian*. Edmonds said that Blair's policy is likely to lead to widespread disruption of public services. On Sept. 16, Blair was jeered when he visited a plant threatened with closure near his Sedgefield constituency. The *Daily Telegraph* had a cartoon, depicting workers holding signs like "Plant Closures," "Manufacturing Crisis," "Market Turmoil," and shouting at Blair, "It's the world economy, stupid!"

The TUC estimates that 250,000 manufacturing jobs could soon be lost, and it wants Blair to set up a task force of ministers, employers, and unions "to coordinate measures to breathe life into manufacturing."

The risk of Britain sliding into "a full recession" because of the global financial crisis is growing, economists at the accounting firm Price Waterhouse Coopers are warning. The firm's chief economist, Rosemary Ratcliffe, said, "Recent events, by threatening the stability of the international financial markets, have further increased the dangers of a severe global downturn."

On Sept. 9, the *Guardian* reported, in an article entitled "Britain's Poor Are Worse Off than Ever," that "deprivation, chronic unemployment, and poor levels of literacy have turned the United Kingdom into one of the most poverty-stricken countries in the developed West." There is a "growing gulf between rich and poor," and only the United States and Ireland suffer from higher levels of poverty. A recent UN Human Development Report says that, as of 1995, some 15% of the British population were living in poverty.

A GERMAN constitutional court on Sept. 18 prohibited the sale of state-owned real estate by the state of Schleswig-Holstein, to prevent "severe damage to the public." The decision is expected to have far-reaching consequences for various privatization schemes in preparation or under way at the federal, state, and municipal levels.

AUSTRIAN industrial exports to Asia have dropped at alarming rates over the first five months of 1998, according to a survey by the Vienna-based Institute for Economic Research. Exports to Indonesia dropped 51.1%; Japan, 34.4%; and South Korea, 28.9%, a pattern similar to the collapse of German exports to Asia.

TSINGHUA University, one of China's most prestigious, plans to develop a satellite for Earth remote sensing, to celebrate its 88th anniversary next year, an official said on Sept. 16. The satellite is expected to be launched on a Long March rocket.

BANC ONE Corp.'s purchase of First Chicago NBD Corp. was approved by its shareholders on Sept. 15. The deal, valued at \$29 billion when it was announced in April, is now worth \$21 billion at today's stock prices. Banc One will become one of the top seven U.S. derivatives banks.

KAZAKSTAN signed oil deals with Japan's National Oil Agency, Mitsubishi, Mitsui, and the U.S.-based Phillip's Petroleum on Sept. 14. The deals cover exploration of Kazakstan's portion of the Caspian Sea, extraction of gas condensate, and the reconstruction of the refinery in the western city of Aktau and several other industrial complexes.

SUDAN has been hit with flooding on the Nile River, leaving 100,000 homeless. The floods are the result of unusually heavy rainfall in Ethiopia. Sudan has asked Egypt to open the Aswan Dam, so as to allow floodwaters to flow more rapidly into the Mediterranean.

How France's greatest military hero became a Prussian lieutenant-general

by Lyndon H. LaRouche, Jr.

Sept. 20, 1998

During the course of the recent efforts of former George Bush official Kenneth Starr to destroy the U.S. Presidency, not only this writer, but many prominent and influential press and other voices from inside the U.S.A. and Europe, have warned, that to continue to tolerate Starr's efforts is not merely disgusting; given the catastrophic circumstances of the present global, systemic crisis of the world's financial and monetary system, it would be the worst folly imaginable. Only the President of the U.S.A. is capable of pulling together a concert of nations adequate to establish that desperately needed new world financial and monetary system, upon which the continuation of civilized life on this planet might probably depend. In that sense, and other respects, too, Starr's perverted antics are a global threat to civilization.

This is a time of crisis, in which to re-examine the historic and present relations between the office of President of the U.S.A. and other nations of the world generally. The issues addressed in the following pages go to the core of the historical basis on which to situate the role which the world requires of U.S. President Clinton now, as a leading world figure. The author's references to himself, to the role of the United States, and to the exceptional place which the U.S.A. occupies in the history of modern nations, are colored to the purpose of putting the emphasis on the most urgent among the immediate, practical, strategic implications of topics presented in this report: the key role which the United States must now play, for the cause of civilization as a whole.

* * *

All of the great steps forward in human progress occur in the only possible way in which they could occur: great discoveries set into motion by paradoxes so devastating that the latter demolish much of leading, generally accepted opinion. No great power was ever destroyed by anything, as much as it was destroyed by the fatal persistence of its refusal, under such circumstances, to correct its own customary opinion. In such circumstances, only failing fools seek to build policy of practice by opportunistic, pragmatic appeals to what they wish to perceive as popular opinion. Only those shocks which compel the mind to see the follies of currently generally accepted official and popular opinion, have ever prompted such a power to turn back, to safety, from the brink of self-induced doom. Such is the nature of the case considered here.

There is one crucial aspect of early U.S. history upon which all subsequent understanding of the U.S.A.'s character depends, more than any other events since the founding of the republic. This is a characteristic of the U.S. and its history, which rises above the relatively transitory caprices and other aberrations of incumbent authorities and popular sentiment. It is that deeper, more durable aspect of the U.S. history, which is reflected in certain among the developments from the 1812 outbreak of the second war against the British monarchy, until the 1848 death of John Quincy Adams, developments whose radiating influence subsequently shook and changed the entire world for the better. Unfortunately, it is also a part of history which is seldom remembered today, and which is often, even then, insulted and otherwise abused, even among most leading political figures and professional historians.

What proved, ultimately, to be the specifically world-his-



The Pantheon in Paris, where France's military heroes are buried. The remains of Lazare Carnot (inset) were transferred there in 1889, although he had been buried in Magdeburg, Germany. LaRouche takes up the paradox, which led French patriot Carnot, like the patriot Marquis de Lafayette earlier, to come to accept flag-officer rank in the service of a foreign power, as a means of approaching a crucial principle of foreign policy—the need to achieve not only a perfect sovereignty of nation-states, but a “community of principle” between nations, as defined by U.S. President John Quincy Adams.

toric developments of that period, should be described for our purposes here, as situated between the War of 1812 against the British monarchy, and that invasion of Mexico by U.S. President Polk, which unleashed a mobilization leading into that insurrection known as the Confederate States of America, a mobilization which was organized by U.S. assets of Britain's Palmerston. What have subsequently shown themselves to have been the most important influences from this 1812-1848 period, influences on both future U.S. and world history, were actions set into motion in response to the disasters of the Jefferson and Madison administrations, actions taken during those first decades of the 1812-1848 period, when Henry Clay's "Warhawks" led the war against Britain, when John Quincy Adams came to be, successively, U.S. Secretary of State and President, and Sylvanus Thayer assumed his crucial role as Commandant at the U.S.'s West Point Military Academy.

To understand the crucial aspects of this period of U.S. history, and their subsequent impact on the world history of the past century and a half, we must recognize that, from the Congress of Vienna, until the aftermath of Palmerston's and Napoleon III's so-called "Crimean War" against Russia, every reigning government in Europe, from the Iberian peninsula to Russia, was the avowed enemy of the U.S.A. We had friends among even very influential persons in Germany, among the circles around the Marquis de Lafayette, and also elsewhere; but, from the Congress of Vienna until well after 1848, all of the reigning governments of Europe were openly

aligned, or sympathetic with our avowed enemies. Constantly, during the entirety of this interval, it was with good reason, that our leading patriots always anticipated some fresh effort, chiefly from the British monarchy, but also from both Clement Prince Metternich's Holy Alliance and France, to eradicate from this planet both our republic and its influence as a model.

So, under these hostile conditions dominating most of the 1812-1848 interval, the caretakers of our republic developed, and continually reworked the war-plans which might be required for our republic's defense against such enemy operations launched, internally or from abroad, operations launched either separately, or jointly, from London, France, and those Metternich circles so flagrantly admired, in recent years, by U.S. agent of British influence Henry A. Kissinger.¹

Our republic's continued existence was menaced, not only by powerful enemies in Europe, but, to make matters worse, long before Kissinger, during the 1812-1848 period, and later, the British monarchy had powerful assets operating

1. Cf. Henry A. Kissinger, on Metternich's and Kissinger's own anti-U.S. passions, *A World Restored: Metternich, Castlereagh, and the Problems of Peace* (Boston: Houghton-Mifflin, 1957), and on agent of British influence Kissinger's own anti-U.S. policies, see his bragging confession of this delivered to his "Chatham House" patrons, in a keynote address delivered on the occasion of the 200th anniversary of the founding of the British foreign service: "Reflections on a Partnership: British and American Attitudes to Postwar Foreign Policy," (London: Royal Institute of International Affairs, May 10, 1982).

against our republic from inside the U.S. itself. These subversive forces within our nation were typified by the treasonous, opium-trafficking, Hartford Convention cabal, Manhattan bankers in the following of Britain's Aaron Burr, and the South Carolina conspirators who came to form the nucleus of the Confederacy.² Thus, here at home, as abroad, it was an extremely dangerous time in our national history. It was a time when the close followers of Benjamin Franklin, such as Mathew Carey, President James Monroe, John Quincy Adams, Speaker of the House Henry Clay, General Winfield Scott, Henry C. Carey, and other leading patriots, repeatedly refreshed their understanding of a principle of strategy which is still essential for guiding our constitutional republic to safety today.

This was a perilous period, during which leaders of the U.S. grouped around Philadelphia's Mathew Carey,³ John Quincy Adams, and, later, economist Henry C. Carey,⁴ acted in the tradition of Benjamin Franklin, valuing highly what influential friends remained to us inside Europe, as key collaborators in our nation's struggle to escape from perilous isolation. Typical of those European friends from our time of need, were those circles which had continued that tradition of European support for the U.S. War of Independence and U.S. constitutional republic, from during the 1776-1789 interval, or even earlier.

Among such friends of U.S. independence, the most familiar to the memories of literate U.S. citizens today, is the case of the Marquis de Lafayette. The composers Wolfgang Mozart and Ludwig van Beethoven were an integral part of this international movement. There is also the exemplary case of the Russian poet Pushkin. Less well known to present-day students of history, but crucial, were the German military and other circles centered around the friends of the historian, playwright, and poet, Friedrich Schiller. During the sweep of the 1763-1848 interval, these circles usually traced their

2. Anton Chaitkin, *Treason in America*, second edition, (New York: New Benjamin Franklin House, 1985).

3. Mathew Carey, *The Olive Branch, Or, An Attempt to Establish An Identity of Interest between Agriculture, Manufactures and Commerce*, (Philadelphia: 1820). See also, Mathew Carey, "Addresses of the Philadelphia Society for the Promotion of National Industry" (1819).

4. Henry C. Carey, the son of Philadelphia's Mathew Carey, became the world's leading economist with the publication of his 1840 three-volume *Principles of Political Economy*. He was, together with Henry Clay and John Quincy Adams, a leader of the Whig Party, and of the founding of the Republican Party. It was Carey, together with Benjamin Franklin's great-grandson, Alexander Dallas Bache, who played a key part, as advisors to President Abraham Lincoln, in launching the 1861-1876 economic revolution which established the U.S.A. as a leading world power. Carey was also the key figure in introducing the industrial revolution to Meiji Restoration Japan, and played a key role, through 1879, in the launching of the post-1876 industrial revolution in Germany. The names of U.S. Treasury Secretary Alexander Hamilton, the German-American economist Friedrich List, and Henry C. Carey, represent the core of what Treasury Secretary Hamilton identified as the American System of political-economy.

friendship to the U.S. to admiration for Benjamin Franklin as a leader of that 1763-1789, international movement for freedom, of which the U.S. struggle itself was only a part.

After the death of Franklin, such folk often continued that friendship through associations with the networks of John Quincy Adams. Out of these friendships, came the U.S.'s invaluable support from within Germany, later, and from the Russia of Czar Alexander II, D.I. Mendeleev, and Count Sergei Witte.⁵

It was that strategy and foreign policy of the U.S., the which was developed around the central figure of John Quincy Adams, which laid the foundations for that U.S. global influence and power which was established by the military victories of President Abraham Lincoln over both the Confederacy and the combined British, French, and Spanish invaders of Mexico. It was these experiences, dating from the most perilous early decades of Nineteenth-Century history, upon which crucial features of President Franklin Roosevelt's policies were later premised.⁶ Without the lessons which some among our nation's leaders learned, and applied, from that legacy of 1812-1848, the United States would not have survived to arrive at this point at which we must now address the present global crisis, as we do here. Among the crucial examples of history-making from that period of our republic's relative isolation, is the case upon which we focus here, the ironical case of France's greatest war-time military leader, Lazare Carnot.

Out of the study of the wars which were ongoing in Europe during the interval 1789-1814, and of the decades immediately following those wars, these patriotic thinkers of the U.S. republic, came to a fresh, and richer understanding of the principle to which we have referred. This is most simply illustrated by Adams' role, as Secretary of State, in crafting what became known as the 1823 Monroe Doctrine.⁷

As Secretary Adams underlined this fact, the Monroe Doctrine was in explicit opposition to both of our leading

5. On the subject of the networks of friends of the American Revolution, such as Friedrich Schiller, see below.

6. Proceedings of the Sept. 5-7, 1998 Schiller Institute/International Caucus of Labor Committees conference near Washington, D.C., panel entitled "What Really Is American Exceptionalism? From Benjamin Franklin and John Quincy Adams to Franklin Roosevelt and Lyndon LaRouche."

7. In an Aug. 20, 1823 note to U.S. minister to Britain Richard Rush, British Foreign Secretary George Canning proposed a joint announcement of an Anglo-American concert of action toward the Spanish-American countries. The British proposal is reproduced in John H. Powell, *Richard Rush: Republican Diplomat* (Philadelphia: University of Pennsylvania Press, 1944), pp. 158-159. For an overview of John Quincy Adams' role in the Monroe Doctrine (the result embodied in President James Monroe's annual Message to Congress, Dec. 2, 1823), in opposition to the British proposal, see Samuel Flagg Bemis, *John Quincy Adams and the Shaping of American Foreign Policy* (New York: Alfred A. Knopf, 1956), pp. 363-408. For Adams' actions guiding President Monroe in the shaping of the Doctrine, see *Memoirs of John Quincy Adams* (Philadelphia: J.B. Lippincott, Volume VI, 1874-77), in particular pp. 151-155, 177-181, 185-190, and 194-215.

foreign foes of that time: the rentier-financier power of the British monarchy, and the reactionary feudal interest represented by Clement Prince Metternich's Holy Alliance. It was the principle embodied in that doctrine, upon which President Franklin Roosevelt's policies for ridding the post-war world of British, French, Dutch, Belgian, and Portuguese colonialism, were premised.⁸ It is the same principle which is contained within my own design for establishing that urgently needed, "New Bretton Woods" agreement, which must replace the currently disintegrating, and bankrupt, global financial and monetary system.⁹

The core of the principle, is, that since Classical Greece, all of the greatest discoveries in the histories of physical science and art, and of the development of successful strategy for civilized society, are prompted by what had appeared, in each relevant historical instance, to be most devastating anomalies, paradoxes which each challenged profoundly some widespread body of pre-existing opinion. Such paradoxes challenge not only the ignorance upon which popular opinion is, too often, commonly founded, but also the ostensibly best-informed judgments of well-educated specialists from the relevant professions.¹⁰ In periods of change, governments are overturned, great political parties may be either toppled from power, or disintegrate, as the U.S. policies of the errant Jefferson and Madison administrations virtually destroyed the leading U.S. political parties of that time.¹¹ On account of the recurring need for such sweeping, radical changes, during each time of great crisis, it is often said, sometimes without exaggeration, that the first thing a prudent commander does, when faced with a new major war, is to fire all the generals.¹²

We should have learned from the lessons of the early decades of the U.S. republic, that we would put civilization as a whole in jeopardy, if, in the midst of great crises, such as today's, we abandon our nation's leadership to those who, however otherwise well-intentioned, imagine that statecraft could be reduced to a set of mere recipes, old habits, so-called traditions and other precedents, popular opinion, or dogma. Today's devastating global financial and monetary crisis

should remind us, that the world constantly changes, as it will change more rapidly today, during the rapid succession of ongoing phase-changes of these current weeks and months, than ever before.

To defend that unchanging principle of freedom, on which our republic was founded, requires frequent, radical changes in both general opinion, and in the choices of methods and procedures employed to realize our continuing higher purpose. We must match changed circumstances, with the discovery of relevant new principles of physical science, art, and other statecraft. The new principles are the discoveries without which anomalous new circumstances could not be mastered. John Quincy Adams' composition of the Monroe Doctrine, is typical of past such changes within the domain of U.S. statecraft.

To make clear what this quality of change implies, this report centers attention upon a crucial anomaly from the period of 1789-1823, during which Adams became U.S. Secretary of State. This is the case of a paradox, centered upon a single individual, France's Lazare Carnot, a case which has turned out to have been a crucial feature of the history of modern European civilization as a whole. The most ironical features of the case of Carnot, should focus our attention upon a key strategic political issue of the present, worst, global financial crisis in all modern history. On that account, we pivot the argument of this report upon an exemplary feature of the Carnot paradox.

Focus most sharply on a period beginning shortly after the defeat of Napoleon Bonaparte, continuing until that death of France's greatest military hero, Lazare Carnot, which occurred in Magdeburg, Germany, in the same year that the United States issued John Quincy Adams' Monroe Doctrine, 1823. The pivotal feature of the anomaly upon which we focus, here, is that: *in the course of a process bridging the interval from 1789 into 1823, one of France's greatest scientists, and, beyond doubt, its greatest military hero to date, Lazare Carnot, became, after 1814, a stipended Prussian Lieutenant-General.*¹³

13. The direct documentation that Carnot was given the rank of Lieutenant-General in the Prussian army was destroyed by the Allied bombardment of Magdeburg in spring 1945; however, there are a number of indications that this was the case. First, there is no existent evidence that he was not given this rank, although it was unofficial, due to the fight within the Prussian administration over Carnot's commission. In 1816, there was an exchange of letters between Carnot and Prussian Prime Minister Karl August von Hardenberg, about the conditions under which Carnot would go to Prussia. Carnot had three requests: that he would have the rank of Lieutenant-General; that he would retain his title of count; and that he could continue to use the Ordre du Lys he had received in France. In his response to Carnot's requests, Hardenberg did not deny any of these requests; Carnot then entered Prussia. There are also existing records that Carnot received a pension of 1,200 thaler, which is the usual pension for a Lieutenant-General of the Prussian Army.

In addition, when members of the royal family visited Magdeburg, Carnot was treated as the highest-ranking officer of Magdeburg, and was seated next to the prince. After his death, Carnot was buried in the St. John Church in Magdeburg, which was the military garrison's church, although he was him-

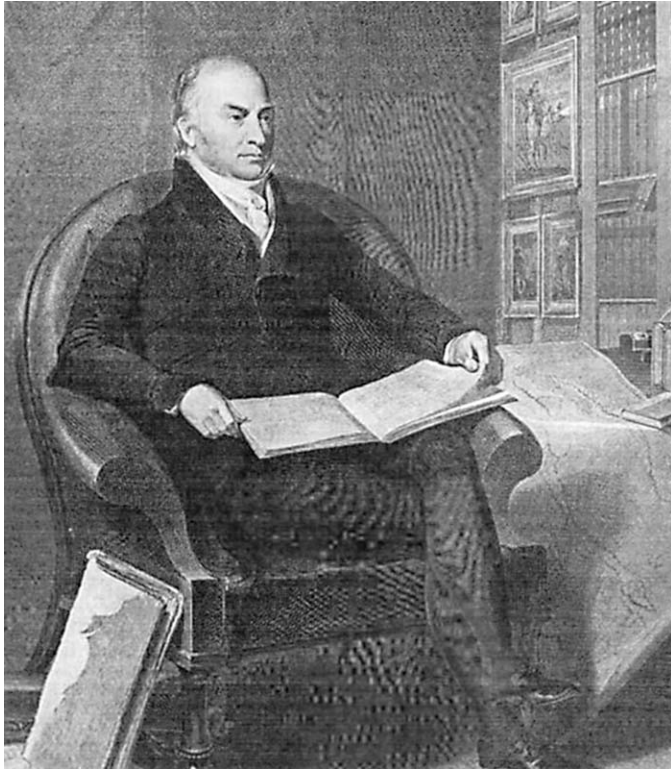
8. Compare Elliot Roosevelt, *As He Saw It* (New York: Duell, Sloan and Pearce, 1946) with Henry A. Kissinger's anti-U.S.A. view, in Kissinger's May 10, 1982 Chatham House address (op. cit.).

9. Lyndon H. LaRouche, Jr., "Toward a New Bretton Woods," March 18, 1998 Washington, D.C. address, *Executive Intelligence Review*, March 27, 1998. "Behind the Bombing of the U.S. Embassies: What Will Happen, If . . . ?," *Executive Intelligence Review*, Aug. 28, 1998, passim.

10. Lyndon H. LaRouche, Jr.: "Russia Is Eurasia's Keystone Economy," *Executive Intelligence Review*, March 27, 1998; "An 'American Century' Seen as a Modular Mathematical Orbit," *Executive Intelligence Review*, July 24, 1998; "Mathematics & Measurement: Science vs. Ideology," *Executive Intelligence Review*, Aug. 21, 1998.

11. Mathew Carey, *The Olive Branch*, op. cit.

12. On "firing the generals," see Lyndon H. LaRouche, Jr., "The Death-Agony of Olympus," *Executive Intelligence Review*, Sept. 18, 1998.



The foreign policy precedents of former President John Quincy Adams (left), as opposed to those of former Secretary of State Henry Kissinger (above left) and former National Security Adviser Zbigniew Brzezinski, are the proven model which President Clinton must adopt today, in meeting the challenge of providing leadership for the establishment of a New Bretton Woods. "We must enter into a new era of mankind, that envisaged by then-U.S. Secretary of State John Quincy Adams, an era in which the Hobbesian bestiality of a system of 'balance of power,' is superseded by a community of principle."

To put the case of Carnot in clearer historical perspective, compare the example of another great man, one who rose to become exemplary of the statesman who is, at the same time, a patriot and world-citizen in Friedrich Schiller's sense of those terms: France's President Charles de Gaulle.¹⁴ This comparison of Carnot and de Gaulle, helps to sharpen focus on the most crucial political issue of policy-making in today's crisis-stricken world: the issue of the defense of the institution of the sovereign nation-state against the corrosive forces of so-called "globalization."

Where do the most fundamental, principled, vital interests of a civilized nation-state lie? What kinds of supranational agreements are tolerable under this rule, and which not? What principle should govern the patriotism of the individual citizen of a republic, especially among its leaders, especially in those extreme cases, such as Carnot's exile in Germany, or the deceptively apparent, merely alleged inconsistencies among de Gaulle's anti-NATO policy, his "*Force de Frappe*," and his perspective for "a Europe from the Atlantic to the Urals." The cases of Carnot and de Gaulle are crucial for the future of civilization today, in the manner in which

they assist in demolishing today's customary, dangerously foolish, and popularized definitions of the applicable rules of foreign policy.¹⁵

To restate the point of that comparison of Carnot and de

self a Catholic. In 1889, when Carnot's remains were transferred from Magdeburg to the Pantheon in Paris, he was interred there with the honors given to a full general.

14. See "What Is, and to What End Do We Study Universal History?" in *Friedrich Schiller: Poet of Freedom* Vol. II, (Washington, D.C.: Schiller Institute, 1988).

15. It should not be overlooked, that de Gaulle's break from NATO was prompted by the French government's discovery of unimpeachable evidence, showing London-dominated NATO's links to the authorship of the attempted assassinations of the French President. This was part of a pattern unleashed by the "détente" agreements which Bertrand Russell, Russell's crony Khrushchev, and sections of the U.S. establishment (e.g., lackey Kissinger's oligarchical patron McGeorge Bundy) had negotiated by means of the 1962 Cuba Missile Crisis. NATO had been created on the initiative of Britain, as the intended super-government to administer the four-power agreements which the triumphant World War II powers imposed upon Europe in the aftermath of Germany's surrender. As President Truman's firing of General Douglas MacArthur illustrates the point, by the time of the war in Korea, the UNO was already shadowing NATO's future role as an authority above the government of the U.S.A. Following the 1962 détente agreement, NATO's role was significantly modified, to serve as a supergovernment controlling the powers, including the U.S.A., which had created NATO. The assassinations of Italy's Mattei and of President John F. Kennedy, were among the consequences of that change. The repeated attempts at the assassination of President de Gaulle were of the same origin and character. The launching of the U.S. war in Indo-China, by such survivors of the Kennedy assassination as McGeorge Bundy and Secretary of Defense Robert S. McNamara, reflected a continuation of the same post-1962 change in NATO's character. By 1967, the stay-behind network which had been founded in Italy, *Gladio*, had been taken over, from Europe, as part of the pattern of Paris 1968 and kindred operations against participating powers of the four-power Berlin authority, and others, during that period. During the 1970s, the so-called "Compass Plot," and the assassination of former Italian Prime Minister Aldo Moro,

Gaulle: the purpose of this report is to resolve a key problem posed by the present world crisis: the need for a clear political principle governing the establishment of a workable form of “New Bretton Woods” financial, monetary, and economic agreement. This, we shall emphasize in this report, is a principle consistent with John Quincy Adams’ use of the notion of a “community of principle,” in his drafting of the Monroe Doctrine.¹⁶ It addresses the same paradoxes of interrelating national sovereignty and international institutions, posed by Franklin D. Roosevelt’s intent to establish a post-World War II anti-colonialist order in world affairs.¹⁷ Since such an order must be based solidly on not only the perfect sovereignty of all nation-states, but also what Adams identified as “a community of principle,” we have an apparent paradox to solve. How, then, should we avoid what we shall show to be no more than a deceptively apparent conflict between the passion of the patriot and the conscience of the world-citizen?

Thus, to pose this question in its sharpest form possible, we begin our argument for the principle involved, with a summary of the case of Carnot: how patriot Carnot, like the patriot Marquis de Lafayette earlier, came to accept flag-officer rank in the service of a foreign power. In this location we sum up only the most relevant essentials of the case; crucial

were part of this same process. So, was the assassination of Dresdner Bank’s Jürgen Ponto, and, much later, Deutsche Bank’s Alfred Herrhausen. De Gaulle’s *Force de Frappe* was a well-informed response to the implications of the changed role adopted by post-1962 NATO. So, was de Gaulle’s “Europe from the Atlantic to the Urals.”

16. British Foreign Secretary Canning wrote in 1825 that he dreaded “a division of the world into Europe and America, republic and monarchy, a league of worn out governments on the one hand and youthful stirring nations with the U.S. at their head on the other”; quoted in Leslie Bethell, *George Canning and the Independence of Latin America*, 1970 lecture delivered in Canning House, London, printed in Madrid by Telleres Graficos de Ediciones Castilla. A somewhat candid British appraisal of the deadly contest between Canning and John Quincy Adams is in C.K. Webster, *Britain and the Independence of Latin America: 1812-1830*, published for the British Council (London: Oxford University Press, 1944), pp. 40-52.

Adams’ rejection of the Anglo-American imperial policing, in favor of a community of principle among independent nations, was stated in a Nov. 7, 1823 cabinet meeting: “I remarked that the communications recently received from the Russian minister . . . afforded . . . [a] convenient opportunity for us to take our stand against the Holy Alliance, and at the same time to decline the overture of Great Britain. It would be more candid, as well as more dignified, to avow our principles explicitly to Russia and France, than to come in as a cock-boat in the wake of the British man-of-war,” *Memoirs*, Vol. VI, pp. 178-179. Adams’ unique role in moving President Monroe and his cabinet to rejection of the British proposal (see footnote 7) may be contrasted to the advice of former President Thomas Jefferson, to ally with Britain and acquire Cuba (see Jefferson to Monroe, Oct. 24, 1823, in *The Writings of Thomas Jefferson*, Vol. 15 [Washington, D.C.: Thomas Jefferson Memorial Association of the United State, 1903-1904], pp. 477-480); and of former President James Madison (see Madison to Monroe, Oct. 30, 1823, and to Jefferson). Madison says the United States should have “the British power and navy combined with our own” (Nov. 1, 1823, in *Letters and Writings of James Madison*, Vol. III [Philadelphia: J.B. Lippincott & Co., 1865], pp. 339-341).

17. Elliot Roosevelt, op, cit.

features of the case, and references to authorities, are documented in a forthcoming report.¹⁸

The case of Carnot

Beginning 1792, and continuing into 1794, the command of France’s military defenses, was consigned to a Carnot already recognized, internationally, as among France’s leading scientific and military intellects. He assumed that duty at a moment when prevailing opinion of both France’s own and the enemies’ authorities anticipated, as virtually inevitable, that the crushing defeat, and ensuing dismemberment of France, was about to be accomplished by an already invading horde of armies assembled from every power in Europe. During the period he held that command, Carnot organized an absolute, revolutionary turnabout in both the immediate military situation, and also in the art of warfare. These changes led to total victory by the French forces he directed. Typical of Carnot and his strategic thinking, were his preparations, during the same general period, for launching the liberation of Ireland from Britain’s bloody tyranny.

In the same interval of 1792-1794 during which he held that command, he not only effected a revolution in the art of modern warfare itself, but accomplished this by also organizing that model of scientific-industrial revolution, the which became known world-wide, during and after the U.S. economic revolution of 1861-1876, as the American model of agro-industrial economy. During the same, 1792-1794, period, as a by-product of Carnot’s leadership of France’s defenses, the world’s then leading scientific institution was established, the Ecole Polytechnique under Carnot’s collaborators Monge and Legendre.

So, when there came a time, in mid-1794, when the terrorist Maximilien Robespierre lusted to guillotine Carnot, the legislature of France intervened, to block Robespierre’s intent by an act declaring Carnot “The Author of Victory.” Soon after that, the tyrants Robespierre and Saint-Just were removed from power, summarily, in the celebrated events of the Thermidor coup d’état.

Nonetheless, despite Carnot’s recognized position as “The Author of Victory,” and, despite Carnot’s continuing, sundry great services to both his nation and mankind, his numerous great achievements were often performed under political superiors who were repelled both by simple resentment at the awesome superiority of his mind, and by outright, politically motivated hatred against him personally. These

18. Where footnotes on the subject of Carnot himself are not supplied, the relevant researches on Carnot, and related matters of military policy, have been prepared by Andreas Ranke, or earlier investigations on Carnot as scientist and military figure, by Dino De Paoli. Ranke’s summary of new evidence on the case of Carnot, from the standpoint of Prussia’s military strategy, will be published in *EIR* at a later time, together with a summary of Dino De Paoli’s in-depth study of the matter. Comments by France’s Jacques Cheminade, will be among the other authorities taken chiefly into account.

adversaries were typified by political superiors such as Robespierre, such rivals as the notorious Barras, and, later, the depraved would-be Caesar of the imperial Code Napoléon, Napoleon Bonaparte.

A similar irony followed Carnot into Germany. Although he was then a highly honored Lieutenant-General of the latter European power, he was targeted, as he had been in France, by powerful adversaries there. One should not be surprised by the fact, that these German adversaries represented the same soiled political interests against which Carnot had fought as a military leader of France. These were, most notably, those Prussian officials who, like Prussia's court philosopher of the brutish Carlsbad Decrees, G.W.F. Hegel, were either agents of the Holy Alliance's Clement Prince Metternich, or agents of the British influence polluting Prussia's court. Inevitably, those German adversaries of Carnot were also impassioned enemies of such leading Prussian reformers as Freiherr vom Stein and of Alexander and Wilhelm von Humboldt.

Before Carnot went to exile in Germany, there had come a time, when the foolish Emperor Napoleon Bonaparte had been delivered his richly earned defeat and humiliation. That result came about by a means which is of specific relevance to the case of Carnot as considered in this present report.

This defeat of Napoleon, was set into motion through a strategic plan crafted by Prussia's reformers. This plan was based, in a crucial way, on historical studies of the struggles for the freedom of the Netherlands and the Thirty Years War, studies which had been conducted and published by the Humboldt brothers' friend, mentor, and collaborator, Friedrich Schiller.¹⁹ This war plan, presented to, and adopted by Czar Alexander I for the 1812-1813 campaign, was continued into a second phase, which accomplished the relentless pursuit and crushing defeat of Napoleon's retreating forces. This plan was initiated by those who became Carnot's later sponsors in Germany, the reformers Hardenberg, Humboldt, et al.

Thus, there had come a time, after the defeat of Napoleon, when, once again, Carnot's briefly resumed leadership of the remaining military forces of France, confronted Britain and Metternich with what was, for them, a terrifying prospect, the prospect of continued war under Carnot's leadership of France's forces. This shocked France's adversaries into backing off from their renewed intention to dismember an already defeated France.

Although France was, once again, saved from dismemberment by Carnot's leadership, the Congress of Vienna's

19. Friedrich Schiller, "The History of the Thirty Years' War in Germany," translated by Rev. A.J.W. Morrison; and "The History of the Revolt of the Netherlands," translated by Lieut. E.B. Eastwick, revised by Rev. A.J.W. Morrison, in *The Complete Works of Friedrich Schiller* (New York: P.F. Collier & Son, 1906) Vols. 6 and 7, respectively. It was Schiller's studies which formed the kernel of the war-plan devised by the Prussian reformers for the 1812 Russia campaign against Napoleon.

victory by the faction of those two tyrants, Britain's Castlereagh and practicing pimp Metternich,²⁰ led to such travesties as the shameful conduct of the restored French monarchy, its willful ruin of both Carnot and of France's great scientific institution, the Ecole Polytechnique.

This ruin of the Ecole was conducted by the Restoration monarchy's appointed authorities, the veritable "Biche and Mouche" of French science: Laplace and his protégé, the plagiarist Augustin Cauchy. Both the latter had been the bitter adversaries of the Leibnizian scientific methods responsible for the successes of France's Carnot, Monge, and Legendre, and, also, the successes of Germany's Carl F. Gauss.²¹ It was these Leibnizian methods in science, which had been crucial contributions to France's victorious 1792-1794 war against the invaders, and which had established the Monge-Legendre Ecole Polytechnique as, by far, the world's leading scientific institution of that time.

So, while the Ecole Polytechnique's world leadership in science was being trashed by Laplace and Cauchy, Monge was sent to live out his remaining few years in virtual exile, to die, in 1818, in his native city, France's legendary Beaune. Carnot went into exile in Germany, where he continued his military career under new auspices, as a Prussian Lieutenant-General. There, in Magdeburg, Carnot lived, during the remainder of his life, under the patronage of Alexander von Humboldt and of that same circle of German leaders who had authored both the famous Hardenberg-Humboldt-vom Stein reforms of Prussia, and had authored, also, the successful design, and prompting of the 1812-1813 Russian campaign to lure, trap, and destroy Napoleon.²²

20. As part of his orchestration of the Congress of Vienna, Metternich supervised the deployment of virtual regiments of countesses, peasant girls, and so on, to keep relevant foreign dignitaries entertained, away from the proceedings conducted by Metternich and Castlereagh. Metternich's pimping was conducted through the customary functions of the Austro-Hungarian Chancellor's secret police, who facilitated, witnessed, and reported on the entertainment provided. The documentation on the fact of the pimping, was uncovered by Rachel and Allen Douglas, for their book-length manuscript on *The Roots of the Trust*. The appreciation of the manner in which such things as pimping and assassinations were conducted by Austro-Hungarian Chancellors such as von Kaunitz and Metternich, was a by-product of the present author's investigations of the secret-police practices in the targeting of Wolfgang Mozart and Ludwig van Beethoven.

21. The pivotal issue which most commonly divides Johannes Kepler, Gottfried Leibniz, Lazare Carnot, Gaspard Monge, Carl Gauss, Lejeune Dirichlet, and Bernhard Riemann, et al., from the Aristoteleans, empiricists, and positivists, such as Newton, Leonhard Euler, Laplace, Cauchy, et al., is the latter's characteristic insistence on "linearity in the infinitesimally small." See Lyndon H. LaRouche, Jr., "Mathematics & Measurement," op. cit.

22. The war-plan, based on Schiller's studies, which was successfully presented to Czar Alexander I, required that the Russian forces not permit themselves to be engaged in decisive battle against Napoleon, until they had drawn him deep into Russia, e.g., Moscow. The study of the implementation of that plan, and of the discipline required, redounds much to the credit of those Prussian officers, including von Clausewitz, assigned to the Czar. The prepared mining of Moscow, to bring the city down around the ears of the forces of Napoleon's occupying Grand Army, was the crucial feature of the war-

After the ruin of France, by the cumulative devilry of Robespierre's Jacobins, Barras, Napoleon, and the Bourbon Restoration, France, which had been, since the reign of King Louis XI, the world's leading, most advanced nation-state, degenerated, politically and scientifically, into the status of a second-rate, even sometimes third-rate power. From that ruined physical and moral condition, France has never fully recovered to the present day. The way in which the majority of France's establishment permitted and even aided the betrayal of its President Charles de Gaulle, as Carnot and the Ecole Polytechnique had been betrayed earlier, typifies the centuries-long prolongation of that ruined moral condition of the majority of France's still-reigning establishment—the polymorphous tangle of legitimists, Bonapartists, and existentialist leftists—which made possible, later, a Mephistophelean wretch such as recently deceased President (and British asset according to the model of Palmerston's Napoleon III) François Mitterrand.

Carnot's case is the center-piece of a much-broader process of related, anomalous developments from the 1789-1823 period. On this account, the case of Carnot must be compared to the case of another French scientist, the Ecole Polytechnique's Lejeune Dirichlet. Under Alexander von Humboldt's sponsorship, Dirichlet was brought from France, into Germany, and later appointed, under von Humboldt's continuing patronage, to become the successor of the great Carl F. Gauss at Göttingen University.²³

We must include the role of both these exemplary émigrés, Carnot and Dirichlet, as part of a similar, post-Napoleon, migration of the influence of the work of Carnot and Monge into the U.S.A., as also into the Germany of U.S. diplomat and President John Quincy Adams' collaborators, the Germany of the Humboldt brothers and Friedrich List. We must give special emphasis to the use of the scientific and related work of Carnot and the Ecole Polytechnique, to reshape the military and economic policy of the U.S.A., as this influence of the circles of Carnot and Monge was featured in the tradition which Commandant Sylvanus Thayer established at the U.S. West Point Military Academy.²⁴ We must also stress the stra-

plan, as adduced from reading of Schiller's studies. The logistical situation thus presented to Napoleon's forces, was crucial in forcing Napoleon to depart Russia itself in a rout. It was the intervention with the Prussian commander Yorck, by von Clausewitz, which was crucial for launching the ensuing developments leading to Napoleon's fall from power.

23. With the death of Gauss, in 1855, Dirichlet was appointed to succeed him. At the death of Dirichlet, in 1859, Gauss protégé and former Dirichlet student Bernhard Riemann succeeded Dirichlet. This network in German science provided, through the liaison to Alexander Dallas Bache, the continuation of the earlier U.S. connections to the scientific work of Carnot and the Monge-Legendre Ecole Polytechnique.

24. See Graham and Pam Lowry, "The Mission of America's Military Nation-Builders: Global Development," *EIR*, May 2, 1997; Pam Lowry, "Sylvanus Thayer and the Republican Tradition of West Point," unpublished manuscript; Graham Lowry, "The West Point Military Philosophical Society," unpublished manuscript.

tegic significance of relationship of Carnot and Dirichlet to Alexander von Humboldt, in that collaboration between the U.S.A. and Germany which was conducted through Humboldt, a collaboration conducted chiefly, from the U.S. side, through an 1825 graduate of Thayer's West Point, Benjamin Franklin's great-grandson, and, later, a key advisor of President Abraham Lincoln, Alexander Dallas Bache.²⁵

This attention to those and related, broader implications of the Carnot case, and to a broader strategic picture of relevant developments in the U.S.A. and Europe, during the 1789-1865 interval, leads us directly to uncovering that leading, crucial element of the Nineteenth and Twentieth Centuries' history, which has been a decisive part of the shaping of a greater span of world history, up to the present day. These facts, and related considerations, are essential to any attempt to achieve competent grasp of the issues shaping the worldwide history of European civilization as a whole, still today. This is the set of issues which spans the centuries since the initial American preparations for the U.S. War of Independence, up to and including the present moment of crisis.

As we shall clarify and emphasize this in the following pages: to understand the strategic issues of that period of European history, we must situate that study by reference to a much earlier time, to the revolution in ideas which was begun in the Classical Greece of Solon, Aeschylus, and Plato. As we shall show the connection, in this *EIR Special Feature*, the real-life metaphors and other ironies of the Carnot case, lead, today, directly into a desperately needed new quality of strategic insight into the means by which our republic may master the challenge confronting it, in the present turning-point in world history.

What is modern European civilization?

We can not evade the necessity of restating here, if in no more than a summary, those relevant points, respecting the definition of modern European civilization, which *EIR* has reported on numerous earlier occasions. We state these points, on background, as briefly as possible.

The earlier, pre-Classical phases of development of Greece, were owed chiefly to a beneficial relationship with Egypt, a relationship which was developed in an alliance against the two common enemies of both Egypt and the Greeks, the maritime power of Tyre and the evils of ancient Mesopotamian culture. However, after we have given due praise to the qualified contributions of Egypt's culture, we could not understand the proper meaning of the term "European civilization," unless we emphasized the implications of a comparison of the so-called "archaic" plastic art of both Egypt and Greece, with the new, Classical principles of artis-

25. See Anton Chaitkin, "Leibniz, Gauss, Shaped U.S. Science Successes," *EIR*, Feb. 9, 1996, especially pp. 38-44; Anton Chaitkin, "American Prometheus, Part 2, Philadelphia and Germany," in *New Solidarity*, Aug. 22, 1986.

tic composition seen in the work of such as Scopas and Praxiteles.²⁶ It is those implications which make Classical Greece the fountainhead of all European civilization, since that time, to the present day. Without that view of European civilization, no competent understanding of the history, or current crises, of Europe and the Americas were possible.

European civilization began in a transformation of the culture of those we call “the Greeks” today, a transformation pivoted around the revolutionary changes introduced by such celebrated Classical figures as Solon of Athens, the tragedians Sophocles and Aeschylus, and Plato. In short, European civilization begins with the Classical Greeks’ replacement of mere representation and symbolic thinking, by the discovery of the functional meaning of “idea,” as Plato’s Socratic dialogues define the term “idea.”

The same, Platonic notion of “idea,” in opposition to the teachings of reductionists such as Aristotle or today’s empiricists, is a crucial feature of Christianity. Plato’s definition of “idea” supplies the scientific evidence in support of *Genesis* 1’s definition of man and woman, as each made in the image of the Creator, a definition which allows no racial or other “ethnic” distinction among persons, their nature, and their human rights. The manifest capacity of the individual mind, as demonstrated, pervasively, throughout Plato’s dialogues, the capacity to respond to devastating paradoxes with validatable forms of discovered new principles, is the quality which sets the human individual apart from and above the beasts, is the quality of “idea,” as distinct from mere sense-perception, and from the pathetic practice of symbolic argument. This is the quality of history; there is no history but the history of ideas.

26. It is provocative, and fruitful, to reflect upon the fact, that the distinguishing principle of composition, which separates Classical Greek sculpture from that of the archaic tradition of Egypt and Greece, is a principle which is identical with Gottfried Leibniz’s monadology, specifically Leibniz’s emphasis on non-constant curvature in the infinitesimally small, and emphasis upon the related notion of universal characteristics. The argument to be made may be correlated with the demonstration of the Leibniz-Gauss-Riemann notion of such universal characteristics in Jonathan Tennenbaum and Bruce Director, “How Gauss Determined the Orbit of Ceres,” *Fidelio*, Summer 1998. The Classical sculptor’s capture of a moment in mid-motion, is already the same notion of universal characteristics associated with the referenced work of Leibniz, Gauss, and Riemann on the intertwined topics of “*analysis situs*” and multiply-connected manifolds. Just as apprehension of the non-linear characteristic of a momentary interval of action, may define a corresponding, entire planetary, or other orbit, so the great Classical composer’s capture of a moment of action in mid-motion, demands recognition of the essential character of the situation from which the idea of that moment of mid-motion has been abstracted. Thus, great Classical composers, and kindred sorts of poets, have reported, that their best compositions came to them as if in a single instant. That “flash” was the idea of the composition as a whole, its universal characteristic. The composition as we came to know it, was the elaboration of a composition consistent with the characteristic expressed by the flash. Related views of the work of Scopas and Praxiteles as such, have been textbook views in art appreciation for many decades; what I have been obliged to stress, is the equivalence of such ideas composed in stone to the role of the Socratic method in defining Platonic ideas generally.

Obviously, their Egyptian predecessors, for example, produced many valid ideas, as did those who crafted the sophisticated, Vedic solar-sidereal astronomical calendars during the period circa 6,000 B.C., long before the maritime power of the ancient Dravidians brought elements of civilized life into southern Mesopotamia.²⁷ From the start of individual human life, the person’s developable cognitive processes are given the power to turn paradoxes into validatable discoveries of principle. All successful cultures rely upon development of such cognitive powers of the human individual. The difference is, as Plato features the relevant ontological paradox in his *Parmenides* dialogue, it was the Classical Greece of Solon and his followers, which launched European civilization, by making the idea of generating ideas transparent.²⁸

This Platonic view of the nature of the human individual, the individual cognitive processes as the generators of validatable discoveries of principle, as echoed in Plato’s *Timaeus* dialogue, is the distinction of Christianity from all known earlier forms of religious belief, a view which has come to define the functional meaning of the term “European civilization.”

On this account, the driving force within European civilization, since Greek times, and especially since the ministries of Christ and his apostles John and Paul, has assumed the political form of a struggle to eradicate those forms of political institutions which degrade a large part of the human population to the bestialized condition of dumbed-down, virtual human cattle. This effort to rid mankind of the brutish oligarchical legacy of ancient Mesopotamia, this hatred against “Babylon,” in particular, became the characteristic political struggle against the rule of that “New Babylon” which the Christian apostles recognized as the Roman Empire, as also against the legacy of Byzantium and European feudalism. Out of the long struggle, including the influence of St. Augustine, Abelard of Paris, and Dante Alighieri, to bring the political and social relations of Europe under terms of reason consistent with the Christian notion of the human individual, there

27. Although Herodotus already referenced the role of the Dravidians’ maritime culture in founding their colonies in Yemen, Ethiopia, Canaan, and elsewhere, it was modern philology which has shown that Sumer was an offshoot of the Dravidian culture associated with Harappa. Philologists have shown, that the language of those Sumerians, who referred to themselves as “the black-headed people,” was from the Dravidian language-group, not a Semitic language. With the fall of Sumer, the Semitic subjects of the region assimilated the cuneiform and other features of Sumerian culture to found the later series of cultures characteristic of Mesopotamia. This philological evidence is complemented in a crucial way, by the common idiosyncrasies of the leading religious cults of what Herodotus indicated to be Dravidian colonies, and the mother-phallic, Shakti-Siva cult of the pre-Aryan subcontinent. Notable, is that Vedic astronomy and culture, an Indo-European culture radiating from Central Asia, were based upon solar-sidereal astronomical calendars, in contrast to the lunar cults of Shakti, Ishtar, Athtar, et al.

28. There is strong indication, in the writings of the great Sanskrit philologist Panini from the Fifth Century B.C., that he had such a conception of a principle underlying the elaboration of the structure of that language.

emerged the first modern nation-state, the France of King Louis XI, a figure sculpted by the radiating influence of Cardinal Nicholas of Cusa and the 1439-1440 sessions of the great ecumenical Council of Florence.²⁹

The latter developments, the Council of Florence and the reconstruction of France under Louis XI, mark a clear functional notion of separation between medieval and modern forms of European civilization. The crucial difference is, the successful introduction of a form of nation-state, according to law, first introduced, as a qualitative change, by France's Louis XI, and best represented, to the present date, by the historically exceptional establishment of the U.S.A., in 1789, as the world's first true, sovereign nation-state republic. Although the U.S. model republic has been exceptional, we must recognize that to the degree all of European civilization has been obliged to respond to the combined challenges represented by the influences of the great Council of Florence, Louis XI's reconstruction of France, and the 1789 U.S. Constitution, no significant part of European civilization could exist today, except as it attempted to adapt to the implications of these three developments.

This crucial distinction between medieval and modern forms of European civilization, is indispensable for rational comprehension of the issues directly and implicitly posed by the referenced ironies of the Carnot case.

All known earlier forms of culture, as in Mesopotamia and Europe generally, had been types of society in which no less than a proverbial ninety to ninety-five percent of the total population lived as human cattle, virtually the English Seventeenth-Century Yahoos of Jonathan Swift's *Gulliver's Travels*.

These populations lived under various forms of oligarchical rule. A small class of oligarchs, festooned, like swollen queen ants, with retinues of lackeys, ruled over land and the great majority of people alike, in the manner consistent with the evil John Locke's notion of the slave, and Physiocrat François Quesnay's similarly evil, feudal conception of the French serf, as virtual property. Throughout the relevant, approximately six thousand years of Middle East and European history to date, since the establishment of the Dravidian mari-

29. Modern European civilization, is rooted in the work and influence of Dante Alighieri, who built up the means for elevating the popular languages of Europe into the civilized forms necessary for the establishment of sovereign nation-states. Dante's work is situated in the remains of Emperor Frederick II's resistance to the reactionary savagery of the Welf League and its alliance with Venice. The pivotal change, leading into the actual establishment of the sovereign European nation-state, was the work and influence of Nicholas of Cusa, later Cardinal Nicholas of Cusa, beginning Cusa's *Concordantia Catholica*, the latter the successor work to Dante Alighieri's *De Monarchia*. It was Cusa, who, in the setting of the controversies within the Conciliar movement, read the implications of his own *Concordantia Catholica* as requiring the reunification of shattered Christianity around the Papacy. Out of this, Cusa emerged as a leading organizer of what became the great ecumenical Council of Florence, the latter the watershed of modern European civilization.

time colony, known as Sumer, in lower Mesopotamia, three distinct types of oligarchy have been characteristic of both European and contiguous cultures. The three types of oligarchy are landed aristocracy, financier oligarchy, and bureaucratic oligarchies, the latter typified by an oligarchy composed as a social caste.

In all of these oligarchical forms, the notion of law was imperial, in the sense that the celebrated Professor von der Heydte defined this notion of imperial law.³⁰ Oligarchical societies are typified by the delegation of the power to make law to some agency, or individual person, such as an hereditary, or elected emperor. This power is denied to other parts of the society, including the individual members of those oligarchical strata which share the power to elect or overthrow such a sole law-giver. For example, the view too often expressed by representatives of the usurpatious Criminal Division of the U.S. Department of Justice, such as Kenneth "Porno" Starr, that "we are the law," is the claim of a right to usurp the kind of arbitrary law-making power otherwise claimed by the emperor of an oligarchical society.³¹ Such tyrannical arrogance amounts to the claim, "We are the ruling oligarchy," that no other part of government, or the population generally, has any right to doubt the unimpeachable, arbitrary authority of such dictatorships. That is pure dictatorship, as the Nazis borrowed from both Karl Savigny's Romantic law, and the law-doctrines of Carl Schmitt to such effect.³² Such arrogance, such usurpation, such Olympian's hubris, is the true face of the enemies of civilized society.

The alternative to that imperial form of rule, is the nation-state based upon the principle of universal reason. This principle of reason is to be understood from Plato's standpoint, as the fact, that if the cognitive powers of individuals are self-regulated by that same commitment to truth-seeking we associate with crucial experimental validation of some discovered principle, then the society's deliberation, in this way, should constitute the highest authority of law-making in the republic.³³ That notion of reason, so applied, is the only means

30. Friedrich (Freiherr) von der Heydte's *Die Geburtsstunde des souveränen Staates* (Regensburg, Germany: Druck und Verlag Josef Habel, 1952).

31. The nearest precedent in English-speaking history, for the depraved conduct of special prosecutor Kenneth Starr and his minions, is England's Lord Jeffreys, of "Bloody Assizes" notoriety. A related, earlier precedent, is the role of virtual pimp Thomas Cromwell, in persecuting Sir Thomas More.

32. G.W.F. Hegel's crony, Karl F. Savigny, is the ancestor of that adaptation to Roman imperial law, known as "Romantic law," which set the precedent for the politicized practice of justice under the Nazi regime. The connections between Romantic Savigny's neo-Kantian irrationalism, and that of the Code Napoléon, are so flagrant that they have not escaped notice among relevant specialists. The referenced connection between Savigny's precedents and Nazi judicial practices, is the doctrines introduced by the author of the emergency laws used to bring Adolf Hitler to consolidation of his power, Germany's Carl Schmitt.

33. Plato, *The Republic*, Book II, Loeb Classical Library (Cambridge, Mass.: Harvard University Press, 1963). The Loeb Classical Library translations include the Greek text on the facing page.

by which governments may be established, the which are efficiently accountable to all of the people, governments which are committed always to the service of truth and justice, as Plato argues this. This notion of law supplies the only rational modern definition of the term “republic,” and is the meaning of that term as related to the U.S. Federal Constitution of 1789, as also the Leibnizian 1776 U.S. Declaration of Independence.³⁴

Thus, the reconstruction of France undertaken by its King Louis XI, shifted the center of political power, from the oligarchies, to a popular intelligentsia, bringing feudal oligarchs and others into the processes of government, but eliminating the principal relics of the imperial system of law which had ruled Roman and medieval Europe up to that time. France under Louis XI was superior, in every crucial respect, to feudal society earlier; but, the differences went deeper than measurable degree of superiority. The difference, however only a slight improvement, in one sense, was absolute on principle. In response to this development in France, all oligarchical Europe “went ape.”

This revolution by Louis XI was the beginning of the modern form of European nation-state. The revolution was not launched from France, but launched in France by Italy, which used the legacy of Joan of Arc to develop a network, built around Louis as heir to the throne, which would launch this revolutionary reform in politics, social policy, and economy. The impetus came from the authors of the great Council of Florence, from the Italian Golden Renaissance. For political reasons, including the legacies of the wicked Welf League and the power of Venice’s financier-oligarchy, it was not then deemed feasible to organize Italy as the first of the modern form of unified nation-state. So, France, reconstructed as the greatest nation of Europe, was chosen to set the precedent, instead.

The relics of the brutish Thirteenth-Century Welf League, together with Venice’s powerful financier oligarchy, moved to destroy both the influence of the Golden Renaissance (e.g., the great Council of Florence), and Louis XI’s reforms. A war erupted within Europe, which has never ended, to the present day. On the one side, were the forces of the Golden Renaissance, gathered around reconstructed France; on the opposing side, were the relics of the reactionary Welf League and Venice. That war, which soon evolved into the Sixteenth-Century religious warfare sweeping Europe, was initially centered in the war of the League of Cambrai against Venice, a war which was nearly won by those forces led by France. But, a misguided Pope Julius II, and the Spanish monarchy, betrayed the

34. The principle of “life, liberty, and the pursuit of happiness,” in the Declaration of Independence, was included as explicit adoption of Gottfried Leibniz’s denunciation of John Locke’s slogan, “life, liberty, and property.” See Phil Valenti, “The Anti-Newtonian Roots of the American Revolution” *EIR*, Dec. 1, 1995. The same Leibniz principle is the essence of the Preamble to the U.S. Federal Constitution.

League, and the Hell that Sixteenth-Century Europe became, leading into the slaughter in the Netherlands and the 1618-1648 Thirty Years War, was the result.³⁵

These religious wars were not *primarily* religious wars. Rather, religious cults and factions were created, chiefly in, or through the influence of Venice and Padua, beginning the period immediately following the betrayal and defeat of the League of Cambrai. These cults, and the irrational and mass-homicidal conflicts they catalyzed, were manufactured, and used to serve a deeper, and darker purpose. For the European oligarchy led by Venice, as in the instance of the activity of Britain’s Prince Philip, in launching a “pro-ecologist,” synthetic, lunatic form of “world religion,” today,³⁶ religious cults were merely a political commodity, crafted to lure the duped into actions designed to perpetuate the oligarchical system, and drown the Christian idea of man, as in the image of the Creator, with blood.³⁷ The issue underlying the religious and related wars of the post-League of Cambrai period, during the Sixteenth and early Seventeenth Centuries, was a war between the defenders of the modern sovereign nation-state, against the reactionary defenders of an oligarchical system which degraded approximately ninety-five percent of the world’s population to dumber-down virtual human cattle,

35. Pope Julius II briefly joined the League of Cambrai, against Venice, but, after being offered return of certain of the former Papal territories by the Venetians, betrayed the League, and allied with Venice. Shortly after that, Spain also betrayed the League, also joining with Venice against France, thus beginning those wars of the Sixteenth Century leading into the ruinous 1618-1648 Thirty Years War, and the consequent degeneration of Spain into a third-rate nation. These catastrophic betrayals of civilization, by Julius II and the Spanish monarchy, echoed that alliance of Venice with the Thirteenth-Century Welf League, against Emperor Frederick II, which had plunged all of European civilization into the “new dark age” of the mid-Fourteenth Century. Venice used the defeat of the League of Cambrai, to divide the former members of the League against one another, chiefly by Venice’s orchestration of the religious wars of the Sixteenth and Seventeenth Centuries.

36. See the following *EIR* exposés: “Prince Philip to Set New ‘Satanist Covenant’ in Assisi” (Sept. 5, 1986); “Prince Philip and the EPA Revive Paganism as ‘Ecology’ (June 8, 1990); “Prince Philip Makes Genocide into a Religion” (May 19, 1995); “Martin Palmer: Prince Philip’s Guru” (May 24, 1996); “Prince Philip’s Assault on Religion” (Aug. 21, 1998).

37. For example, Pietro Pomponazzi, the teacher of Cardinal Gasparo Contarini, and a key intellectual influence in organizing the religious wars in Germany, was a professed mortalist (atheist). Similar were the circles of France’s Henry II, which gave the world the mortalist Montaigne. The self-styled world-leader of Protestantism as a political cause, Venice’s empiricist Paolo Sarpi, the patron of his lackey Galileo Galilei, and of Francis Bacon and Thomas Hobbes, was a frank atheist. Today, we encounter the same type of political commodity among those U.S. “fundamentalist” cults derived from the avowed “British Israelite” cult of Oliver Cromwell’s time; these are to be recognized as today’s leading U.S. backers of the fascist “Temple Mount” insurgency within Netanyahu’s Israel. These represent another variety of politically motivated synthetic religion of the mortalist type. Typical, and relevant, to the latter effect, is the case of those circles of Britain’s Lord William Rees-Mogg, who deny, vividly, man’s “divine spark of reason,” and insist upon, even brag, of the bestial, Yahoo-like depravity of the human individual.

to Yahoos.

That has always been the issue behind the efforts of Venice's financier oligarchy, of the British monarchy, and of Metternich's Holy Alliance, to destroy both the United States and what it represented.

Out of this mess created by Europe's oligarchical faction, it was partly to the credit of France's King Henry IV, partly to Cardinal Mazarin, to Jean-Baptiste Colbert, and to others, that France, although savagely corrupted by its Henry II, by Cartesianism, the Fronde, the Enlightenment, and other mental and social diseases, remained the leading nation in Europe, in power, in science and technology, and so forth, until the effects of the disasters of 1789-1814. Until the outcome of 1789-1814, France remained the leader of modern European civilization. Leibniz's relationship to the work and legacy of Jean-Baptiste Colbert, expresses the positive connections. Carnot and the Ecole Polytechnique of Monge and Legendre express the positive connections.

Then, when France was largely ruined by the events of 1789-1814, the mantle of leadership of civilization fell to a combination of the patriots of the beleaguered United States, and an intellectually powerful minority within Germany. The relationship of Carnot to Germany, and of the achievements of the Monge-Legendre Ecole Polytechnique, to the U.S.A., and to the collaboration between the patriots in the U.S.A. and the faction of the Prussian reformers, in Germany, expresses the main stream of continuity of European civilization beyond the fall and degradation of what had been once Louis XI's reconstructed France.

What is exceptional about the history and existence of the United States, is that when the efforts to establish true republics in Europe, and elsewhere, failed to overcome the opposition by the oligarchical factions, it became the U.S.A. alone which carried the banner of republican freedom for all humanity. This was not an autochthonous development within the territory of the U.S.A. Rather, all of those European factions which worked for the cause of freedom, used their collaboration with Benjamin Franklin's and Abraham Lincoln's followers in the U.S.A., as the common rallying-point within all European civilization, around which to continue the struggle for universal liberation of mankind from the brutishness of oligarchical power. Thus, the U.S.A. came into existence through its essential characteristic as a European nation, as an integral part of the struggle within all of European civilization, against oligarchism, and for a conception of universal freedom consistent with the value of each person as made in the image of the Creator. It is as such a European nation, as an expression of European civilization, that the U.S. was established, that it has survived thus far, and that it might hope for continued survival beyond the present crisis.

Today, if the United States can recapture the role it represented under the guidance of a John Quincy Adams, an Abraham Lincoln, and a Henry Carey, the U.S. will act to bring together a concert among certain nations, which will not only

ensure the continuity of civilization, but incorporate those benefits in a larger scheme, a community of principle in which the so-called developing economies of the world are sovereign partners. If we can muster that legacy from our past, we shall carry the process further, despite the terrible crisis gripping the world at this moment.

Stand back, to look at more than 2,500 years of European history. See the transitions, from Solon through Plato, and on to those who succeeded the Greeks in building up what became modern European civilization. Since Solon, the continuity of European civilization has been sustained. When one nation fell, other nations and institutions emerged, sooner or later, to assume the leading role.

Thus, when Athens had been crushed by the Persian oligarchy's ally, King Philip of Macedon, Plato's immediate successors in leadership of the Athens Academy, became key advisors to Philip's adversary, Alexander the Great. The Persian Empire was thus destroyed, and the Hellenistic culture whose positive influence was the Classical tradition expressed by the writings of Plato and work of the Academy, shaped all of the positive scientific and cultural developments within the eastern Mediterranean, through the time of Philo of Alexandria, through the time of Christ and the apostles.

Now, the time has come, to reach to a higher level. European civilization shall not vanish, but shall be realized as a crucial contribution to establishing a higher order of affairs among sovereign nations, a community of principle, as Adams understood this, and as Franklin Roosevelt yearned to bring it about, in which humanity as a whole participates.

They were all friends!

There are people who wildly misjudge the kinds of relationships which so many persons, from so many nations, shared with the organizer of the American Revolution, Benjamin Franklin, or with Gottfried Leibniz, similarly, earlier. Those are the foolish observers who misjudge history as conducted through what such onlookers regard as spider-webs of occult conspiracies. There are misguided, or simply illiterate people, who would judge the superficially anomalous features of Carnot's reported relations to France and Germany, in such occult terms.

Consider the connections shared among all those sundry Americans, English, Irish, Scottish, French, and Germans, among statesmen, scientists, military professionals, poets, playwrights, Classical composers, and others, involved in this apparent conspiracy intersecting Franklin and Carnot, or Leibniz earlier.³⁸ The essential fact in all these cases, is much simpler than most historians and others seem to have imagined, scarcely occult.

In studying the connections among these traceable networks, there are essentially three facts to consider. First, no

38. H. Graham Lowry, *How the Nation Was Won*, Vol. I (Wash., D.C.: EIR, 1987).

matter with what various nations and special careers they were more immediately associated, all such persons shared a certain special quality of intellectual life, and, as persons sharing such a quality of intellectual life, they were also all friends. Second, the common political and philosophical feature of these associations, is that the types of participants we have referenced here, were committed to the specifically Christian notion shared with the great Moses Mendelssohn, that all persons, regardless of apparent racial or other ethnic, or national distinctions, are of the same nature, cut from the same cloth, and endowed with the same kinds of potentials and inherent rights.³⁹ Third, all among these persons, were friends commonly engaged in the making of history, friends who, like Friedrich Schiller among them, recognized that there is no history but the history of ideas, especially the history of European civilization since Classical Greece.⁴⁰

I know these connections intimately; it is a quality which I share with all of them, and it is the nature of the life which I lead. The important relations among such persons, are defined by the kinds of actions which are located specifically within the domain of ideas, not within the kinds of activity associated with competitive sports-play (especially of the escapist, spectator variety), nor the daily routines of personal and family life narrowly defined. The relations among the apparent conspirators of the Carnot case, are, especially, the kinds of mental actions associated with a passionately truthful commitment to correcting and improving ideas respecting both man's relationship to the universe, and the relations among the persons commonly engaged in acting upon the universe. Like the exemplary case of Friedrich Schiller, or Cotton Mather's and Benjamin Franklin's commitment "To Do Good," their strongest, usually overriding emotions, are not the passions associated with what one takes out of personal mortal exist-

39. Lessing's dramatic praise for Moses Mendelssohn, *Nathan der Weise*, is a relevant point of reference.

40. For example, Friedrich Schiller, speaking as Jena Professor of History, on the subject of the history of European civilization. See "What Is, and to What End Do We Study Universal History?" op. cit.

Or, John Quincy Adams, on universal principles. Adams rallied the country around the universal principles of national sovereignty which the Monroe Doctrine was to embody. Adams said the American Revolution "became the history of the civilized world. . . . [The Declaration of Independence] was the first solemn declaration by a nation of the only *legitimate* foundation of civil government. It was the cornerstone of a new fabric, destined to cover the surface of the globe. It demolished at a stroke, the lawfulness of all governments founded upon conquest. . . . [The Americans] were a *nation*, asserting as of right, and maintaining by war, its own existence. A nation was born in a day. . . . It stands . . . a beacon on the summit of the mountain, to which all the inhabitants of the earth may turn their eyes for a genial and saving light . . . a light of salvation and redemption to the oppressed." John Quincy Adams, *An Address Delivered . . . on the Fourth of July, 1821* (Washington, D.C.: Davis and Force, 1821), pp. 21-22.

Or, Gottfried Leibniz, whose writing of "life, liberty, and the pursuit of happiness," in his "New Essays on Human Understanding," inspired the authors of the U.S. Declaration of Independence, against John Locke's proslavery dogma of "life, liberty, and property."

ence, but what one's personal mortal existence might contribute to the past and future existence of a mankind which is made in the image of the Creator.

To understand such ostensible conspirators, forget the gossip of the all-too-typical, nose-picking academic, perhaps in the Book Review section of the *Sunday New York Times*. Read the correspondence of ostensible conspirators such as Leibniz, Schiller, et al., especially their exchanges on the subject of ideas. Schiller's writings in poetry and tragedy, on the subject of history, and in his personal correspondence, were the principal media through which his influence was spread among all those who made the Prussian reforms. The debunking of the corrupt subterfuges of Immanuel Kant, for example, was among the significant activities of Schiller in building up the network which came to dominate the reforms. This is the typical relationship among all such representatives of the far-flung conspiracies of Leibniz, Franklin, et al.

Most of the contact among such persons, is not directly personal communication. Consider, for example, the influence of Gottfried Leibniz's writings on the work of the Lessing and Moses Mendelssohn whom he never met, or the crucial contributions which Mendelssohn's influence made to the rise of German Classical culture. Examine the way in which the most crucial features of the work of Johann Sebastian Bach were communicated, especially among persons whom he never met. For example, nearly a quarter-century after his death in Leipzig, the manuscripts of his compositions prompted the musical revolution which Wolfgang Mozart made, beginning 1782-1783, in Vienna. Or, consider Robert Schumann's carrying a previously unknown manuscript of Franz Schubert, Schubert's Ninth Symphony, from a visit to Schubert's brother, in Vienna, to his friend, Felix Mendelssohn, who performed it for the first time in Leipzig. Consider the related fact, that many of the precious manuscripts of Bach were preserved by the aunts of Felix Mendelssohn, through whom young Felix came to know Bach's work. That is typical of the way of life I lead, and those among my predecessors, such as the conspirators whose activity intersected the life and work of Lazare Carnot.

Our political behavior follows that course, those habits; these are connections which span centuries. In this way, we know a great thinker we have never met, better than we know many members of our own family. We know their minds intimately, because we have relived the kind of acts of discovery through which they, far distant, or long deceased, have discovered important principles of physical science, history, or Classical art. These kinds of connections, through ideas, which we share so intimately with writers far distant or long dead, are typical of the actions through which we know all of the persons with which we share the kind of Classical-humanist concerns I have identified here.

Each of us interacting so, is concerned with what he, or she may contribute to civilization as a whole. He, or she, is inevitably concerned with the role which one's own nation

and language-culture might contribute to that universal end. We are each essentially nation-builders, and therefore patriots. Nonetheless, for us, the true interest of each nation, is for it to do good for the cause of civilization as a whole.

Our common cause, which unites us, to a point in history much earlier than Abelard of Paris or Dante Alighieri, is the cause of civilization, the urgency of reforming society into forms congruent with the republican conception of each person as made in the image of the Creator, and in opposition to the intrinsic evil axiomatically embedded in all expressions of oligarchical culture and political forms. Our passion, therefore, is to establish and defend our nation as a better republic in that sense, and to do this for the still higher purpose of bringing all humanity under such community of principle among perfectly sovereign nation-state republics.

We are therefore engaged in a war against oligarchism, all committed to establishing and defending the anti-oligarchical principles of a true republic. This is so, not because we compacted to plot, but because it is in our nature to act so. It is the way we are obliged to live.

If, then, one of our nations is virtually destroyed, turned against what its nature must be, we must continue the fight for civilization as a whole, by whatever means are possible, while never abandoning our passion to rescue the nation which was temporarily lost to the cause. Through it all, all nations are precious to each and all among us. That is the way in which the founders of the Massachusetts Bay Colony acted, for example. That is the way in which Franklin conducted himself in England, and on the European continent. That is the Marquis de Lafayette in the United States. That is the Clausewitz inspired by Scharnhorst, sent to help out in Moscow, in 1812. Thus, in the end, Lazare Carnot in Magdeburg, will one day save France. That is what we must do today.

Near the close of World War II, an imperfect victory brought the world to the verge of a long-awaited opportunity.⁴¹ Had Roosevelt lived to succeed in his commitment to eradicate the legacy of British, French, Dutch, Belgian, and Portuguese colonialism, the power of the U.S. at that time, would have deployed to establish a just world order, establishing new characteristic features of economic relations among both the old and the new nation-states. The evil, so-called British “free trade” system would have been eradicated at last, and the standards of a Hamiltonian sort of economic relations

41. Among the relevant imperfections of that victory was the virtual extermination of Magdeburg, by an Allied bombing with no military purpose (i.e., a war crime) near the end of the war. This action, part of the same pattern of practice by heathens in London as the deliberate fire-bombing of Dresden, not merely smashed, but obliterated all of the city of Magdeburg, but for a damaged cathedral. As a by-product of that war-crime, the military and other archives documenting Carnot’s residence there were destroyed. The story of Carnot in exile had to be pieced together from other sources, including the archives of the Fouche of Prussia, Metternich tool and police chief, Wittgenstein.

of finance, monetary affairs, and trade among nations, would have been established instead. This would have been much more than a mere change in economic relations among states; it would have established a revolutionary new order in all aspects of relations among nation-states. It would have established what Secretary of State John Quincy Adams identified as “a community of principle” among nations. With Roosevelt’s untimely death, that long-awaited opportunity came to be postponed for at least another fifty-odd years.

Now, we have come to the point of unprecedented global crisis, at which there exists no prospective escape to safety, except that that postponed change, to a “community of principle,” were put quickly into effect.

This kind of “community,” as referenced by Adams, is no utopia. It is a community of perfectly sovereign nation-states. The notion of such a community, is based upon the principle of the sovereign individual nation-state committed to the universal principle of scientific and cultural progress, as President Charles de Gaulle promulgated the notion of “a Europe from the Atlantic to the Urals.” It is a conception of such a community as based upon the principle that law and government must be subordinated to that principle of *agapē*, of unrelenting commitment to the universality of cognizable truth and justice, which is set forth in Plato’s *Republic*, in such locations as the Christian Apostle Paul’s *I Corinthians* 13, and, pervasively, in the Gospel of John. It is a conception of the universal principle of law and justice, the which is defended with such emphasis in the public acts of that “Golden Soul,” that exemplary “Philosopher King,” Secretary of State, President, and conscience of the U.S. Congress, John Quincy Adams.

Today’s lesson from Carnot

This brings us to the concluding argument. In this argument, we show the axiomatic, absolute difference between a community of principle, as Adams and Franklin Roosevelt, for example, foresaw it, and the kinds of ordering of affairs among the nations which have shaped international relations to the present time, most notably from the death of Franklin Roosevelt, until now. At the same time, we take into account the differences which may exist between the form of world-order represented by such a community of principle, and the relations internal to the individual nation-states of which that community is composed. We also consider a crucial, complementary question: how participation in a community of principle might change the characteristic internal features of any nation-state participating in that community. Finally, against the background defined by those three considerations, we shall focus upon the related, specific and crucial lesson to be learned from that Carnot-de Gaulle anomaly which has supplied the thematic feature of this report.

As if to remind us of the old saw, that “it is an ill wind that brings nobody good,” in his May 10, 1982 keynote address to a London Chatham House conference, Henry A. Kissinger

frankly confessed his sin; he even bragged about it.⁴² He frankly confessed his adherence to the simple, disgusting kind of international relations axiomatic to oligarchism. He reported, that the British system, like Chatham House lackey Kissinger himself, is essentially “Hobbesian.” He emphasized, that his own views are Hobbesian, and, like those traditional to the British monarchy, are antithetical to the patriotic “intellectual” tradition of the United States.⁴³ He expressed special hostility to President Franklin Roosevelt, and sneered at Roosevelt’s rejection of the pro-colonialist, and pro-free-trade policies of war-time Prime Minister Winston Churchill.

What was presented as a substitute for morality, by Chatham House lackey Kissinger, is premised upon the doctrine of Venice’s Paolo Sarpi, as typified by what is expressed in Hobbes’ notorious *Leviathan*.⁴⁴ Neither “Old Hob” Hobbes, nor Sarpi invented the original form of the rule to which Kissinger confessed; it is a modern adaption of an ancient habit, a habit as old as Babylon, as old as sin itself. The element of novelty in the form this was re-introduced to modern civilization by Sarpi and Hobbes, is to be recognized as the new form which that ancient practice of evil has come to assume, in the Venice-led financier oligarchy’s hateful reaction against the Fifteenth-Century emergence of the modern nation-state republic.

In today’s U.S.A., in particular, this bestial principle of Hobbes, is often promoted under the pathetic rubrics of “geopolitics” and “balance of power,” as the latter term is used with perhaps greater frequency by those of today’s oligarchi-

42. op. cit.

43. For sake of precision, we have restricted reference to the term “British monarchy,” to that established with the accession of William of Orange’s selection, George I (Hannover), and his successors; although, anything unpleasant to be said truthfully of the latter, is probably also true, in principle, of William of Orange, too.

44. The following facts must be borne in mind in this connection. The bloody purges which secured the succession of King James I to the English throne, including the assassination of Shakespeare’s closest collaborator, playwright Christopher Marlowe, were a reflection of Paolo Sarpi’s 1582 success in capturing the ruling position among Venice’s financier-oligarchy. The Sarpi-linked Cecil family’s orchestration of the Essex Affair, through its tools, Francis Bacon and Bacon’s brother, were part of this process. It was Sarpi who made James I King of England, and the posthumous influence of Sarpi, operating behind the likes of Oliver Cromwell, which, speaking figuratively, spitted King Charles I with a lollard-spike. Later, it was the same Venice, this time through its instrument William of Orange, which both orchestrated Lord Jeffreys’ Kenneth-Starr-like “Bloody Assizes,” and then toppled England’s King James II, before proceeding to butcher much of the population of Ireland. By the time of the accession of William of Orange’s protégé, George I, to the newly created British throne, the patriotic faction of England, Scotland, and Ireland, the opponents of Venice’s Orange and Marlborough, had been defeated. As a result of that defeat there, the struggle for England’s soul was centered, thereafter, in the process leading to the U.S. War of Independence. This is the setting in which the Venice-style oligarchical doctrines of English empiricism, including those of Hobbes and John Locke, were fabricated. Sarpi was the author of this process. Bacon and Hobbes were both tools of Sarpi, and Locke represented the Venice faction of Sarpi’s successors.

cal lackeys, whose cases are typified by the well known Kissinger and Zbigniew Brzezinski. In the words of Hobbes, “balance of power,” Kissinger’s and Brzezinski’s watchword for strategy, is “each in war against all.” For Locke, the same axiomatic standpoint is expressed as the notion of “property.” These are characteristically oligarchical notions, wholly alien to those axiomatic principles of freedom and reason which are characteristic of the sovereign nation-state republic.

The intractable opposition of the notion of “community of principle,” to “balance of power,” represents the essence of the difference between two kinds of systems, either of which, alternately, might otherwise incorporate the same set of individual member-nations. In Roosevelt’s expressed preference for Stalin and Chiang Kai-Shek, as post-war partners, over Winston Churchill, the governing consideration was not the internal characteristics of the respective existing states of the Soviet Union, China, and the United Kingdom as such; the issue was: *Which system of international relations will order the way in which virtually all nations of the world, however they might differ in crucial respects among themselves, adapt to choice of one of two mutually exclusive choices of systems of international relations?* Stalin and Chiang Kai-Shek, representing the two largest nations among the war-time allies, were disposed to accept the set of international relations proposed by Roosevelt; the fault with the British was, that, as Roosevelt said, and as Prime Minister Winston Churchill insisted, and Kissinger insisted later, the British monarchy and government were on the opposing side.

The point just made, is so crucial, and yet its implications are so little understood, even rarely known, that, at this point, we should clarify the concept involved by aid of the following illustration.

The most common of the known distinctions in ordering of physical processes, is the difference in ordering of the participating material, by, in one case, a characteristically anti-entropic living process, and, in the other case, a characteristically entropic ordering of any particular non-living one (on the ordinarily considered scale of events). This is the same type of consideration which confronts us respecting the way in which different orbits determine the *characteristic* differences in behavior among astronomical bodies, as Carl Gauss proved Johannes Kepler’s principle conclusively, on this latter account. Or, what might be assumed otherwise to be a non-living molecule, behaves to different effect as a functionally integral part of a living process, than as, functionally, a feature of a non-living one.⁴⁵ In the same general sense, the relevant mathematical physicist must recognize that the trajectory of political and other cultural development of a nation, will vary according to the system of international relations in which that nation participates.

The principle we have just stated, is crucial for solving

45. Cf. Lyndon H. LaRouche, Jr., “The Death-Agony of Olympus,” *Executive Intelligence Review*, Sept. 18, 1998.

the apparent paradox typified by our earlier references here to the comparable cases of Carnot and de Gaulle. This is also the crucial principle underlying Adams' elaboration of what became the Monroe Doctrine. Two crucial points of virtually axiomatic importance, flow from these considerations.

First, on this account, consider the difference in choice of international systems, between what we now see disintegrating before us: between that failed international political, financial, monetary, and trade system, which has been built up during the recent thirty-odd years, and, the alternative. The present failed system, is to be contrasted with the invariably successful performance of an opposing community of principle, premised upon the American System of political-economy. This difference in effect, is ultimately absolute, not only as an international system in some general sense, but in the mutually exclusive form of the choice among Kepler-Leibniz-Gauss characteristics, which participation in a chosen international system imposes upon each nation thus placed within its grip.

Second, since the existence of societies depends absolutely upon the form, and relative performance of physical economy, it is only within the domain of the science of physical economy, that it is possible to compare different international and national systems in a measurable way. It is from the standpoint of the latter consideration, that the first consideration is made clear.

Any physical system, for example, is characterized by the form of action typical of the transition, not from one mere set of events to another, but, rather, from any given state of the system, to a successor state. The same is true of either a nation-state's, or a world economy. Among all physical systems, nation-state economies included, the most typical such distinctions, are those differences in order of such transitions, the which are, respectively, distinguished as either entropic, or anti-entropic modes of action. In the astrophysics of Kepler and Gauss, for example, it is the specific quality of non-constant rates of change in state of the system, as shown in minute (virtually infinitesimal) intervals of action, which defines the orbit as a whole. Those specific forms of change of state, in the relatively infinitesimal interval of action, are to be recognized, after the relevant work of Leibniz and Gauss, as the universal characteristic of that specific system. *In an economy, the relevant change of state is expressed as a rate of increase, or decrease of relative anti-entropy, or entropy, as I have defined this notion, in physical-economic terms, in various locations.*

It is those changes of state which are expressed as such virtually infinitesimal intervals of action, which define the characteristic of the system (e.g., economy).⁴⁶ The ordering of a succession of such relatively anti-entropic, or entropic changes in state, presents us with the functional characteristic of an economic process. This is applicable to the cases of

46. See the sundry *EIR* reports, by this author, referenced above.

physical-economies of each individual nation-state; it is also applicable, if on a different level, to an international system subsuming the participation of numerous such individual nation-state economies.

It is the characteristic ordering of changes of state within the interactions of a collection of nation-states subsumed by an international system, which is the focus of our attention here. Begin with the simplest form of the issues to be considered. On the one side, we have the parasitical, "free trade," or British system, as associated, as by the textbooks, with Adam Smith and other representatives of the British East India Company's Haileybury School tradition. On the opposing side, the so-called "protectionist," or "dirigistic" system, the American System. Those are the only two choices of general types of *international* systems worth being considered, in practice, today.⁴⁷

Consider first, the case of the so-called "Adam Smith" system, and its universally characteristic, and inevitable failures as an economic system.

Why Alan Greenspan seems enraged

The Adam Smith system, so-called, is a proprietary, and dangerous, often fatal drug. It was derived from a generic method for looting nations and their populations, by compelling them to market their exports at the cheapest price. The predominant effect of this, is simply to drive the prices of those nations' exports *far below* the margins of operating profit at which productive capital improvements in the exporting nation's productive sectors can be provided.⁴⁸

A widespread, celebrated debate over this issue, erupted around the close of the last century. Under the rubric of efforts to define the modern use for the term "imperialism," an intense debate erupted among economists. The issues of that debate have since been explored by many, including the documentary approach supplied, much later, by the published writings of the U.S.'s Herbert Feis. The most celebrated expressions of that debate, erupted, during the approach to World War I, chiefly within the international social-democracy.

Relative to all the other leading economists of the social-democracy participating in that debate, Rosa Luxemburg's

47. For the purposes of the discussion immediately at hand at this point, in the case of the Soviet system, for example, the only relevant issue would be whether the Soviet system, at one time, or another, were oriented toward participation in an international system oriented to the American System, or the British system. Otherwise, respecting the economies of Africa, Asia, and Ibero-America, the only relevant question, at this immediate point in our argument, would be which of the two types of international system, "protectionist" or "free trade," was dominant in their international relations. Without being more specific here, the usual source of the plight of former colonies, has been, less frequently, the short-comings in the domestic economic policies of the nation, than the ruin of their economies by their participation in a "free trade" system, such as that of the British Commonwealth.

48. This is the point at which the monetarist fanatic exclaims: "Eureka! The price is right!"

view, as contrasted with the blunders of Karl Kautsky, V.I. Lenin, et al., most nearly correspond to the reality of the issue. From the standpoint of economics as such, the result of what is inherently, ultimately the fatal economic feature of imperialism as a system, is that which Rosa Luxemburg counterposed to the follies of Lenin's and the German Social-Democracy's mis-definitions of imperialism. The essential economic feature of imperialism is what Luxemburg defined as *primitive accumulation*.

As the U.S.A.'s Mathew Carey documented this, this was already typified by the practices of the British East India Company in the time of Adam Smith: forcing victim-nations to export at world-market prices below the actual net costs of continued production of the exported commodities.⁴⁹ As Luxemburg emphasized, as did Feis's studies later, the difference between the earlier phases of economic imperialism, as practiced by Smith's employer, the British East India Company, and way in which "imperialism" was defined at the close of the last century, was that under the conditions addressed by the debate within the international social-democracy's economists, the principal means for extracting the loot of primitive accumulation, was the so-called "metropolitan" nations' control of the marketing of international loans.

Relatively speaking, against her rivals, Rosa Luxemburg was technically correct. However, none of the participants in that or related discussions seemed to have grasped the underlying issue, the crucial issue of the present process of self-disintegration of today's "globalized" financial and monetary system. Look carefully, and critically, first, at what is said and practiced by those ideologues who defend the practices of today's self-doomed, global system.⁵⁰

According to the more popular classroom babble on this subject, during approximately the recent forty years, the Adam Smith system operates upon the implicit (and, also, often stated) presumption, that economy is, at its best, "a zero-sum game." In other words, "profit" is defined under the "free trade" system, according to the implied presumption, that one man's flesh is another man's meal. That line of presumption, leads toward the opinion, that, barring one or another form of raw cannibalism, the ultimate source of "profit" could only be "natural resources," which are classed by solemn utterings of the sages from a modern parody of Swift's "Laputa," as either "renewable," or "non-renewable" resources. The overall presumption of such sages, is that, putting quibbles over defining the categories of "renewable" and "non-renewable"

49. op. cit.

50. To Luxemburg's credit on this account, she was accurate and to the point in her published attack on Lenin's expressed views, and was also correct in her implied attack on Karl Marx's confessed disregard for the role of changes in the "technological composition of capitals" in determining the outcome of what Marx had identified as "extended reproduction." She was clear, to the degree of insisting that the central issue of economy is that principle of human cognition which has elevated mankind from the level of subsisting on a tide of raw flotsam cast up on the beaches of southern Africa.

resources aside, human existence is, overall, entropic, a losing game.

This line, which can also be adduced from the gist of the politically connected Jeremy Rifkin's prattle, leads toward assumptions which are scarcely distinguishable from Adolf Hitler's prattle about *Lebensraum*, and toward political practices to match. In the end, Adam Smith, now, as then, was always a Malthusian, always a strong supporter of Malthus' and Jeremy Bentham's ideas about "welfare reform." The argument of the babblers, sooner or later, comes around to the expressed opinion of the sages, the expressed opinion of Adolf Hitler's stated goals of his Russia campaign: "The world's problem is, simply, that there are many too many people sitting at the dining table."

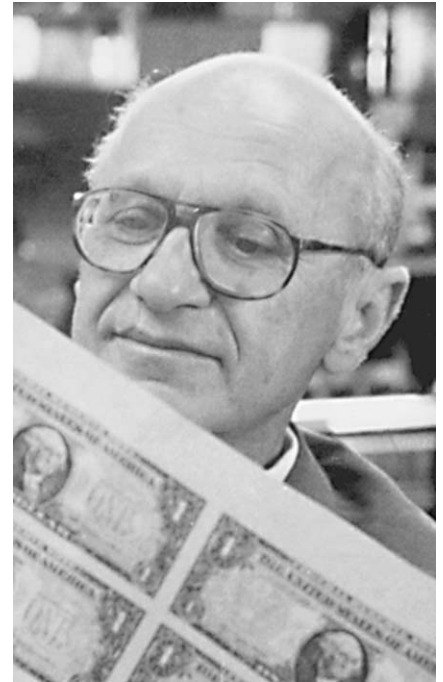
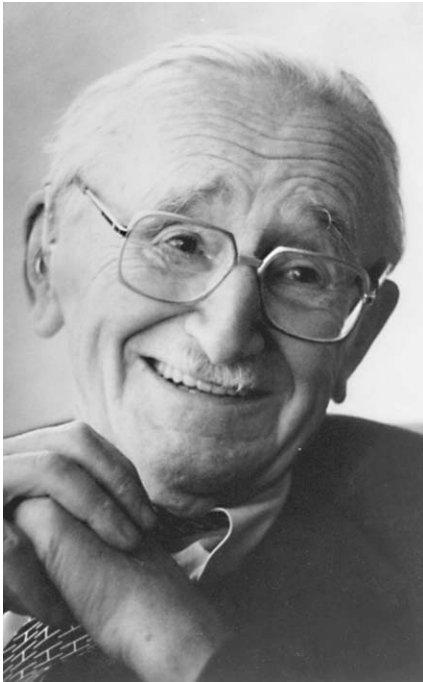
Underneath, the so-called "economics" dogmas of Adam Smith and other Malthusians, are no more than new names for an old game: oligarchism. Former chief editor of the London *Times*, and leading, longstanding, and perfervid Clinton-hater, Lord William Rees-Mogg, expressed this oligarchical tradition, in a fairly recent boosting of the "Third Wave" hoax of Alvin Toffler and U.S. House of Representatives' Speaker Newton Gingrich. Rees-Mogg prophesied that the economy of the future will be based on five percent of the total population, whose profession is eructating "information," perhaps from the Channel Islands, while the remaining ninety-five percent are left entirely uneducated, abandoned to the life of useless rutting Yahoos with no economic function at all, except, perhaps to consume odd bits of "information," which might be cast, perhaps as charity thrown into the kennel, in their direction.⁵¹ The Benthamite essence of Malthusianism, is simply the old habits of oligarchism, and Hitler's Nazism, proposed as a "post-industrial" utopia.

Behind all that, the actual issue posed by the "free trade" and other Malthusian mythos, is, whether human existence (Nashville Agrarians and other Lotus Eaters aside) represents an entropic, or anti-entropic relationship to the planet as a whole.

The issue is, thus, the definition of human nature. The issue is, are we morally obliged to treat all human beings as men and women each made in the image of the Creator? Are we obliged, on that account, to create and maintain the

51. William Rees-Mogg, "It's the Elite Who Matter—In Future Britain Must Concentrate on Educating the Top 5%, on Whose Success We Shall All Depend," London *Times*, Jan. 5, 1995. "In some ways, Britain is better placed to compete in the information age than it was in the mass production age which is closing. . . ."

"There are fascinating implications here for educational policy, and they are highly unfashionable. The 20th-century view has been that the economics of mass production required mass education, perceived as the universal provision of modern educational skills. The 21st century will require greater emphasis on the higher skills of the ablest students. . . . In international competition, perhaps 5% of the population will produce 80% of the national income, and the employment of the 95% will depend on the success of the few. . . . Britain has educated for Empire, has educated for factories, and now must educate for knowledge and communications."



(From left) Friederich von Hayek, Federal Reserve Board chairman Alan Greenspan, and Milton Friedman. “Although the rise of neo-Malthusianism . . . has been an increasing factor in destroying civilization, the principal correlative of destruction of the system, has been the rise of the type of monetarist fanaticism associated with Friedrich von Hayek’s and Milton Friedman’s Mont Pelerin Society.”

conditions of education and practice under which the validated discoveries of physical (and related) principle contributed by earlier generations, are the point of departure for improving the demographic characteristics of individual and household life of all persons, and all nations, through methods inclusive of new steps forward in scientific and technological progress?

The combined archeological and historical evidence in support of the latter, anti-oligarchical principle, is overwhelming. Every culture which has behaved in a manner consistent with what U.S. Treasury Secretary Hamilton, for example, prescribed for the American System of political-economy, has prospered for as long as it practiced that policy of emphasis on fostering the benefits of scientific and technological progress. Every culture which has rejected that policy of progress, as the United States has done over the recent three decades, has been self-doomed by the resulting drift into a global “post-industrial” utopia, or the like. The human race has reached the time, that either we rid the world of the rabidly entropic, practically equivalent dogmas and practices of Malthusianism and monetarism, or the mental sickness called “Malthusianism” may very well rid the world of the human species; that is the rock-bottom fighting issue of the present age.

In recent decades, there has been greatly increased chatter in support of Malthusian and related cult-ideologies. Under the influence of that distracting rattle of cacophony, the ideological case for Malthusianism (e.g., “zero growth”) has be-

sotted many minds. However, if one contemplates the increasingly frantic shriek of hysteria in the public utterances of U.S. Federal Reserve Chairman Alan Greenspan, for example, we must recognize, that although, in effect, the international economic system has been drifting into a Malthusian mode of negative economic growth for more than a quarter-century, and although the Malthusian dogma has been increasingly a factor in the composition of political institutions during this period, it is not Malthusian ideology as such which drives the world system, day by day, ever deeper into the muck of self-destruction. It is so-called “economic policy.” Although the rise of neo-Malthusianism, since the 1961 launching of the World Wildlife Fund by Britain’s Prince Philip, has been an increasing factor in destroying civilization, the principal correlative of destruction of the system, has been the rise of the type of monetarist fanaticism associated with Friedrich von Hayek’s and Milton Friedman’s Mont Pelerin Society.

The general observation to which such comparison of the respective influences of neo-Malthusian and monetarist ideologies should guide us, is that the principal, day-to-day driving force behind the presently ongoing, neo-Malthusian destruction of the world’s economy, has been far less the result of explicit neo-Malthusianism, than the form of Malthusianism-in-effect inhering in monetarism. It has been the monetarist takeover, and day-to-day management of the world’s financial and monetary systems, which has been the driving political force creating those neo-Malthusian effects we see in the presently spiralling collapse of the world’s fi-

nancial system. In short, it is the lust of usury, and the political corruption of the population generally with that lust, which has supplied the mass-based political constituencies driving the United States, Europe, and Japan (among others), hysterically, into the self-destruction of world civilization as a whole.

Typically, as an ever smaller portion of the U.S. population is employed in actually producing physical and related forms of wealth, as industry, agriculture, infrastructure, health-care, and education are looted to the verge of collapse, all to feed the bubble of financial speculation, an increasing portion of the population has come, more and more, to shun the fruits of industry. The motive for this shift away from the morality of productive values, has been chiefly, a growing, deeply corrupting preference for a usurious harvest from “my money!” The result of this shift away from sanity, to monetarist ideology, is that poor fellow who defends the destruction of U.S. agriculture, “because I need the money from my money-market investments, to eat.” The similarly deranged investor, seems to prefer to die, rather than oppose Wall Street parasites’ efforts to collapse the health-care system, to levels “at which I will earn enough money on my account to pay my medical bills.” Such is the popular lunacy which has come to grip these times.

Soon, unless what Chairman Alan Greenspan defends is overturned, none of these fellows will have any “my money!” about which to concern themselves further; if the policies defended, so far, by Mr. Greenspan, are not overturned, suddenly, and drastically, in the appropriate way, on the day the bubble bursts, the financial system will soon disintegrate in a fashion reminiscent of Germany 1923. That is why Mr. Greenspan is often so hysterical; essentially, he is saying: (on the one side) that it is the system which is destroying itself (with its irrational exuberance), but (on the other side) we must defend that system at all costs. Poor Alan Greenspan: That is the sort of paradox which, if embraced, might evoke mighty, kaleidoscopic paroxysms in the facial expressions and speech of any true believer.

Thus, for related reasons, we must view Mr. Greenspan’s evident displeasure, as but one more symptom of the wide spectrum of rage and lunacy which has erupted lately from those of the general population which have been driven mad by their unwillingness, so far, to face the relentless reality, that its most cherished monetarist fantasies are being blown apart, the reality, that there is nothing they can do to stop today’s ongoing *Götterdämmerung* of their delusions. One is reminded, by the behavior of large chunks of the national parties, many leading political figures, and leading mass news media, today, for example, of hordes of Europe’s Fourteenth-Century Flagellants, roving, in packs, from place to place, saying wild things which make no sense, and doing things which are even more disgusting, and destructive.

In the end, what must be said of Adam Smith and his system, is that beliefs which are, like his, axiomatically contrary to the essence of human nature, if carried to the limit,

will often exhibit their natural — *characteristic* — inclination, by some extremely unnatural kinds of both facial, and even homicidal expressions, from among the true believers.

Carnot as economist

Having said what we have said here thus far, we have reached the point in this report, that the crucial issue remaining to be resolved here, is to pin-point the exact, readily cognizable mechanisms, by means of which an approach based on Adams’ notion of community of principle, employs international relations as a means for prompting and accelerating the potential rate of anti-entropic changes in the state of the system of all participating national economies. In sum, the object is, to establish an international system of economic and cohering relations among sovereign nation-state republics, through which each sovereign finds it to be in its vital self-interest, as a nation, to accelerate its own contributions to increase of the anti-entropic state of the international system, this in anticipation of the benefits consequently received by itself. This is a relationship which could exist only in the case, that the basis for international relations is the promotion of increasingly anti-entropic changes of state within and among the member-states of the system.

The vital strategic issues of modern economy as such, are essentially three. First, how to defeat an oligarchical faction whose policies of practice are premised upon maintaining the relative power of the oligarchy and its associated lackeys, by reducing the rate of scientific, technological, and related progress to as near zero, or below, as is politically and strategically feasible. Second, how to establish a counter, anti-entropic policy of practice, as is typified by U.S. Treasury Secretary Alexander Hamilton’s December 1791 Report to the U.S. Congress, *On The Subject of Manufactures*. Third, how to sustain those rates of anti-entropic phase-shifts in technology, the which are required to meet the requirements of the policies summarized in Hamilton’s latter report.

The general comprehension of feasible solutions to the problems implied by this requirement, was provided by Gottfried Leibniz’s development of the science of physical economy. The greatest single contribution to international economy after Leibniz, on this account, has been the relevant contribution, of what has become known as the machine-tool principle, by Lazare Carnot. Since this connection has been the central feature of the present writer’s life’s work, and related publications, it is sufficient, but necessary, to summarize that specific point here.

The characteristic quality of the human species, and of the individual person, is expressed in those changes of state of the human mind which occur solely as a result of cognition, as the Socratic method of Plato’s dialogues typifies cognition. The changes in state of the human mind, generated through cognition so defined, are the distinction of *human nature*, its *universal characteristic* in the sense the term was defined by Leibniz, and was later crucially demonstrated for mathemati-

cal physics by that work of Carl Gauss which we have referenced, earlier, here. The most readily demonstrated expression of such *characteristic* changes in state, is the discovery of any new physical principle which is validated by means of crucial-experimental methods. That simplest type of case is most suitable for use in the classroom, for defining the meaning of the term cognition for the students. The characteristics of this expression of cognition, are the basis for understanding and applying the machine-tool principle.

Until the process of degeneration of the world's economies during the recent thirty-odd years, the importance of Carnot's influence on economy, could be far more readily demonstrated in practice, than today, by focussing upon the implications of the relationship between the teaching and research laboratories of the best universities. It was the standpoint which the graduate of such programs acquired from that form of scientific education, which was the driver of all great economic breakthroughs, in every part of the world, during the past two centuries, since Carnot introduced his machine-tool principle as a crucial logistical feature of the military operations under his direction during the 1792-1794 interval. The Ecole Polytechnique under Monge and Legendre, was the first large-scale demonstration of this principle of economy. The principle itself is elementary; we summarize the needed, corresponding argument, as we have made it many times earlier.

No discovery of scientific principle could ever occur by deduction. It can occur only by the Socratic method used for Plato's dialogues. Gottfried Leibniz composed two dialogues for the stated, specific purpose of demonstrating that connection. Such discoveries can occur only when prompted by demonstrating the existence of a devastating paradox in existing opinion, for which no deductive or kindred solution is possible. Once a discovery has been generated, a proof of its truthfulness as a principle must be demonstrated. In the case of physical principles, this proof must occur in the form of the especially rigorous, special type of experimental demonstration which may be termed either "crucial," or "unique."

That method of scientific work dates from Classical Greece, where, to the best of all available evidence, it was invented. Although Aristotle was an opponent of the method, all the leading figures of Plato's Athens Academy, through the work of Eratosthenes and beyond, relied upon it, as did Eratosthenes' correspondent, Archimedes. Although a revolutionary improvement in this method was introduced to modern Europe, to crucial effect, by the scientific writings of Cardinal Nicholas of Cusa, the method was only superseded by a better one; its earlier achievements were simply incorporated into the new, improved form. Cusa's influence on Luca Pacioli, Leonardo da Vinci, Johannes Kepler, and others, laid the foundations for the subsequent scientific revolutions accomplished, chiefly, under the stimulus of Leibniz and Gauss. The fundamental and related scientific discoveries of Carnot and the Monge-Legendre Ecole Polytechnique, were an inte-

gral part of this process. For our purposes here, the relevant outcome of this was the development of the notions of multiply-connected manifolds, partly through what Riemann identified as his teacher Lejeune Dirichlet's Principle, chiefly through the successive breakthroughs of Gauss and Riemann in this matter.

It is Riemann's work which renders the nature of Carnot's machine-tool principle fully transparent. We shall describe the setting of Carnot's principle, and then return to Riemann, to show the practical connection to the process of transfer of anti-entropy to the economic processes of either a national economy or international system among sovereign nation-states.

In the only competent mode of instruction in science, the so-called Classical-humanist method, the student is never permitted to claim he, or she has mastered a physical principle, unless that student has relived both the perplexity of the prompting paradox, and the experience of replicating the act of validated discovery from that vantage-point. In the closing phase of that process, the student must design and conduct a crucial experiment which proves the physical principle whose discovery that student has just relived. This defines the mission of the competent university's program of pedagogical laboratory-work. The process can be relived by methods other than formal university-laboratory modes, but the principles to be satisfied by whatever method is employed, remain strictly the same. No student will be permitted to claim knowledge of a physical principle, unless those stipulated requirements are satisfied.

Enter, then, Carnot's machine-tool principle.

The construction of apparatus suited for the crucial-experimental testing of what is believed to be a valid discovery of a physical principle, results in a design of experimental means through which the ability to introduce a discovered new principle into production is established. In a successful case, the result of that is a new principle of machine-tool design, which may be efficiently incorporated, as a new physical principle, within the design of products and productive processes. The same method, enables the translation of proven principles of machine-tool design, into faithfully replicatable precision and performance of series and mass production. That is, in essence, the Carnot machine-tool principle.

There are other considerations, those of projective geometry generally, and, especially, the development of the application of Leibniz's principle of *analysis situs* to matters of the form of problems in projective geometry. Without regard for those additional niceties, our description of the machine-tool principle, above, is valid, but not yet sufficient. It suffices, however, to supply any intelligent and reasonably literate industrial operative, such as tool-and-die specialist, with a sense of how the machine-tool principle works within the economy at large. Every successful "crash program," such as the Germany-U.S. aerospace program, provides a prime practical example of Carnot's principle.

That said, back to Riemann.

For our immediate topic here, former Dirichlet student Riemann's most relevant discovery is that which he presented in his 1854 habilitation dissertation, under Carl Gauss.⁵² Here, Riemann brought to a certain degree of completion, the process of freeing science from the burden of aprioristic, deductive forms of geometry. All notions of extension in geometry, excepting physical principles, were excluded, including those popular, naive notions of abstract space, time, and matter so popular with empiricists, positivists, and other varieties of reductionists. Instead, each validated physical principle became a "dimension" of an n-fold multiply-connected manifold. Each revolutionary discovery of a new physical principle, produced a new such manifold, with an empirically demonstrable physical characteristic differing in elementary degree from the characteristic of the superseded manifold. This Riemannian overview of scientific progress, is shown, empirically, to coincide with increase of the relative anti-entropy of the physical economy which efficiently incorporates the newly discovered physical principles. This Riemannian view of that matter supplies the basis for use of the term anti-entropy within the science and practice of physical economy.

Thus, situating Carnot's principle within the framework of a Riemannian overview, a process of machine-tool design which is driven by fundamental scientific progress, is the most typical mode in which anti-entropy is injected into national economies.

Look at the notion of designing an international order among sovereign nation-state republics from this standpoint.

In the science of physical economy, as distinct from what is widely taught, unfortunately, as "political economy," or "economics," today, economic value lies primarily in the transfer of anti-entropy, rather than being located primarily within the objects which are commonly viewed as the products themselves. In escaping from the misfortunes of the customary economics deliberations, into the sanity of physical economy, the location of the object of value, is shifted, away from the object as such, to the relationship between the production and consumption of objects, and, thus, to the change in state of the economic process, as the primary expression of value.

In a truly sane society, it would have been obvious, that a net gain, comparable to profit, in the physical state of the whole economy as a system, could occur only through those anti-entropic forms of increase in the productive powers of labor, the which bring the entire society to a higher state of demographic composition, and of greater power over nature, per capita and per square kilometer of the planet's surface. This can be achieved only through a positive (i.e., anti-en-

tropic) change in the state of the system. It is there, in such anti-entropic changes in the state of the system, that all actual economic value lies. Other economic values have a conditional validity, conditional upon their relationship to the required changes in the state of the system as a whole.

This change in viewpoint, signifies a cohering change from presently practiced policy, respecting the economic relationship of the individual to the nation-state economy as a whole, and respecting the relationship among nations within the international ordering of economic affairs. In place of repetitive labor at the cheapest price, the priority is assigned to increase of productive powers of labor, through means indispensable to generating generalized scientific progress.

The resulting differences in practice, subsumed by such a correction of policy, are sweeping, and profound in implications, both for the individual nation, and relations among sovereign nation-states. The predatory system, which is expressed by "free trade," "globalization," "balance of power," "geopolitics," and so on, is replaced by a community of principle.

Carnot and global strategy

The experience of the U.S. with the European powers of the Nineteenth Century, like the experience of the developing nations of the 1946-1998 interval, or the experience of Russia and other nations under the predatory system which Thatcher, Mitterrand, Bush, et al. imposed, during 1989-1992, upon Germany and eastern Europe, should be taken as adequate demonstration of the point toward which we have been building from the outset of this report. Two principles are to be adduced.

On the one side, no globalized system must be tolerated; the principle of the perfectly sovereign nation-state republic must be considered as a discovered, natural principle of international law, which can not be violated except for purposes within the domain of what St. Augustine defined as "justified warfare." Without the role of the sovereign state, national economy could not function. There are previously well-known, well-defined limits to permissible reliance upon private enterprise, limits which can not be exceeded without unleashing the kind of chaos and ruin which the U.S. has suffered as a consequence of the radical changes in economic policy rammed through during the 1977-1981 interval.

On the other side, the impact of global ordering of the economic and associated relations among individual nations, is so powerful, that the corruption of that order, whether by malice or neglect, is a disaster for at least most of the world's nations, and, ultimately, if continued, for all among them.

Those two considerations taken together, the insightful patriot of his, or her nation, recognizes that the shaping of the ordering of relations among nations is an inseparable primary self-interest of the individual sovereign nation-state. The proper choice of nature of this connection is crucial. Adams'

52. Bernhard Riemann, *Über die Hypothesen, welche der Geometrie zu Grunde liegen*, Bernhard Riemanns *Gesammelte Mathematische Werke*, H. Weber, ed. (New York: Dover Publications reprint edition, 1953).

notion of a community of principle, and Franklin Roosevelt's prevented attempt to launch such, are a good starting-point for addressing this concern; but, not yet adequate.

We must recognize the degree to which the ordering of affairs among nations can determine the ordering of affairs within those nations, including our own U.S.A. From an increasingly rich, and often intimate experience of the situation with many nations, since overseas service more than a half-century ago, and, increasingly, in the course of my duties during the recent three decades, I know how worthy nation-states are corrupted by the ordering of international affairs imposed upon them. That experience affirms a view of history in the large, which informs us: "Yes, we must recognize and serve the principle of the perfectly sovereign nation-state; but, we must never be such foolishly conceited kinds of patriots, smugly 'Claiming to mind our own business here,' as to imagine that we can be a good nation, even within our own borders, unless we attend efficiently to the matter of the way in which relations among nations are ordered."

A few points on this matter should now be sufficient to bring this report to conclusion.

To this effect, we must never tolerate any proposal to establish a form of international ordering which has the character of a "social contract" among actual or virtual adversary states. The very nature of a "social contract" is that, at best, it excludes consideration of the most essential thing: the need for a positive principle, a principle contrary to the notions of a contract. At worst, it becomes a club of the predators, as the IMF and other post-1945 supranational agencies had become, increasingly, especially since 1959. At their best, all such contracts could never be better than intrinsically entropic in their impact upon each nation, and, also, the world at large.

During this period, it has become increasingly difficult to distinguish between international diplomacy and organized crime of the Meyer Lansky variety. In both, striped pants were, for a time, traditional, perhaps only because of some recurring accident peculiar to members of the profession. In such a profession, everybody steals, everybody kills, everyone is corrupt, but the bosses negotiate among themselves to keep as much of a semblance of peace as might be considered "good for business." They agree, from time to time, to keep the homicide and other debaucheries down to a tolerable level—at least, most of the time. They always cheat, but they take that in stride: "live and let live," they say, "if you want to get along, learn to live with the system." That is not a good model for an international order among nations, but, admittedly, it was the model recently adopted by Prime Minister Margaret Thatcher, President François Mitterrand, and President George Bush. It is the system of Kissinger and Brzezinski, for example.

If we are to escape from the nightmares under which the world has lived under the overreaching power of its still-presently dominant, predatory, rentier, financial-oligarchical

interest, then the Hobbesian nightmare of "balance of power," "geopolitics," and kindred obscenities, must be superseded by the affirmation of an actual common interest in a relevant positive principle. There is but one definition of common interest which suffices for this function: the common interest in fostering and sharing the relatively greatest rates of increase in anti-entropy. This may be read as merely an affirmation of the principles upon which the origins of the modern European idea of the sovereign nation-state were premised, just as the framers of the U.S. Declaration of Independence and all European co-thinkers of that effort shared such a sense of universal values. We must do more than affirm those universal values; we must learn from often bitter experience, that it is also necessary to define the means by which such values are to be served.

Could Carnot have chosen to remain at duties within France, under the circumstances of the Bourbon Restoration? One might say, that the greatest conductor of this century, Wilhelm Furtwängler, stayed by his post during the Nazi time, risking his neck to protect German-Jewish musicians, when he might have fled to Switzerland, for example. Results attest, that, in his case, he made the right choice in staying at his post, as long as it was possible to do so. Morally, and otherwise, Carnot had no such option. France had been destroyed, chiefly by the order of international affairs imposed, by the Duke of Wellington's direction of the all-purpose French traitor Fouché, through the power of a concert of all the principal powers of Europe. Like numerous German-Jewish victims of Nazi persecution, he acted in the place where he could, to foster that change in the international order, without which a ruined France could not be brought back to life. His only option was collaboration on the cause of freedom, in concert with those among his old friend Alexander von Humboldt's circles, those Prussian reformers who, themselves, were soon decimated by Metternich's fascist-like Carlsbad Decrees of 1819. Thus, in 1889, when another Carnot was President of France, Lazare Carnot's body was rallied by a massive Prussian guard of honor, to be returned to the tomb of France's acknowledged heroes. Perhaps, in the end, somewhere down the line of the future history of France, he will have succeeded in that purpose he served in Prussia during his last years.

Our purpose here should not be to deliver an apology for Carnot. I think he needs none, in any case. Our purpose here, is to adduce the implications of his case for history at large. The history of the world so far, is a world in which the greatest patriots of nations have too often been hounded into exile, or murdered, as Socrates was. Such circumstances should caution us, that one can not defend one's nation within the context of that nation, alone. One defends one's nation by fighting to impose upon the ordering among nations those principles, in the sense of Adams' community of principle, upon which the long-overdue, just ordering of international relations depends.

Save Japan! Not Banks!

by Lyndon H. LaRouche, Jr.

September 21, 1998

Under the program of economic reconstruction which was launched during the period of U.S. General of the Armies Douglas MacArthur's official residence there, Japan launched a model economic policy, which came to rank among the world's most respected post-1945 achievements in post-war economic reconstruction. Later, during the 1970s, Japan began to come under intense pressure to reverse and destroy its economic achievements, pressures prominently including those from a notorious duo of U.S. national security advisors: first from Nelson Rockefeller's "Tweedledum," Henry A. Kissinger, and then David Rockefeller's lackey "Tweedledee," of Carter Administration days, Zbigniew Brzezinski.

In a Japan play on the words "Rockefeller" and the Lockheed aerospace firm, one of the key, internationally orchestrated intelligence operations used to break Japan's political will, was sometimes referred to, with a touch of bitterness, as "the Lockheed scandal." This was the model for the allegations of corporate bribery used to break Japan's 1970s resistance to a U.S.-dictated beginning of a long-term, downward turn in its economy.

Those developments of the 1971-1982 interval, led into Japan's financial crises of the 1980s. During the 1980s, with the Plaza Accords, and the later misdirection of Japan into large-scale derivatives speculation, the bankruptcy of Japan's derivatives-drenched, financial and monetary system, has become today's principal immediate threat to bring down the entire world's financial and monetary system.

The final blow to the sanity of what passes for Japan's youthful financial elites, and the immediate cause of the presently ongoing collapse of Japan's banking system, was Tokyo's capitulation to the present phase of derivatives speculation. This phase of Japan's ruin, was introduced to it by major financial interests of London and Wall Street, beginning the international political crises which accompanied the fall of the Soviet system, during 1989-1991.

The question is, shall Japan save the baby, or the dirty bathwater, Japan's healthy industrial economy, or the worthless banks? There is but one sane answer to such a question. Accept the fact that Japan has been lured into financial bankruptcy. Put Japan's financial system through action resembling a mid-1920s "Dawes Plan"-style of drastically purgative bankruptcy reorganization. Do this under new laws of the U.S. "Chapter 11" type; and, use a financial reorganization akin to Germany's highly successful post-war reconstruction, through the Kreditanstalt für Wiederaufbau, to return Japan's economy to the export-oriented, pre-"Rockheed scandal," industrial export policies of the pre-1971 period.

The reasons for the economic successes of the earlier part of Japan's post-war decades, ought to be well known. Unfortunately, for most of the relevant, economics-illiterate specialists of that younger generation dominating Alan Greenspan's Wall Street, Toyko, and many other centers of the world's economic-policy-shaping, today, even the most elementary facts of Japan's earlier achievements are beyond their comprehension. It is indispensable that those younger fellows be sat down, to be told a few elementary facts of economic life. If they refuse to learn, they must be set aside, replaced by saner minds. Rude? Perhaps, but such are the facts of real economic life.

Here, we lay out the most crucial features of a Japan economic-recovery plan, step by step. We begin with a fact which any graduate of a decent U.S. elementary school would have learned in earlier decades, as a geography lesson. Japan is an island nation, of whose total land-area only a small fraction is economically habitable for much use but that of a watershed and scenic recreation-areas. Even to meet the most elementary requirements of its population, Japan requires imports of food and raw materials, imports which can be secured only through earnings from Japan's high-technology exports.

In modern times, only two types of industrial exports could serve as a source of income to offset Japan's import requirements. One is high-technology, machine-tool-design-grade industrial exports of capital goods; the other is export of

heavy engineering capabilities into large-scale infrastructure programs of nations of the world lying, principally, to Japan's south. On both counts, "Go south" is the key to Japan's long-term economic success.

To understand the role of U.S. National Security Advisors Kissinger and Brzezinski in ruining Japan's excellent economy, take two model cases from the 1970s: Iran and Mexico.

In both cases, the growth policy had been based on the concept of oil-for-technology packages. Kissinger and London played the leading roles in shutting down Japan's role in the economic development of Iran; the Carter Administration's Brzezinski, together with the Reagan Administration's advisor Henry Kissinger, played key roles in shutting down Mexico's development plans. As Kissinger's and Brent Scowcroft's notoriously racist population policies (e.g., NSSM-200) of the mid-1970s show, and as the racist population policies of the Trilateral Carter Administration (e.g., Global 2000) also show, the intent, in both cases, was not only to wreck the economic-development prospects of the oil-exporting nation, but, also, to ruin Japan's industrial economy.

In opposition to the exemplary, ruinous demands by the dubious duo of Kissinger and Brzezinski, the best pro-growth policy of Japan was one sometimes described as Japan's vital interest in a "knowledge-intensive export" orientation toward nations, principally, to the South. This meant upscaling the productive technology of Japan's customers, using proven Japan technologies for this purpose. There were often moral flaws within the way in which the "knowledge-intensive export" policy was defined in practice, but, with a bit of fixing, it represents the natural mutual interest of both Japan and its relevant current and prospective trading partners. Very significant, is that this notion of "knowledge-intensive export" was a Japan conception, not, like Tokyo finance's lunatic, suicidal rage for derivatives speculation, something dumped upon it by some shallow-minded U.S. or British "wank"-pack.

It is an enhanced version of the "knowledge-intensive export" orientation on which we concentrate attention here.

The recovery of Japan

Japan's late-Nineteenth-Century emergence as the leading industrial nation of Asia, was the result of the success of U.S. President Abraham Lincoln's administration, in defeating the British puppet, the Confederate States of America. That strategic victory, and the 1861-1876 U.S. industrial revolution, which established the U.S. as the world's most powerful, most technologically advanced national economy, persuaded the authors of Japan's Meiji Restoration to adopt the American model. As in the case of post-1877 Germany, and Czar Alexander II's Russia, it was the U.S.A.'s Henry C. Carey, the world's greatest, and most successful, living economist of that time, and Carey's representative, E. Peshine Smith, who led these and related efforts to spread the U.S. agro-industrial model into Europe and Asia.

Until the present outbreak of Japan's banking crisis, the

origin of Japan's greatest misfortunes during this century, has been its recurring alliances with Britain, against the U.S.A. Such an alliance came into the open with the launching of the first Japan war against China, 1894-1895. This grave error in Japan's policy, which included its conquest of Korea, was followed by the de facto British-Japan alliance in the Russo-Japanese war. During this period, until 1945, Japan remained, strategically, either an anti-U.S. ally of London, or, despite Britain's nominal anti-Japan alliance with the U.S.A. during 1941-1945, a British strategic asset, or gambitable pawn, against the U.S. and U.S. China policy in Asia, until the close of World War II. The origin of the war-plan for Japan's December 7, 1941 attack on Pearl Harbor, for example, was as a by-product of a Japan naval alliance with Britain, against the U.S.A., beginning the period immediately following World War I.

Nonetheless, the combined influence of Germany's world leadership in science and the U.S.-modelled industrial development of Germany, upon Japan's science and technology, remained strong. The famed, World War II Japan "Zero" fighter aircraft, was a reflection of the same Riemannian tradition of Prandtl et al. otherwise exhibited in the Peenemünde aerospace programs of the 1930s and 1940s, the same German tradition which later supplied the U.S. its first, post-war success in jet-powered supersonic flight. Similarly, Japan's naval development throughout the late Nineteenth and early Twentieth Centuries, prefigured much of the successes of its post-1945 development of heavy industry.

In Japan, as in all cases of economic development of nation-states, success rests upon a combination of several leading social and economic factors. First, either to prevent, or to break, or at least greatly tame the power of any feudalist land-owning class. As the history of modern Europe since France's Louis XI, demonstrates this forcefully, and repeatedly, this anti-Yahoo shift in political power is indispensable for the kinds of social policies, especially in education, needed as preconditions for developing the productive powers of labor.

The type of educational policy which has proven itself fruitful on this account, is a policy of universal education modelled upon the precedents of such European teaching orders as the Augustinians, Franciscans, Brothers of the Common Life, and Oratorians. The successes of these teaching orders supplied the origins of programs of Classical humanist public education later introduced into North America and Europe. The methods of the Brothers of the Common Life and Oratorians are of particular urgency for producing a population which is efficiently competent in the assimilation, development, and application of science and technology. Such educational policies presuppose a corresponding—no Yahoos!—social policy of practice respecting *all* of the nation's family households.

The remaining essentials of a successful economic policy, are to be taken from the lesson-books of U.S. Treasury Secretary Alexander Hamilton and the followers of France's Lazare Carnot. Without the aggressive, centralized development of

large-scale basic economic infrastructure, of a type which could not be accomplished without direction of the government, no general economic development is possible. There can be no progress in the productive powers of labor without capital-intensive, power-intensive modes of investment in scientific and technological progress. There can be no adequate rates of scientific and technological progress without a relatively large-scale sub-section of industry devoted to transforming forced-draft fundamental scientific progress, into the proliferating application of improved machine-tool technology.

Without these combined measures, there is no possible source of a sustainable, net national economic profit, excepting by looting and stealing, as the British financier oligarchy and its brutish “free trade” system have done for centuries. Japan has all the internal essentials, and also the market opportunities, of a national economy with the required qualities. The task of rescuing Japan from self-induced financial suicide, now, is, to translate that potential of Japan into the required results. The best industrial practices of pre-Kissinger, pre-“Rockheed Scandal,” post-war Japan, provide most of the needed examples to be applied.

The global setting

The indicated economic reorganization of Japan matches the objective potentials to be found in such places as its relation to China, and to the nations of the Asia side of the Pacific and Indian Ocean rim, in particular. Admittedly, at the present moment, these are only possibilities. To realize such potentials for both Japan and its trading-partners, would require a new international financial monetary system, one with many similarities to the Bretton Woods and related arrangements of the pre-1958 period of global, post-war economic reconstruction.

Obviously, both sets of remedial action, those internal to Japan, and those in the realm of international relations, must be coordinated, essentially simultaneously. Here, on this account, the President of the U.S.A. and his Treasury Secretary, Robert Rubin, are indispensable for the survival of Japan, and for civilization in general. Some may not be pleased to hear those facts, but these are the facts. Reality can be very cruel to those deserving fools, like the Biblical Belshazzar, who refuse to face the warnings presented by such potentially apocalyptic facts.

On both sides, the American System of political-economy, which formerly served Japan so well, must be the standard of reference for the measures of reform to be instituted now. If precisely such reforms are not imposed on international relations, and that very soon, this planet will assuredly flop into the collapse of civilization, that “new dark age” which the backers of U.S. special prosecutor Kenneth Starr are threatening to bring about.

The area in which Japan may find its greatest trading potentials, represents more than half the population of this planet—not exactly a poor market to have. Moreover, as the recent and continuing rate of economic growth in China

LaRouche on LTCM’s fall

As we went to print, Lyndon LaRouche had the following comments, which are paraphrased.

The fall of Long Term Capital Management conglomerate means that there is no longer any non-governmental institution with any credibility and authority in dealing with the international financial crisis. The IMF is discredited. All supranational agencies have failed miserably to deal with this crisis. Blair and the French are trying either to revive a brain-dead institution or create a new one no more capable of dealing with the crisis. Most of all, the Fed and Greenspan are now thoroughly discredited by this development, which they said could never happen. Greenspan’s Big Lie was that “derivatives were not a problem.” He and the Fed now have no intrinsic credibility.

Either we have a nation-state-centered solution to this crisis, or we all go bust. The euro has no reserve capability to deal with the crisis, so the euro is finished even before it formally comes on line in January.

shows, the entire area, allowed to do as Malaysia’s Prime Minister Mahathir bin Mohamad illustrates the point, is an area of the relatively greatest potential, as measurable in rates of net physical-economic growth. Japan’s principal market sectors in this, and other regions of the world are concentrated around the specialties of heavy engineering and frontier-technology capital goods.

This is the same area which Japan shares with the currently waning machine-tool powers from the past: the U.S.A. and Germany, most emphatically, and also shares, potentially, with the machine-tool potential of the former Soviet Union’s military-scientific-industrial complex. The principal means for uncorking this potential is peremptory action by a group of nations (whether or not the British Commonwealth accepts this), to establish a new, protectionist, dirigist international financial and monetary order modelled on the precedent of the pre-1958 Bretton Woods system.

By bankrupting, and, usually even simply nullifying, the monstrous, cancerous accumulation of speculative financial paper choking the world economy today, we may declare the Jubilee, give anguished humanity a fresh start, and launch long-term credit emission for those heavy-engineering and machine-tool-grade capital goods needed to bring about renewed net physical-economic growth world-wide. As a celebrated wise man once said of the 1929 stock-market collapse, “It is only paper.” Let it go; reorganize the world’s finances; and, get back to the business we used to be in, before that orgy of “post-industrial” and monetarist lunacy which was unleashed approximately thirty-odd years ago.

Japan pushed to act on financial system

by Our Special Correspondent

No sooner had his meeting ended with President Bill Clinton at the Tarrytown, New York, Pocantico Hills Estate of the Rockefeller family, than Japanese Prime Minister Keizo Obuchi appeared to have secured a political deal with his domestic opposition on his proposed "banking reform" package. Obuchi was scheduled to brief the Diet (Parliament) on the contents of the discussion with Clinton upon his return to Tokyo. According to well-informed U.S. sources, the meeting between the two leaders apparently produced an understanding that Japan "acknowledges" its responsibility for helping the rest of Asia pull out of the current economic depression. And, Clinton pledged full support to the Obuchi government, in its effort to reform the banking system in Japan.

With Clinton's backing in hand, Obuchi is slated to pull together a new consensus, not only with the political opposition, but within the ranks of his own, highly factionalized Liberal Democratic Party (LDP). Obuchi's daunting task means that he has to overcome years of encrusted factional warfare, parliamentary inertia, and policy paralysis. It should be recalled that prior to the Sept. 22 meeting with Clinton, Obuchi and the opposition were locked in an infernal struggle over the future of the ninth-largest bank, the Long-Term Credit Bank (LTCB).

The LTCB's financial insolvency raised the issue of whether to use "public funds" to bail out the bank, a proposition deeply resented by the Japanese public and the opposition. However, it now appears that the leading opposition spokesmen for the Democratic Party of Japan (DPJ), the Heiwa-Kaikaku group, and the Liberal Party, have endorsed the use of public funds to "save the banking system." But, even this conditional endorsement is fraught with contradictions.

At the center of the turmoil, is a government proposal to inject public funds into the LTCB, which has been verging on collapse for weeks in the face of massive selling of its shares and its growing fundraising problems. A London-based expert on derivatives told *EIR* that the Japanese are caught in a massive derivatives trap, and therefore the issue of bad back debt is now only one facet of the problem.

The LTCB's exposure is far greater than previously disclosed, and the entire Japanese banking system is now faced with \$15 trillion in the nominal face value of its derivatives contracts due immediately. These are not short-term derivatives contracts, but are structured on a 2- to 5-year series of

contracts of which 2-3%, amounting to \$10 billion, must be paid, now. Unless government-guaranteed public funds are used to cover the LTCB portion of these exposed derivatives contracts, the international banks holding these derivatives will call in all their obligations, leading to a blow-out of the financial system.

This is the core of the problem behind Lyndon LaRouche's proposal for the Japanese government to "wipe out these derivatives contracts immediately" (see preceding article). As he stated, there is no way to save the system, and were Japan ready to take this bold move, and follow LaRouche's advice to proceed with a U.S.-style Chapter 11 bankruptcy reorganization, it could lead the way out of the crisis.

Obuchi's paradox

Obuchi's dilemma is that the LDP policymaking establishment is completely beholden to the banking structure, and, if it does not "save the banks," it will lose power. Critical is the fact that the entire Japanese banking system is tied, through its *keiretsu* (interlocking banking and corporate directorates) to the major industrial-trading corporate apparatus. This is the underlying reason why the LDP wants to inject public funds into the banks. The LDP-proposed legislation would replace bank-recapitalization laws with ones that would let the government pump public monies into the troubled banks whose capital reserves have plunged to precarious levels. No new credit has been provided to the industrial and manufacturing base of Japan, which has fuelled a 3.3% collapse in production so far in 1998. The existing law empowers the government to draw on a reserve pool of approximately \$10 billion to revive troubled banks and prevent their failure.

Sowing some confusion in this process has been the LDP's Secretary General, Yoshiro Mori. In a Sept. 23 press conference, he stated that the government will keep the option of invoking the existing law to inject funds into the LTCB, until the Diet enacts a new recapitalization law. But, the largest opposition party, the DPJ, has rejected the idea, saying that any injection of public funds into troubled banks would be tantamount to saving individual banks, rather than carrying out the nationalization of all troubled banks.

However, after several hours of intense negotiations, DPJ spokesman Yukio Hatoyama clarified his party's position, and expressed conditional support for the government plan, declaring that it is "now high time for us to discuss measures by distinguishing banks whose collapse we should tolerate, from banks whose collapse we should prevent." He added, "There will be some banks which we should have merge with other banks."

If Japan does nothing to move the situation forward, whatever Clinton said to Obuchi will mean nothing, and the collapse of the Obuchi government would then be imminent. The forecast of LaRouche, that a financial meltdown is the reality, will have been all too prescient.

Russia attempts policy shift in middle of world financial earthquake

by Rachel Douglas

Russian Premier Yevgeni Primakov has stated more than once, his preference for a Franklin Delano Roosevelt-style economic mobilization policy to replace the failed prescriptions of the International Monetary Fund and related ideologues. The possibility for Russia to make a clean break in that direction, however, is hampered by the vagaries of trying to do business with international financiers and institutions in their current state of rapid decay.

Thus, Deputy Premier Aleksandr Shokhin could tell a Sept. 24 press conference, after the new cabinet's first full meeting, that while he "would not like to scare anyone by discussing the possibility of default on foreign debts," this is nonetheless the likely outcome, if previously negotiated foreign loans are not released. At the same time, Shokhin blurted out the truth, that "the IMF has been hit by a crisis, as well, . . . an ideological crisis: the collapse of the models that the Fund has been supporting in various parts of the world—in Asia, Latin America, and Russia." The next day, an IMF delegation left Moscow without clearing the hoped-for release of funds during September.

Both Shokhin and Primakov say they would like to reverse parts of the Aug. 17 decision by the Kiriyenko government, to freeze government GKO-OFZ bonds and let the ruble float—a decision which crashed the currency and left imports virtually paralyzed, along with the banking system. But, the post-Aug. 17 Russian meltdown has already served as one trigger for reverse-leveraged collapses in global derivatives speculation, leading to a credit and liquidity crisis that radically alters the entire world financial landscape. It is not so easy to turn back the clock.

Shokhin was put in charge of one of three teams, working on a revision of economic policy, according to a spokesman for Primakov. His assignment was emergency financial stabilization for the rest of this year. Already, this area of the government's work is in turmoil. London courts ordered the seizure of accounts belonging to Russian banks that defaulted on forward currency contracts. Seventeen Western banks protested preferential redemption terms, initiated for Russian GKO-holders. When Mikhail Zadornov, one of those who made the Aug. 17 decisions, was reappointed Finance Minister on Sept. 25, Interfax reported that Shokhin resigned—after one week in office.

A team under First Deputy Premier Yuri Maslyukov is working on a strategic economic line, and Doctor of Econom-

ics Primakov himself is presiding over a third team, studying policy options. The Sept. 24 cabinet session dealt with three priority matters: payment of wage arrears, the state of monetary circulation in the economy, and the reimposition of a state monopoly on liquor production and wholesaling—a revenue-raising measure.

There are emergencies in several parts of Russia, including a large area in the south, where over two-thirds of the summer crops were destroyed by drought. On Sept. 16, a Volga River area official spoke on national television about "the real threat of famine," and another local official told Agence France Presse that emergency food was required for 100,000 villagers near the Kazakstan border, where "there is no more bread." A bread-rationing system is in use in the Pacific port city of Vladivostok. The city of Moscow has introduced price controls for bread, flour, meat, fish, boiled sausages, eggs, vegetables, salt, along with washing powder, toothpaste, and matches.

In televised remarks on Sept. 18, Primakov said his government would introduce new, unspecified exchange controls, to protect the ruble. As for borrowing abroad, he said, "We have every reason to count on IMF support. However, we will not accept ultimatums from international organizations, and we will follow the path we regard as best."

Among the measures Primakov has announced or suggested, are several drawn from a policy draft by economists at the Russian Academy of Sciences (see *Documentation*). These include an injection of liquidity into the banking system, initially by means of lowering reserve requirements for relatively healthy banks; some of the rubles they held in their reserves may circulate in financial markets and for commercial payments. Several commentators rushed to complain that this was "cranking up the printing press," which newly reinstated Central Bank Chairman Viktor Gerashchenko denies. Gerashchenko told the Sept. 24 government press conference, that the central bank and the government "tend to think that internal sources should be found for the necessary investment programs and for injections in the real economy, that would not contain inflationary potential."

Academician Dmitri Lvov, deputy head of the Central Mathematical Economics Institute and a longtime critic of the monetarist "reform" policy as a dead end, is taking a high profile as one of the Academy experts advising Primakov. On the widely watched TV program, Itogi, on Sept. 20, he and

Warning: Bush league agitates for 'Pinochet' dictatorship in Russia

Sources in Moscow report a renewed campaign, from International Republican Institute outlets there, for a "Pinochet" dictatorship in Russia. The Chilean ex-leader's name is shorthand for a radical free trade policy, with vicious austerity for the population, imposed by a military regime. The IRI is the "Republican" wing of the U.S. National Endowment for Democracy.

Vitali Naishul, a Russian proponent of Friedrich von Hayek's free trade doctrine, is a leading promoter of the "Pinochet" model. In 1996, he was attached to the Presidential campaign of Gen. Aleksandr Lebed. In recent weeks, several Russian press revived Naishul's 1996 "Chilean" theme, using the occasion of the 25th anniversary of Pinochet's coup in Chile.

This past Labor Day weekend, Naishul was in attendance at the von Hayek-founded Mont Pelerin Society's conference in Washington, D.C., hosted by the Heritage Foundation. The event had two main themes: 1) how to counteract the growing move of nations to re-regulate financial affairs, and 2) the crisis in Russia.

Yegor Gaidar, the original von Hayekian radical who launched Russia's reform disaster as premier in 1992, was interviewed by the French daily *Libération* Sept. 23 under the title, "Russian Society Is Waiting for a Dictator." Gaidar outlined a "pessimistic" scenario for Russia's future: "If you read the press, you would have observed that we are witnessing the birth of a personality cult, that of General Pinochet. The vast majority of society is demoralized, and is waiting for a dictator who, with his strong hand, is going to restore order, and bring the country into the paradise of the market."

Dr. Sergei Glazyev debated former Premier Yegor Gaidar. Glazyev asserted that the Russian economic crisis resulted from "a primitive, erroneous and criminalized policy," and that a national economy that "has not withstood these monetarist experiments," now needs re-regulation in order to recover. "The issue is not whether to print money or not," said Glazyev, "but what to print money for? . . . The state has to guarantee science-related branches of industry, earmarking finances not for the GKO pyramid, but to protect enterprises and investment."

Academician Lvov, interviewed in *Rossiyskaya Gazeta* of Sept. 18, summed up his policy outline: "[Under] current conditions, it is necessary not to focus on portfolio invest-

ments, but to endeavor to make Russia into a huge assembly site and to produce competitive goods. Including by the use of Western technologies. We should galvanize our internal reserves and at the same time carry out structural transformations in the real economy. . . . If Gerashchenko puts money into competitive projects and the real economy, into production units that are now idle, growth would become a reality already this year, in 1998."

Documentation

Russian Academy of Sciences open letter

The members of the Economics Division of the Russian Academy of Sciences, for which Academician Dmitri Lvov is the academician-secretary, submitted their "Open Letter to the President, Federal Assembly, and Government of the Russian Federation" in mid-September. Kommersant-daily published it on Sept. 15, under the snide headline "Basic Directions for Economic Policy," which alludes to the title of Soviet five-year-plans. Passages in brackets are summaries.

Scientists from the Economics Division of the Russian Academy of Sciences have been and remain initiators and advocates of profound social and economic transformations in the public life of our country. They have always supported, and continue to do so, a thought-through and considered transition to a socially oriented and effectively regulated market economy, and the creation of the basis for a civil society and its comprehensive democratization.

At the same time, we distinguish the main highways leading to such transformations, from the clumsy, primitive, and at times unprofessional methods of so-called "shock therapy." We repeatedly warned both the President and the government of the danger of experimentation with the economy of such an enormous country as Russia, on the basis of recommendations from foreign consultants and experts, untested by our own science and without corroboration in practice. As a result, Russia has been thrown far backwards. The destruction of its scientific and technological, economic, and intellectual potential has commenced, the impoverishment of the population has assumed a gigantic scale, the moral principles of society have been subverted, and criminality is brazenly rampant.

Now, when Russia is on the brink of the abyss, once again, without any consultations with domestic science, the latest model is being proposed—now, the Latin American version. [Domingo Cavallo, ex-Finance Minister of Argentina, had just spent a week in Moscow to promote a version of the British imperial Currency Board scheme for Russia, in con-

sultation with the acting Chernomyrdin government.—ed.]

Under these conditions, the scientists of the Russian Academy of Sciences, Economics Division, consider it their professional and civic duty to appeal to the President of Russia, the Federal Assembly, and the Government of Russia, presenting our proposals for a policy of some minimal economic security for the population and the country, in the face of the real threats of a contagious financial crisis.

We must solve the pressing questions of defending our citizens against inflation, empty shop shelves, the collapse of the banking system, and the catastrophic fall of the ruble's exchange rate.

1. Defense against inflation. [The document recommends: indexation of wages, pensions, and other social payments; state guarantees for bank deposits, and state-backed credits for housing construction; a national food insurance fund, including emergency purchases “to eliminate the problem of famine”; moratorium on public events; and measures to maintain retail trade in imported goods.]

2. Stabilization of the currency market. [To stem capital flight: mandatory conversion to rubles of 100% of foreign currency earnings, by their sale to the Central Bank; limitation of the number of commercial banks allowed to deal in foreign exchange; accelerated mandatory repatriation of foreign currency export earnings; limitation of foreign exchange trading to transactions associated with real import contracts and supplying cash for authorized exchange locations; and a state foreign-currency loan to the population, to pull dollars out of circulation and into the state banks.]

3. Clearing financial blockages. [Automatic controlled issue of money, when the federal government cannot pay for goods received or services rendered; cancellation of enterprise indebtedness, by amnesties and mutual offsets.]

4. The banking system. [Higher capital requirements for banks; expansion of directed Central Bank credits to commercial banks; and an interbank pool for deposit insurance, to maintain banking system liquidity, and stabilize the ruble.]

5. Financing state spending. [Draft of an emergency fourth-quarter 1998 state budget; and new terms for the issue of Central Bank credits for budget financing.]

6. Restructuring domestic bonded debt. [Correction of flaws in the Aug. 17 GKO-OFZ debt moratorium, so that Central Bank- and Sberbank-held GKO debt is restructured for 5-10 years, while GKO debt, held by commercial banks, insurance companies, pension funds, and individuals, should be redeemed either at Aug. 1 market prices, or at the purchase price; establishment of new types of long-term state securities; requirement that foreign purchasers of state securities hedge their investments with the Central Bank, which should limit yields to no higher than 15% per annum.]

7. Relations with world financial institutions.

7.1. It must be clearly affirmed at all levels of the state leadership, that even under current circumstances, Russia will make all current payments on its contractual obligations and

service state credits and Eurobonds. [Russian banks and commercial borrowers should negotiate terms with foreign lenders, even during the announced three-month moratorium.]

7.2. On a strategic level, foreign borrowing policy must be significantly adjusted. Its basic guidelines:

- orientation to attracting direct investment from abroad, rather than portfolio (which, under Russian conditions, is speculative). . . . It will be necessary to speed up the entry into force of laws on production-sharing and concessions, as well as precise and strict guarantees for foreign investments;

- definition of a long-term program for servicing the accumulated foreign state debt, including the possibility of restructuring and conversion into other types of obligations. . . ;

- obtaining new foreign state loans only for investment projects, which create sources for repayment.

[7.3: Development of trade and economic ties with the CIS countries.]

8. Shift to economic growth.

8.1. It is necessary to revise the erroneous position of the ideologues of the reforms, under which economic growth has traditionally been linked exclusively with investments. . . . The initiation of growth is possible through an expansion, in the first stage, of utilization of idle production capacities, by stimulating current consumer spending. . . .

[Price controls on the output of natural monopolies, allowing a moderate growth of prices for manufactured goods; protection for domestic production, and directed credits for them; tax relief for industrial producers.]

8.5. Finances and credit must be reoriented to servicing the production of real goods and services. This requires limiting the possibilities for speculative middlemen. . . .

9. Political conditions to avoid catastrophe. The main condition, capable of saving Russia from destruction, is the restoration of trust. . . . The path lies through a direct and extremely honest discussion with the people, in which mistakes and miscalculations in economic and social policy are admitted. . . . The basis for trust needs to be a precise long-term strategy for transformations. Our children and grandchildren should see clearly, what tomorrow will be like. . . .

The organic connection of the authorities with science, culture, and all spheres of the intellectual life of society has weakened. . . . It is a disgrace for Russia, that the country's rich and in many ways unique scientific and intellectual potential has been ignored, in favor of primitive recommendations by specialists who knew little about the history and culture of this outstanding country.

We, members of the Economics Division of the Russian Academy of Sciences, state once again, that we have developed serious projects, both for a social and economic development strategy for the country, and on urgent questions of bringing the country out of the looming catastrophe. We hope that our voice will finally be heard by the authorities and by the entire country. We are prepared for a constructive dialogue and to take part in carrying out a new reform policy.

'Free market' big guns out to topple Malaysia's Dr. Mahathir

by Michael O. and Gail G. Billington

Malaysia's decision on Sept. 1 to overturn the "rules of the game" of globalization, by declaring strict currency controls, repatriation of share-trading in Malaysian stocks, and a fixed exchange rate, has provoked hysteria and rage in many circles, but has also earned considerable praise and support, often from unexpected sources. Throughout the world, national leaders, bankers, and business leaders are beginning to acknowledge the truth, well known to readers of *EIR*: The global financial system is undergoing a massive, uncontrolled collapse. In that light, Malaysian Prime Minister Dr. Mahathir bin Mohamad's courageous war against the speculators, and his demand that world leaders meet to create a new world monetary system, has won the admiration of many national leaders, and even some bankers and businessmen, in Asia and elsewhere.

Former Philippines' President Fidel Ramos, one of the most vociferous supporters of International Monetary Fund (IMF) "free market" orthodoxy, told a business conference in Singapore: "Whether one agrees or disagrees with the specific measures Kuala Lumpur has taken, it is clear that the international community must come together without delay to work out and agree on a global policy to regulate the world economy."

Even more surprising, a meeting of the Asia Pacific Economic Cooperation (APEC) Business Advisory Council, private sector representatives from the 18 APEC nations, including the United States, agreed unanimously at a Sept. 8 meeting in Taiwan that the role of hedge funds and speculators must be placed under international controls, along with general measures for controlling capital and currency flows. Several of these leaders, including Hong Kong's construction magnate, Sir Gordon Wu, explicitly said that Malaysia did what was necessary, and that more countries will follow suit. "The logic for survival is compelling," said Wu. "If this basic need runs afoul of the principles of liberalization, then the choice for such governments is clear."

Soros is a criminal

It is just such reactions which most concern the IMF and the British-American-Canadian financier oligarchy, which control "free" markets. Besides Malaysia, Hong Kong and Taiwan have also taken strong government measures against

speculators, and against mega-speculator George Soros in particular. Taiwan banned all trade with Soros-linked hedge funds. It was Soros who launched the assault on the Asian currencies in 1997, and who was identified by Dr. Mahathir, by name, as an international criminal at the IMF Annual Meeting in Hong Kong on Sept. 20, 1997.

On Sept. 15, 1998, Soros testified before the U.S. House of Representatives Banking Committee on the economic crisis. After admitting that the collapse of the Russian banking system threatens to explode the massively leveraged, multitrillion-dollar derivatives bubble, Soros went after Malaysia's currency controls, terrified that others may imitate them. Soros, who has laid waste dozens of nations, causing the unemployment of 25 million people in Asia alone, had the gall to accuse Mahathir of following "beggar thy neighbor" policies. "The effect on the economy will be disastrous," Soros said. "The measures taken by Malaysia will hurt the other countries which are trying to keep their financial markets open, because it will encourage the flight of capital."

In order to prevent other nations from following Malaysia's lead, the IMF and the speculators want to make a horrible example of Malaysia. They are discouraging any foreign investment in the country, with the help of the rating agencies, which have reduced Malaysia's ratings to sub-junk, while the editor of the Dow Jones Indexes, John Prestbo, announced in a press release on Sept. 21 that, effective Oct. 1, Malaysia will be dropped from reporting in Dow Jones's world and regional indices. Sounding like the Queen of Hearts in Alice in Wonderland, pronouncing the penalty, "Off with their heads!" Prestbo declared, "The Malaysian government's restrictions effectively remove Malaysia from the investment world for investors and investment managers operating outside the country."

Hong Kong speculator Sin-ming Shaw of Shaw Investment Management was given a column in *Newsweek* in which he lambasted Mahathir, as well as Hong Kong and Taiwan officials, as "mindless, intellectually mediocre . . . jingoists," who are "unfit to rule." IMF Asia deputy director Bijan Aghevli warned Malaysia that capital controls will not work, since "when markets move capital out of the country, there are often good reasons for it." Unnamed economists and bankers are quoted in the press threatening that "if the political

situation worsens and Malaysians withdraw money, there could be capital flight regardless of the controls.”

Anwar arrested

These same financial circles are actively promoting just such an internal crisis in Malaysia, centered on the person of Anwar Ibrahim. Until Sept. 2, the day after the central bank, Bank Negara, announced the controls, and Mahathir explained the measures in a live nationwide TV broadcast, Anwar had been the Deputy Prime Minister and Finance Minister, and the chosen heir to succeed Mahathir, but on that date Anwar was sacked from both of his government posts and, on the following day, he was expelled from the ruling United Malays National Organization (UMNO) party. Anwar was not charged with insubordination, although it has been rumored that he disagreed with Mahathir’s nationalist policies, and that he was being cultivated by the world financial community and the foreign press as a friend of the IMF, and the man to oust Mahathir. The charge against Anwar, however, was that he lacked the moral standards required of a leader of a Muslim nation. Reports of homosexual relationships and trysts with prostitutes were made public.

Dr. Mahathir insisted that it was the moral issue, not economic differences, which led to Anwar’s dismissal. The Prime Minister said that he could always persuade Anwar to support his economic policy, but that the moral decay exposed by the investigation was too much.

Nonetheless, Anwar immediately chose to launch a campaign to bring down the government. In a series of speeches and rallies in the three weeks since his dismissal, Anwar has denounced the government’s economic policies, painted himself as the champion of free markets and “*reformasi*” (reform), and accused the government of a conspiracy to destroy him. The rallies culminated in a 35,000-person rally in central Kuala Lumpur on Sept. 20, conveniently timed to coincide with the arrival of Queen Elizabeth II of Britain and her consort, Prince Philip, who attended church nearby the rally site. At the rally, Anwar renewed his call of the previous days for Mahathir to resign. After police dispersed the crowd, a few thousand demonstrators marched to UMNO party headquarters, vandalizing the premises, and then marched to Mahathir’s residence, with some shouting “Death to Mahathir,” according to the Sept. 22 *Wall Street Journal*. Over the next 24 hours, Anwar and 11 of his leading supporters were arrested under the Internal Security Act, on charges of illegal assembly, rioting, vandalism, using criminal force, and causing public disorder. Meanwhile, both Buckingham Palace and the British Foreign Office demanded the right of the British Broadcasting Corp. and ITN-TV to broadcast Malaysia’s internal turmoil to the world, just as BBC had played a key role in instigating such turmoil in Iran in 1979 and in Burma (now Myanmar) in 1988.

The irony in Anwar’s effort to become the “reformer,”

battling against the “last of the old-line Asian authoritarians,” as it is portrayed in the Western press, is that Anwar has chosen to act as the corrupt puppet of the new, would-be colonial powers, while Mahathir has emerged as a truly revolutionary leader, determined to save his people and country, while providing leadership for nations around the world. Mahathir’s leadership was duly recognized during the closing ceremony for the Commonwealth Games in Kuala Lumpur on Sept. 21, when he appeared alone on the podium and received sustained applause, before Queen Elizabeth appeared to officiate. (See especially Dr. Mahathir’s impassioned speech to the Sept. 3 meeting of the Non-Aligned Movement in Durban, South Africa, published in *EIR*, Sept. 18, 1998.)

By comparison, consider the following quotes from Anwar’s various statements, following his ouster:

“We are faced with problems which emerged with the birth of a new era. The economic turmoil is not the source of the suffering now, but it is due to our failure to make adjustments to the new era. We have already entered the new era. The era of globalization, the era of information explosion.”

Such New Age gobbledygook may have passed muster two years ago, but after 18 months of devastating destruction under the guns of the IMF and the speculators, hardly a soul on earth, except for a few Wall Street yuppies, would rally to a call to “make adjustments to the new era” of IMF dictatorship. And, yet, Anwar continues: “The reformation is demanded from within, not due to external pressure. . . . Let there not be groups who are accusing it of being an external conspiracy.”

Anwar also openly aligned himself with the supposedly nonexistent external pressure against the country, by denouncing Dr. Mahathir’s currency controls in a CNN interview as a “jingoistic outburst,” which is “too radical” and shows “excessive nationalist concern.” Anwar has also attempted to portray himself in the same light as those who overthrew President Suharto in Indonesia, accusing Mahathir and the government of “corruption, cronyism, and nepotism,” the rallying cry heard in Jakarta. At one rally in mid-September, Anwar ranted: “How long do they want to cling to power? How long do they want to monopolize wealth? How long do they want to cheat people?”

Compare this to the lead *Wall Street Journal* editorial on Sept. 3: “The sacking Wednesday night of Malaysian Deputy Prime Minister Anwar Ibrahim signaled the end of a battle for the soul of an important nation. . . . At home and abroad, Mr. Anwar had come to symbolize the democratic aspirations and open-mindedness of a new generation, more at ease in the world and less burdened with the pain of old sleights and frustrations than the man he was expected to succeed.” The only “democratic aspirations” the *Wall Street Journal* cares about are those of unrestricted freedom for looting by the hedge-fund speculators. Is this Anwar’s new-found constituency?

Dr. Mahathir's campaign

The internal developments in Malaysia over the past 18 months put Anwar's now-subversive efforts in proper perspective. The speculative assault on the Asian currencies in the summer of 1997 led Dr. Mahathir to denounce the currency traders, and George Soros in particular, of crimes against the people of Asia. In a speech to the IMF Annual Meeting in Hong Kong on Sept. 20, 1997, Mahathir called on world leaders to move rapidly to impose controls on the unregulated derivatives markets or face a global crisis. He was ridiculed at the time, and a concerted campaign began in the Western press to promote Anwar as a more compliant friend of the IMF, who should quickly replace "the old man"—as Anwar recently called Mahathir.

Dr. Mahathir refused to subject his nation to the destructive "conditionalities" demanded by the IMF in exchange for loans, but he realized that Malaysia, on its own, could not reverse the global crisis. While campaigning politically and diplomatically to persuade world leaders to take emergency action, he allowed Anwar, as Finance Minister, to implement policies generally modelled on the IMF "cure" being imposed on Malaysia's neighbors—high interest rates, massive budget cuts, and other austerity measures. The policies did not work in Malaysia, nor did they work anywhere else. Mahathir conceded as much during a visit with Chinese community leaders at the Prime Minister's Department on Sept. 22, according to the daily *Utusan Malaysia*, when he said of Anwar, "Unfortunately, he doesn't understand finance or economic management. He can talk, but he really doesn't understand how to manage the economy. Now he is not there, I think we can manage the economy better." In particular, Mahathir said Anwar was responsible for shortening the period for classification of non-performing loans to three months from six months, which decision was reversed by the new Bank Negara leadership this week.

In June of this year, as the economies across Asia fell deeper into recession, key supporters of Anwar within the UMNO attempted to "Suhartoize" Mahathir at the UMNO General Assembly. The then-head of UMNO Youth, Zahid Hamidi, one of Anwar's strongest supporters, launched a blistering attack on "corruption, cronyism, and nepotism," clearly aimed at bringing down the Prime Minister. Instead, Mahathir counterattacked by releasing the names of all those who had benefitted under the government's long-standing affirmative action policy, which favors Malays over the traditionally Chinese-dominated business layers, and which used privatization of state-sector firms as a way of building up Malay-owned businesses and a Malay middle class. Not surprisingly, Anwar's family, as well as Zahid Hamidi himself, were prominent on the list of those who had benefitted. The Prime Minister said that, if this was cronyism, then all Malaysians were his cronies. The attempted "Suhartoization" collapsed. Anwar swore loyalty to Dr. Mahathir, claiming he had had nothing

to do with the attack on the Prime Minister.

During the UMNO conference, a book, *50 Reasons Why Anwar Cannot Be Prime Minister*, was circulated covertly to all participants. Full of accusations of corruption, treason, and sexual perversions, Anwar succeeded in getting a court order to stop its circulation. An investigation was launched into the authors and publishers of the book, but also into the veracity of the charges, some of which date to 1993, according to recent reports. Over the following months, several of Anwar's friends were arrested as part of this ongoing investigation.

Following the UMNO General Assembly, Mahathir took matters into his own hands in dealing with the unfolding economic disaster. He brought back his old friend, Tun Daim Zainuddin, former Finance Minister who had led the country out of recession in the 1980s, as Special Functions Minister to oversee the newly created National Economic Action Council. Although this somewhat curbed Anwar's power as Finance Minister, he was an active member of this economic emergency team. He continued his public support for the Prime Minister, giving speeches in New York and elsewhere, increasingly critical of the IMF and the speculative markets.

In July, two leading newspaper editors, known as supporters of Anwar, resigned. In late August, the governor and deputy governor of Bank Negara resigned. Both, like Anwar, had defended high interest rates and austerity along the lines of IMF recommendations, and had been strongly criticized by nationalist leaders, including Mahathir. Then, on Sept. 1, the bomb was dropped, in the form of currency and capital controls, followed by Anwar's sacking and subsequent arrest.

A just, new world economic order

While the bankrupt financial oligarchs are using every available means of financial warfare to bring down the Malaysian government, for the moment with political help from Anwar, the immediate question is what role Dr. Mahathir will continue to play in shaping the fight for global financial reorganization. President Clinton, in his Sept. 14 speech before the New York Council on Foreign Relations, acknowledged that the economic crisis is global in nature, and called for an emergency meeting of national leaders within 30 days to formulate policies for a "new architecture" for the world financial system. With both China and Russia now addressing the urgency of drastic change in the global financial system, and many smaller nations cautiously acknowledging Dr. Mahathir's leadership in rejecting the failed IMF policies, it is urgent that President Clinton return the United States to its historic role as champion of development, national sovereignty, freedom, and the pursuit of happiness, and seek the necessary alliance of nations with leaders, such as Dr. Mahathir. The *just* New World Economic Order is again on the table.

Museveni tries to justify Rice wars in Congo

by Linda de Hoyos

In a speech that lasted 194 minutes, Ugandan President Yoweri Museveni attempted to justify to the Ugandan Parliament the deployment of the country's Armed Forces into the Democratic Republic of Congo. "We are in there primarily for our security," he said. "We have not yet taken part in this fighting which is going on. . . . We are just there watching. If we were to do so in future it would be because the region has failed to solve the problem, especially the problem of our security."

The government of the Democratic Republic of Congo has charged that on Aug. 2, Ugandan and Rwandan troops invaded Congo, and on that basis invited governments in the region to send their armed forces to defend the Congo from the aggression. Since Aug. 24, the militaries of Zimbabwe, Angola, and Namibia have driven the Ugandan and Rwandan troops out of western Congo, where they laid siege to the capital city of Kinshasa, and are now targetting the areas held by the Rwandan- and Ugandan-backed rebels in the east—the cities of Goma, Bukavu, and Uvira.

In meetings called to mediate the conflict by Zambian President Frederick Chiluba on Sept. 18-19, Museveni claimed that he had no troops at all in the Congo, and therefore there was nothing to negotiate. However, to his own Parliament, he was more forthcoming. He not only admitted the presence of Ugandan troops in Congo, but affirmed that "our army should stay in this area until there is an overall regionally approved *modus vivendi*."

The Ugandan military deployment into Congo, he said, "started initially with our involvement in Rwanda. Both involvements were involuntary." The warlord listed as the reasons for this involvement, aside from the "weakness" of the government of the Congo, as stemming from the requirements of the "security of neighbors. Uganda's security interest in the Congo has always been the problem of Sudan using the Congo to infiltrate terrorists into the country." He then charged that not only had Kabila failed to rein in Ugandan insurgents using Congo as a base from which to attack western Uganda, but that Kabila was directly aiding and abetting the insurgents.

He further declared Uganda to be the regional policemen with a mandate to intervene anywhere in the region to stop what he termed "genocide." "Internal affairs that should not

be interfered with cannot include genocide," he said. Uganda would intervene to stop any genocide against the Banyamulenge (Rwandan Tutsis living in Congo), "because it is nearby, we can stop it," he said.

Only the day before, the same thesis had been put forward by U.S. Assistant Secretary of State for African Affairs Susan Rice. A fellow of the Royal Institute for International Affairs in London, where she studied peacekeeping and conflict resolution, Rice has been the steadfast proponent and apologist for Museveni's militarism in the region, especially against Sudan.

Speaking before the House Subcommittee on Africa hearings on Sept. 15 on the "Congo in Crisis," Rice decried the inability of Kabila to "manage" the Congo, and faulted him for failing to enter into negotiations with the "rebels." She then enunciated the same line of arguments heard in the Kampala Parliament House:

"Externally, there will never be long-term regional stability until meaningful action is taken to address the threat that Congolese-based insurgents and genocidaires pose to regional states. A way must be found to bar the Democratic Republic of Congo from being used as a base for insurgent attacks into other countries, including movements that carry out genocide. Given the political and administrative vacuum that exists in the eastern Congo, any solution to the current crisis will depend upon creating new border security arrangements. The Congolese government has thus far failed to prevent UNITA [the Angolan movement of Jonas Savimbi] as well as Rwandan genocidaires and Sudanese-backed Ugandan rebels from operating out of Congolese territory. The Congolese government has failed to resolve the crucial issue of the Banyamulenge citizenship, to ensure that ethnic Tutsis who have lived in the Congo for generations enjoy national rights and privileges. These failures have undermined regional security and contributed to the current perilous situation. In addition, we are gravely concerned about reports of the Kinshasa government's close collaboration with pariah regimes that are known supporters of international terrorism, including Libya and Sudan."

Given the precise coincidence between Museveni's and Rice's views on the region, Faïda Mitifu, chargé d'affaires of the Democratic Republic of the Congo, stated in her own testimony to the subcommittee that the "lopsided view of the hostilities" coming from Washington "conveyed the strong impression that Rwanda and Uganda acted with the tacit complicity of the United States." Mitifu noted that the United States had ignored the fact that "the precipitating event" of the current crisis in Congo "was the reckless invasion of the Congo by Rwanda and Uganda."

On the issue of the necessity for Uganda and Rwanda to secure their borders, Mitifu emphasized that "to the extent my government had any ability to pacify the region, it resided in its national army, the FAC, which in the eastern provinces [bordering Uganda and Rwanda] was largely integrated by

Banyamulenge troops, and commanded by Rwanda Tutsi officers. The Chief of Staff of the FAC until July of this year was James Kaberehe, a Rwandan Tutsi. He had a free hand to deploy our forces to prevent the Interhamwe from attacking Rwanda. The civil administration of the region was also dominated by Congolese Tutsi, for instance, the governor of North Kivu, as well as his chief information officer, and the vice-governor of South Kivu. Thus, the full military might of the country, such as it was, was available to serve the security priorities of the Rwandan government. Indeed, subsequent events have confirmed that these officers and troops owed their primary allegiance to Rwanda and not to the Democratic Republic of the Congo.”

While these facts are deliberately obfuscated by the British Foreign Office, the U.S. State Department, and the Western press, this reality is well understood by the national leaders of the African continent.

One, two, three, many fronts

Nevertheless, the propulsions coming from London and Washington are for war, and more war.

As Museveni was speaking to his Parliament, Ugandan troops were amassing at Kidepo Park in northern Uganda for an assault against Sudan, according to Uganda military officials who claimed that the build-up was required to stave off an impending re-entry into Uganda by the Lord's Resistance Army (LRA).

There have been no signs of the LRA in the northern war districts of Kitgum and Gulu, according to local residents, but on Sept. 22, Sudan Armed Forces spokesman Lt. Gen. Abdel Rahman Sir al-Khatim told the press that Ugandan forces backed by Eritrea and Rwanda had launched a new attack into southern Sudan. In the fighting in Sudan's Eastern Equatoria state, he said, the Sudanese Armed Forces had destroyed 11 tanks, and killed more than 70 Ugandan troops. Al-Khatim said that Uganda et al. had attacked on three different fronts, including artillery shellings of villages in eastern Sudan, and had targetted the southern towns of Torit, Liria, and Juba. However, he said, all fronts were in control of Sudanese forces.

The Ugandan and Rwandan forces have met far worse difficulties in the Congo. An attempt to lay siege to Kinshasa was blocked in the first week of September by the combined forces of Namibia, Zimbabwe, and Angola, with up to 1,000 Rwandan and Ugandan troops captured.

In the east, despite Museveni's blandishments to his Parliament that “we are only watching,” Ugandan troops had been involved in taking Beni and Kisangani, and attempted to take the northeastern town of Isiro. However, on Sept. 22, as the U.S. State Department issued statements of its “grave concern” and demanded the withdrawal of all foreign forces from Congo, including those invited by the Congo government, sources report that the militaries of Zimbabwe, Angola, Namibia, and Congo had managed to oust the Ugandans and

Rwandans from Goma, and were converging on Bukavu. “Kisangani has already been taken back,” said one military source. “It is not being reported, but that is the case.”

It is not to be expected that Uganda and Rwanda, even if augmented by mercenaries as reported by the Ugandan press, or by battalions of the Sudanese People's Liberation Army, would be able to take on Congo's regional allies. Zimbabwe has one of the best-trained militaries on the continent, and both Angola and Zimbabwe have air power, which Uganda and Rwanda lack.

But the military adventures pursued by Museveni et al. to “secure” their borders have had profound and deleterious effects on the Congolese people. In the battle for Kinshasa, before they were defeated, the Ugandan and Rwandan forces shut down the Inga Dam, which supplies Kinshasa with electricity, cut the power lines, and destroyed the rail lines which bring food from the port of Matadi to Kinshasa. The result was food shortages in Kinshasa, forcing a food airlift until the port and rail lines were restored.

In both Kinshasa and in eastern Congo, the Rwandan-Ugandan invasion has intensified ethnic divisions. In eastern Congo, the Rome news agency MISNA reported on Aug. 24 that Roman Catholic missionaries had discovered 600 bodies of people massacred at a Catholic mission by the invading forces in Kasika, 50 miles from the city of Bukavu. On Sept. 7, spokesman for the Congolese Democratic Coalition Lunda Bululu said that 264 people, mostly ethnic Tutsis, had been murdered by retreating Congolese troops in three eastern cities. There have also been reports of reprisals taken against Tutsis living in Kinshasa.

The conclusion that can be drawn is that further militarism of the region will spark the very “genocide” that Museveni, Kagame, and Rice claim they seek to prevent.

The myopia coming from Washington is induced by the demand coming from the British Commonwealth companies—Banro Resources, America Mineral Fields, Barrick Gold, and Anglo-American, among others—that the Congo “be made safe for investment.” But in Africa, where such demands mean death for thousands, there is a resolve to draw the line at the Ugandan-Rwandan border. In a televised national address on Sept. 14, Namibia President Sam Nujoma explained his reasoning for sending troops in defense of Congo. Deriding the Congo “rebels” as “puppets” of Uganda and Rwanda, he said: “The same kind of actors are back in the Congo and they are once again using the Congolese and other Africans from neighboring countries to destabilize the country and assassinate President Kabila. He, too, is seen as an obstacle in the way of the plunder and pillage of Congo's wealth by foreigners. . . . Today it is the Congo, tomorrow it may very well be Namibia. When that unthinkable should happen, we would be able to expect help from our fellow Africans. . . . By helping our Congolese brothers and sisters today, we are guaranteeing our own survival, security, and prosperity.”

Ugandans say: Bring the troops home

by Linda de Hoyos

The Ugandan Parliament now has before it a motion to compel all Ugandan forces to leave the Democratic Republic of the Congo (D.R.C.). The motion had been put forward in early September, but was withdrawn pending the speech by President Yoweri Museveni to Parliament on Sept. 16 to explain Uganda's mission in Congo. Museveni's explanation was not satisfactory, the motion's sponsors said.

The Members of Parliament said that given the fact that Congo President Laurent Kabila had termed President Museveni as an "aggressor" in the Congo war of 1998, any agreement signed between the Presidents heretofore which permitted Ugandan forces in Congo for security reasons, had been unilaterally abrogated.

The MPs also argued that the military intervention into Congo by Zimbabwe, Angola, and Namibia, has "stabilized President Kabila's hold on power in the D.R.C. and has equally changed the geopolitical diplomatic and security scenario in the Great Lakes region." They said it was further "amazing," that despite the "involuntary security deployment" into Congo, the Allied Democratic Forces insurgency, which Museveni claims operates from bases inside Congo with aid from Sudan, was still able to mount raids in western Uganda, with apparent impunity.

The motion reflects agitation against Museveni's long-standing military adventures throughout Uganda, where the standard of living for most has steadily declined since Museveni came to power in 1986, and where hundreds of thousands are being displaced in northern and western Uganda, due to rebel insurgencies.

As opposition leaders, such as Paul Ssemogerere, chairman of the Democratic Party, and Cecilia Ogwal, chairman of the Ugandan Peoples Congress Interim Council, have said consistently: The Ugandan people are the losers in the use of Uganda by Western powers as the warlord for the Great Lakes region. It is a common belief throughout Uganda, that the reason why the Ugandan military is so ineffective in dealing with insurgencies within the country, is that the insurgencies provide a convenient pretext for Museveni to carry out his regional ambitions, in the name of security—regional ambitions that also coincide with the geopolitical demands coming from London and channels in Washington.

While sending troops into Congo and Sudan, Museveni has refused to consider options for negotiations with the insurgents. In the case of the Lord's Resistance Army (LRA) in

northern Uganda, Museveni has been promising for 12 years to end the war militarily—without success. Yet, 12 years of war have resulted in the displacement of more than half a million people in northern Uganda into "protected villages," where they lack food, water, and sanitation, and more than 10,000 children from the war districts have been abducted in LRA "recruitment" drives. Rather than negotiate, Museveni has chosen again to invade Sudan, where the LRA receives safe haven. But even here, the military venture is only to aid John Garang's Sudanese People's Liberation Army; there is no engagement with the LRA. This raises the question: On whose behalf are Uganda's troops really deployed?

Powers should rein in Museveni

Ssemogerere on Sept. 17 called upon the international community to restrain Museveni from any further military aggression outside Uganda. He warned that continued Ugandan military activity against the Congo could spark a full war between Congo and its allies, on one hand, and Uganda. He said, "President Museveni's argument that he is intervening in the D.R.C. to prevent genocide is not sustainable and is not supported by historical evidence," referring to arguments in Museveni's speech to Parliament.

"Ever since our military involvement in Rwanda" in 1990-94, said Ssemogerere (a former Foreign Minister under Museveni), "a state of considerable insecurity now persists in Uganda on account of actual contemplated military action against Uganda by armed Rwandese rebels who blame us for their plight. Genocide in Rwanda was to a large measure prompted by Habyarimana's government's outrage and protest at a Uganda-backed Tutsi invasion. A similar scenario can be envisaged in the D.R.C."

Museveni had on Sept. 16 plunged the Parliament into uproarious laughter when he told his version of the Ugandan invasion of Rwanda in 1990: "You remember 4,000 young Rwandese who had been part of our army. Again, contrary to my advice, because I had tried to advise them not to go into Rwanda to fight, escaped and attacked the late Habyarimana. They escaped. I repeat, escaped."

Ssemogerere said that his party wants a full withdrawal from Congo, and also a policy of negotiating with the insurgencies inside Uganda. Also, in recent weeks, numbers of people, many of them Muslims and also the former vice secretary of the Democratic Party, have been summarily arrested in Uganda, under the guise of alleged connections to the insurgents, which are now considered "terrorists" by the Museveni government. Ssemogerere protested this policy, saying, "People are arrested without proper authority, they are not prosecuted, and are taken to places that are not gazetted."

In summary, Ssemogerere said: "Uganda has never been appointed by the international community to police others. Objectives such as national security which President Museveni has given for what amounts to military aggression by Uganda, cannot be achieved through military adventure."

Parties gang up on Pauline Hanson

Although the British Crown-allied local oligarchy dislikes Hanson, it is terrified of Lyndon LaRouche.

In his masterful, Greek tragedy-based psychological road map of how political leaders and populations must learn to think, in order to survive the present global financial meltdown (“The Death-Agony of Olympus,” *EIR*, Sept. 18), Lyndon LaRouche forecast certain doom for such “Third Way” politicians as Britain’s Tony Blair, who deny the present financial, strategic reality.

In Australia, where federal elections are to be held on Oct. 3, such denial of reality will also doom whoever wins: the Thatcherite ruling Liberal/National Party Coalition, or its nominal bitter opponent, that Australian Labor Party which introduced globalization to Australia beginning 1983, and upon which Blair has claimed to model his own “new Labor” movement. Ironically, it will doom their chief rival as well, economic nationalist Member of Parliament Pauline Hanson, should she, like them, continue her own refusal to address that reality.

Bespeaking their common economic philosophy, the Coalition and Labor have made a deal to vote for each other ahead of Hanson (in Australia’s preference system of voting, the voter not only casts a “primary vote” for a preferred candidate, but then numbers his or her “preferences,” in descending order, for every candidate on the ballot). Added to the primary votes for each candidate, the preferences determine the outcome of a close election. For instance, Hanson may well lose her own federal parliamentary seat because, although polls show her as the front-runner with 30%, Labor and the Coalition will direct their

preferences to each other.

Nationwide, the media, hoping to hold her party to a tiny handful of seats in the House of Representatives and Senate, have run a McCarthyite campaign to force the major parties to put Hanson candidates last in their preferences, on the fraudulent grounds that she is a “racist.” However, to the amazement of many, in the New South Wales election district now held by Deputy Prime Minister and National Party leader Tim Fischer, Fischer has announced his intent to put Alan Boyd, one of a nationwide slate of 35 candidates of LaRouche’s co-thinkers in the Citizens Electoral Council (CEC), last, *behind Hanson*, notwithstanding that Hanson has sworn to drive Fischer from office. In Fischer’s action, lies the secret to understanding Australian politics.

From January through June 1996, the British Crown-allied major media, together with key figures in the Coalition and in Labor, mounted a relentless campaign to destroy LaRouche’s co-thinkers in the CEC, both through media attacks and in calls for a federal parliamentary investigation. The campaign peaked in early June of that year, when Fischer charged that LaRouche had organized the mass demonstrations all across Australia, which erupted after the coalition government rammed through draconian gun control laws. Fischer threatened, “There is no place in Australia for . . . the LaRouche organization.”

Because LaRouche’s associates had for years circulated millions of pieces of literature attacking the Coalition’s hated globalist policies, only LaRouche, Fischer and his govern-

ment apparently decided, could have had the political muscle to organize demonstrations of 150,000 people. After LaRouche’s own, statesmanlike appearance on Australian television, the campaign abruptly ceased, amid warnings from senior establishment figures that that was “not the way to deal with LaRouche.” From then until today, the media have almost never mentioned LaRouche, or the CEC.

Within three months after LaRouche’s TV appearance, the newly elected, hitherto obscure figure of Hanson exploded into public prominence, courtesy of the same media which had attempted to destroy the CEC. Given her angry maiden speech against the fraud of “Aboriginal land rights,” the oligarchy no doubt hoped to create a racist demagogue in the style of France’s Jean-Marie Le Pen, into whose camp the enormous anti-establishment anger otherwise catalyzed by the CEC, could be channelled into a dead-end. However, with her policies of national banking, tariffs, re-industrialization, and so on, Hanson proved to be no populist racist, but a true Australian patriot.

Now, however, as the global financial crash accelerates, Hanson faces her greatest challenge. She has thus far refrained from publicly advocating a New Bretton Woods solution for that crash, though she knows it to be right, for fear that she might be associated with Lyndon LaRouche; in the minds of Hanson and her advisers, “we have enough trouble on our plate already.” But, as LaRouche himself commented in answer to a question about Hanson and her movement at the Sept. 5-6 Schiller Institute conference near Washington, given the crash, “If they distance themselves from us, they’ll be doomed.” Like Denmark’s Prince Hamlet, Hanson will very soon have to decide: “To be, or not to be . . .”

International Intelligence

Cambodian parties agree to meet with Sihanouk

Thai Deputy Foreign Minister MR Sukhumbhand Paribatra reported on Sept. 14 that the three winners in Cambodia's July 26 elections—Second Prime Minister Hun Sen, Prince Norodom Ranariddh, and Sam Rainsy—have agreed to a summit meeting with King Norodom Sihanouk to hash out the terms of a new coalition government. All parties have agreed to withhold support from further demonstrations and protests in Phnom Penh, which they agreed is “not a constructive path” under the circumstances. An earlier round of talks, of Hun Sen's Cambodian People's Party, Prince Ranariddh's Funcinpec, and Sam Rainsy, on Sept. 5-7, made no headway.

The renewed negotiations were initiated by UN Special Representative to Cambodia Lakhan Merohta, followed by a meeting between Sihanouk and UN Secretary General Kofi Annan's special envoy, Frances Vendrell, on Sept. 13. MR Sukhumbhand delivered a personal message to Sihanouk from Thailand's Prime Minister Chuan Leekpai on Sept. 13. Thailand is one of the three members of the Association of Southeast Asian Nations assigned to assist Cambodia. The “MR” prefix to Sukhumbhand's name also suggests that he is a member of the Thai royal family, which may give added weight to his message.

On Sept. 21, Thai Foreign Minister Surin Pitsuwan told reporters in Washington, D.C., that his country has been pursuing a policy of encouraging national reconciliation among the three Cambodian parties, in order to allow the re-opening of the National Assembly, which had been set for Sept. 24.

Thai daily: ‘Soros’s tears can’t wash away guilt’

The Sept. 17 editorial in Thailand's *The Nation* blasted George Soros for his self-serving testimony before the U.S. House Committee on Banking and the Financial System on Sept. 15, calling it “twisted irony” that this leading “financial marauder” should ex-

press “sentimental . . . tender loving care for the countries affected by the crisis of capitalism now that the system is ‘coming apart at the seams.’ ”

The editorial continues: “Let's take a look at Soros, the feared speculator and financier whose influence and power in currency speculative trading and bettor was a real terror and much despised in the Asian markets. Malaysian Prime Minister Mahathir Mohamad, in particular, has no love lost for the Hungarian-born billionaire.” Since Soros lost \$2 billion speculating in Russia, “millions of Asians, Russians and Latin Americans might lose their sleep . . . over a growing worry that Soros might not have enough money to buy bread and butter for his breakfast. . . . Now he probably realizes that the monster he and fellow speculators had created is running amok and getting out of control.” But given the opportunity, “Soros and other speculators would find the next targets soon enough.”

The Nation pointedly notes that, while he admitted there are flaws in the international system, “Soros, true to his nature, said nothing about a much-needed body, or regulations, to deal effectively with financial activities which subvert and destabilize national economies.”

Khatami at UN calls for action in Afghan crisis

During his address to the UN General Assembly (UNGA) on Sept. 21, Iranian President Seyyed Mohammad Khatami said that the Afghan people, like all peoples, have the right to determine their own destiny, and therefore have a right to “enjoy a broad-based government representing all ethnic groups, communities, and tendencies in that country.” He said that this would require resolute international cooperation, also to rid the country of drugs, weapons, smuggling, etc.

He called on the UN, “in cooperation with the Organization of Islamic Conference” (OIC), of which Iran is the current president, and all concerned nations, to bring the warring parties to the negotiating table. He said that “backed by solemn, global support,” they could “bring the rogue elements

[i.e., the Taliban] into compliance with the will of the international community.” He also said the UN “should simultaneously engage in planning for the mobilization of requisite international assistance for reconstruction of Afghanistan, once the necessary political conditions are in place.”

On the sidelines of the UNGA, representatives of the United States, Russia, and Afghanistan's six neighbors—China, Pakistan, Iran, Uzbekistan, Tajikistan, and Turkmenistan—met. UN Secretary General Kofi Annan plans to send a mission to the region, led by his special envoy Lakhdar Brahimi, and by the OIC. They apparently called for an investigation into the murder of Iranian diplomats and an Iranian journalist, at the hands of Taliban, as well as into reported massacres and ethnic cleansing.

‘BJP Today’: Brits killed Mahatma Gandhi

British intelligence may have had a hand in the 1948 assassination of Mahatma Gandhi, according to *BJP Today*, the publication of India's ruling Bharatiya Janata Party. The article states that convicted killer Nathuram Godse could only have been a British intelligence puppet.

The article's author, R. Chandrachudan, was a journalist with the *Hindustan Times* in the 1940s, and described as the “right-hand man” of its managing editor, Devadas Gandhi, the Mahatma's son. After Mohandas K. Gandhi's assassination on Jan. 30, 1948, Devadas Gandhi was flooded with requests for the Mahatma's portrait. Unable to meet the heavy demand, he decided to bring out a low-price pictorial album, which was to include “about 250 pictures right from Gandhi's school days, ending with the funeral and *asthi* [ashes] immersion at Prayag. I needed a picture of the evening of Jan. 30,” Chandrachudan writes.

He contacted one Mr. Narsingh, a Navy commander and a camera enthusiast, who regularly attended the Mahatma's prayer meetings. “Sorry, that evening I did not bring my camera to the office. . . . Otherwise I would have with me a picture of Godse shooting at Gandhi,” Narsingh told him.

However, Narsingh did say that “two British consular men were there, with their cameras active.”

Chandrachudan’s efforts to trace the two drew a blank, with the British High Commission maintaining that none of its representatives was present at the prayer meeting. “Later, we learned that two of the High Commission staff left by a midnight BOAC flight for London. When we again enquired about the two, the High Commission denied that anybody from the High Commission had left that night for London,” he writes.

Chandrachudan concludes his article by listing the world leaders whom British intelligence has tried to eliminate. There is “nothing too diabolical for” for British intelligence, he writes. “And to get round Godse through their friends would be child’s play for them.”

Jean Gahururu addresses BüSo election forum

Jean Gahururu, human rights spokesman for Rwanda’s Assembly for the Return of Refugees (RDR), briefed a campaign event of Germany’s Civil Rights Movement Solidarity party (BüSo) in Bonn. The forum also heard Uwe Frießecke, a candidate for parliament, who has reported on Africa for *EIR*. The BüSo slate is headed by Helga Zepp-LaRouche.

Gahururu began by demonstrating how deeply embedded German and Western culture is in Africa. As a student, he said, he learned the poetry and dramas of Friedrich Schiller; he added that his generation dislikes defining people on the basis of ethnicity, and that he sees himself as a world-historic human being. “I always tell my brothers and sisters, as we call ourselves in Africa, that, if [President Alberto] Fujimori of Peru fights drugs, or German coal miners protest to defend their jobs, this is also our fight. The question is: Do we get a republic as Abraham Lincoln put it—a government by, for, and of the people, or will the oligarchy continue to govern our countries?”

He outlined the imperial aims of Uganda’s Yoweri Museveni, using the infamous quote where Museveni praises Hitler as his model in empire-building. Museveni’s goal,

he stressed, dovetails with the financial oligarchy’s plan to grab Africa’s raw materials, and secure their position in the international financial crisis. “Therefore everything that happened in Great Lakes region last year and what happens now has to do with this aim of Museveni and the financial oligarchy.” He also debunked the line that Africans are anti-American, saying that Central Africa, especially, has a very strong anti-slavery tradition, similar to Lincoln’s. Burundi and Rwanda both rejected their monarchies, in favor of constitutions based on Lincoln’s principles for the nation-state. Congo, as well, he said, has a very strong tradition of the concept of nation-state. Further, he stressed, the idea that man is in the image of God is commonplace. The oligarchy wants to destroy this spirit in Africa, he concluded.

Albania threatened with civil war, again

The beleaguered nation of Albania exploded, following the Sept. 12 assassination of Azem Ajdari, the number-two man of the opposition Democratic Party, which is headed by former President Sali Berisha. Masses of armed demonstrators broke into government offices, including the office of Socialist Prime Minister Fatos Nano. Berisha accused the government, the Prime Minister, and Police Minister Perikli Teta, of having ordered the murder.

Nano has further inflamed the situation by asking Parliament to indict Berisha for an attempted coup d’état. On Sept. 16, Berisha told a Democratic Party crowd that he was willing to surrender his parliamentary immunity “in this lawless state.” He then called for a national protest on Sept. 18, one year after Ajdari had been attacked and wounded in Parliament by a member of Nano’s Socialists.

One source told *EIR*, that “the same forces that have given the green light” to Serbian dictator Slobodan Milosevic “to carry out his genocide [in Kosova], have now decided to explode Albania. If this happens, no diplomacy can stop the overflow into Macedonia, Bulgaria, Romania, Greece.”

A CHINESE DELEGATION attended the congress of the Communist Party of India in early September. The visit of the delegation, headed by Vice-Minister in charge of the International Liaison of the Central Committee, Ma Wenpu, marks the first contact, at the level of political parties, since India’s nuclear tests.

LAMBERTO DINI, Italy’s Foreign Minister, signed a protocol on Sept. 9 that upgrades political relationships between Italy and Egypt, during a visit to Cairo. According to press reports, the two countries signed a memorandum of understanding, on the basis of which “all issues—from terrorism to the conflicts in the Horn of Africa—can be discussed at the top level.”

LICIO GELLI, former Grand Master of the Italy-based Propaganda-2 masonic lodge, was arrested in Cannes, France on Sept. 10. He fled Italy in May, after being sentenced to a brief prison term in connection with the Banco Ambrosiano bankruptcy. Italian press hinted that he was “handed over” by his former protectors in the Montecarlo Lodge.

LYNDON LAROCHE was mentioned as a prominent political dissident in Poland’s weekly *Mysl Polska* on Sept. 6. “LaRouche promotes Christian physical economy, which is rejected by liberal economists [and] enthusiasts of the invisible hand of the market.” *Mysl Polska* describes both LaRouche’s judicial frameup and international efforts to seek his exoneration.

INDONESIA continues to experience protests and looting, especially among urban poor, many of whom already can only afford a single daily meal. Prospects could worsen by the time of the next rice harvest, in January. Meteorologists are now predicting possibly the worst floods in Jakarta’s history, dwarfing those of 1996, which displaced 175,000 people.

'The Brutish Israelites,' again: Starr and the Armageddon freaks

by Lyndon H. LaRouche, Jr.

There are certain so-called "Christian Fundamentalists" whose starring role might be to confess, in open church service, that they "had fulfilled Biblical prophecy last night." To be specific, the Starr performer in question has probably just recently revealed, on the Internet, that "I am blessed!" He bragged, that he had reenacted the "Sin of Onan." To which, the congregation's virtual faithful had, doubtless, responded, "Praise the Lord!"

Far-fetched? If you think so, take a peek at a real horror-show, those sex-crazed, "Christian Fundamentalist" loonies who are all hot-pants to have Israel's current Prime Minister, "Netan-the-Yahoo," bring on "The Battle of Armageddon." Why are these loonies doing this? The best interpretation of their ravings says, that their motive is the hope of being "raptured" before they themselves are overtaken by those debt-collectors presently at their heels. Between the Taliban of Central Asia, Netanyahu's fascist regime in Israel, and the U.S. loonies behind Newt Gingrich, Pat Robertson, and with the help of porno-king Kenneth Starr, the world is being pushed into the previously unthinkable prospect of an early, actual nuclear war in the Middle East.

Look at the real facts of the case. The one absolutely indisputable fact of the case is, that the world's worst pornographer, Starr, and his lackeys, are screaming to the world: "This is a moral issue!" This should make clear to all of us, what Starr and his supporters mean when they call anything "a moral issue."

Who are these strange, self-proclaimed moralists? How shall we describe this tangle of Israeli fascists and "fundamentalist" sexual perverts arrayed around U.S. House Speaker Newton Gingrich and his accomplices? Let us call them

"Newtonyahoos." The "fundamentalist" loonies among this pack of "Newtonyahoos," are the U.S.'s biggest political constituency behind the current antics of the Internet's current porno-king, Kenneth Starr, and also the instigators of a possible, early nuclear war in the Middle East.

If you wish to know who is behind the undressing of Monica Lewinsky before the depraved fans of Starr's Internet strip-tease exhibitions, you will find the relevant sex-perverts all gathered around their crony "Newtonyahoos," together with Britain's Lord William Rees-Mogg, Pat "sleaze-ball" Robertson, and the half-witted mobs of "fundamentalists" also backing the "Temple Mount" project for setting off nuclear war in today's Middle East.

The sexual fantasies of porno-king Starr's fans aside, there is a strong case building, which says, that President Clinton was the victim of a "set-up," a "badger game," with Monica Lewinsky reading the script of street-walker for the set-up. If what has been publicly reported of her allegedly chronic predatory sexual behavior, prior to her self-appointed role of White House "loose groupie," stands up, her role in the case was probably a by-product of an intelligence-community set-up involving former Bush hack Linda "Bugsy" Tripp and Lucianne Goldberg, among others, possibly including Starr himself. According to the chronology set forth in Starr's own allegations, "loose groupie" Lewinsky's part in the affair appears to have begun in the aftermath of the assassination of Israel's Prime Minister Rabin, when the assassin's chief beneficiary, "Newtonyahoos," was launched against President Clinton. Even the reports of the investigations which Starr conducted against President Clinton, indicate a specific connection between Lewinsky and Israeli spy-networks op-

In this investigation

The world is plunging, headlong, into the greatest financial and monetary crisis in our collective lifetime, a crisis that urgently demands the nearly undivided attention of the President of the United States. At the same time, there are forces afoot on this planet, who are committed to an insane array of geopolitical moves, any one of which could trigger out-of-control regional wars, stretching from Central Asia, through the oil fields of the Middle East, up through the Balkan spine of southeastern Europe. In the case of the Middle East, such a war could easily result in the use of nuclear, chemical, and biological weapons. Here, too, only the good offices of the President of the United States, working in concert with other sovereign governments, can intercede to stop the madness.

It is, therefore, no coincidence, that *EIR*'s ongoing probe of the porno-Starr assault on the Clinton Presidency has turned up new evidence that a small circle of American, British, and Israeli fanatics are the principal actors in both the latest escalation of the bogus impeachment drive against President Clinton, and the provocations in the Middle East and Central Asia.

These are no "Lone Derangers." All of the characters identified in this report, are long-standing, proven assets of the London-centered international financial oligarchy, known among initiates as the Club of the Isles. On behalf of the Club's hoped-for post-modernist feudal world dictatorship, this group of clinically insane personalities is stirring up the preconditions for a plunge into a New Dark Age. Their target is the nation-state system, which has been historically the only line of defense against the rampages of oligarchism. Under the present fragile state of affairs around the world, the successful destruction of the United

States Presidency is all it would take to unleash the Four Horsemen of the Apocalypse.

There is a genuine danger that a majority of Americans could fail to appreciate the "insanity factor" in the onrush of attacks against President Clinton, fuelled by a media that is, itself, controlled, top-down, by the London-centered Club. Make no mistake: The Starr chamber apparatus is not acting on behalf of "pragmatic" Republican Party ambitions to control the Presidency and the Congress by the year 2000. Witness some serious Republicans, who are expressing grave misgivings about the Gingrich-led plunge into the impeachment of President Clinton. Nor should anyone raise their voice in defense of Jerry Falwell or Pat Robertson's First Amendment right to the "religious freedom" to seek a new Middle East holocaust, in order to fulfill their desires for an early "Rapture." Religious freedom cannot be a license for murderous insanity; and Robertson and Falwell have shown a propensity for insanity in their anti-Clinton hypocrisy and their simultaneous embrace of the Temple Mount cause, which would plunge the Middle East into the most hideous form of irrationalist religious war.

The issue here is clinical insanity, run amok. To help the reader come to grips with that reality, we have assembled some of the most important documentation of how this lunacy is playing out on the world stage at the present moment in history.

Specifically, in the report that follows Lyndon LaRouche's introduction, we document the latest mad maneuverings toward religious warfare by the Netanyahu regime in Israel, and the Taliban apparatus in Afghanistan. A detailed chronology demonstrates the interrelationships between the Starr-backers—like Richard Mellon Scaife, Speaker of the House Newt Gingrich, Armageddonist televangelists Pat Robertson and Jerry Falwell—and Israel's lunatics, led by Netanyahu and the Temple Mount terrorists.

erating against the President.

Cut through the porno-king games of Starr and the Congress's Henry Hyde. The citizen should not let himself, or herself, be duped into playing Starr's and Hyde's game of "connect the dots." Much of what Starr and Hyde have put on the Internet and press is probably fabricated lying, some definitely so; clearly, large chunks of the known exculpatory evidence, which would tend to refute Starr et al., have been willfully suppressed. Otherwise, certainly Starr and most of the mass news media, have not even attempted to look for most of the facts actually relevant to the case. On top of it all, everything Starr has done of late is illegal, unconstitutional; and, so is the conduct of Henry Hyde. Don't try to connect

the dots, when most of the dots are missing to begin with.

Before you try to go blindly through that door, find out where you are: on Earth, or in a space-ship en route to Mars? There are two basic sets of facts to consider, before you think about stepping through that door. First, all Starr's pornographic theatrical displays aside, what he is doing is running a lying, unconstitutional, sexually perverted effort to destroy the government of the United States at a moment the world as a whole is being plunged into the worst financial and monetary disaster in more than a century. Second, unless the Newtanyahu gang is stopped in their tracks very soon, the otherwise improbable risk of an early nuclear war in the Middle East cockpit becomes a probable event.

Only a strong U.S. President can stop Netanyahu's nuclear war madness

by Dean Andromidas

Almost one year ago, *EIR* published an assessment from the well-informed journal *Israel and Palestine*, that Israeli Prime Minister Benjamin Netanyahu was preparing a new Middle East war by no later than the autumn of 1998 (*EIR*, Oct. 24, 1997). Maxim Ghilan, the publisher of *Israel and Palestine*, warned in his assessment, that Netanyahu was in the process of consolidating his grip over the Israeli military-security establishment, preparatory to his push for a new regional war. Ghilan emphasized that Netanyahu was fully intent on using the war as a pretext for launching tactical nuclear weapons against Arab targets.

One year later, Ghilan's warning has been largely borne out. Sources in Tel Aviv and Washington have confirmed to *EIR* that Netanyahu has, indeed, established a tighter grip over the command structure of the Israeli Defense Force (IDF) and the Israeli intelligence services, and is now seeking the first pretext for blowing up the Middle East, to pursue his mad vision of "Greater Israel."

Sources in Israel have warned in recent days that Netanyahu will use any new terrorist act, attributed to Hamas or Islamic Jihad, as the pretext for sending Israeli troops into Palestinian-controlled sections of the West Bank and Gaza. Such a provocation—virtually eliminating the Oslo Accords—would undoubtedly trigger waves of protest in the occupied territories, inside Israel, and throughout the Arab world. That, the sources say, is exactly what Netanyahu wants.

The same sources warn that an alternate scenario for triggering a new regional war, leading to a nuclear Armageddon, would be an assault upon the Al Aqsa Mosque, at the Dome of the Rock in Jerusalem, by Jewish fanatics of the Temple Mount movement. As you will read in the chronology below, in recent months, the Netanyahu government has abandoned all pretext of curbing the Temple Mount Faithful and other fanatics of the Jewish underground—the very networks that assassinated Prime Minister Yitzhak Rabin, and helped usher "Bibi" into power. Senior officials of the Netanyahu government have been given the green light to appear publicly at fundraising events and support rallies for the Temple Mount fanatics, who argue that the coming of the Messiah will only occur after the Third Temple of Jerusalem has been restored,

and the Muslim holy sites at the Temple Mount leveled.

It is no secret that two of Netanyahu's most powerful coalition allies, Infrastructure Minister Ariel Sharon and Moledet Party head Rehavam Ze'evi, are advocates of the "Jordan is Palestine" doctrine, which calls for the mass expulsion of all Palestinians from the entirety of Judea and Samaria (i.e., Israel, the West Bank, and Gaza).

Finger on the nuclear trigger?

One year ago, *Israel and Palestine* warned that Netanyahu would move to purge the hierarchy of the military and intelligence organs of all opponents of his nuclear Armageddon lunacy. In the past months, Netanyahu has, indeed, succeeded in either installing his own people, or in isolating his opponents, particularly within the command structure that would have to give the okay to a use of nuclear weapons in a war with Israel's Arab neighbors.

In the spring of 1998, Lt. Gen. Shaul Mofaz was named Chief of Staff of the IDF. Mofaz was the man identified by Ghilan last October, as Netanyahu's hand-picked choice to take over the military. Well known for his hawkish views, Mofaz was commander of the army division that, in February 1994, was responsible for the "security breach" allowing Baruch Goldstein, a fanatic from the West Bank settlers movement, to carry out a machine-gun assault on the mosque at the Tomb of the Patriarchs in Hebron, which killed 50 worshippers. Goldstein was later hailed as a "hero" by the Temple Mount apparatus.

Under General Mofaz's command, updated plans have been prepared for a three-front war against Syria and Lebanon in the north, against Egypt in the south, and against the Palestinians in the occupied territories. The latter would be a "low-intensity" war aimed at driving the entire Palestinian population across the river into Jordan.

Sources in Israel tell *EIR* that a whole new generation of Israeli military officers is now in place in critical command posts, who have no actual combat experience, but who are cultish followers of the Netanyahu "Greater Israel" outlook. Many were directly trained by the Temple Mount crazies, at a number of "military yeshivas" that have transformed the very nature of the IDF in recent years (see *EIR*, Aug. 28, 1998).



The Al Aqsa mosque, at the Dome of the Rock on Temple Mount in Jerusalem, is one of the most holy sites in Islam. Hard-liners of the Temple Mount Faithful and other Armageddonist sects of the Jewish and "Christian" evangelical stripe are committed to leveling the mosque to pave the way for the building of the Temple of Solomon, even if it means triggering an out-of-control religious war that will destroy the entire Middle East, and possibly trigger an otherwise unthinkable nuclear confrontation.

Inside the intelligence services, Netanyahu recently succeeded in forcing the resignation of Danny Yatom, a Shimon Peres appointee, as head of the Mossad, who was a staunch opponent of Netanyahu's policy of conducting insanely provocative kidnapping and assassination operations against Palestinian and other Arab targets. Although Yatom was replaced by an experienced Mossad officer who is not particularly close to Netanyahu, Ephraim Halevy, it has been already announced that Halevy will be stepping down in the next months, and will likely be replaced by his deputy, Gen. Amiram Levine, a close ally of Netanyahu. Levine had no background in Mossad, but was the former commander of the Northern Command of the IDF, in which capacity he staged a series of ill-conceived and wildly provocative commando raids into southern Lebanon.

Defense Minister Yitzhak Mordechai is widely regarded as an opponent of Netanyahu's war schemes; however, he, too, is already a target of the Prime Minister's dirty tricks. Should he be driven out of the post, some Israeli sources fear that Netanyahu might even re-install Ariel Sharon as defense minister. Then, the chain of command for a full-scale regional war, complete with the launching of Israeli nuclear bombs, would be in place.

Institutional opposition paralyzed

Israeli sources have recently told *EIR* that they see Netanyahu as not only personally insane; they fear that he also is committed to an insane regional geopolitical dogma, one that

ignores the consequences of an Israeli nuclear strike against Arab neighbors.

What is worse, these sources report that the political institutions of Israel have been so weakened, since the assassination of Rabin in November 1995, that there is little internal capacity for resistance to the threat posed by Netanyahu's mad flight-forward.

These sources say that Netanyahu has skillfully destroyed both the anti-war left wing, and the sane elements inside his own Likud coalition, by covertly backing a string of mini-parties, who now hold the balance of power in the Knesset (parliament). Key Netanyahu cabinet aides, for example, were instrumental in the launching of the Russian party of Immigration Minister Natan Sharansky. This, combined with Netanyahu's personal embrace of the Temple Mount apparatus (he showed up early this summer at a fundraising event for the Ateret Cohanim yeshiva, the brainwashing center for the new "priesthood" following the sacking of the Temple Mount), has turned much of Israeli politics into a mental ward.

Under these circumstances, it is no wonder that Netanyahu and his Christian evangelical allies in the United States and Britain, have placed the highest priority on destroying the Clinton Presidency. With the internal political morass in Israel, only a direct, strong intervention by the President of the United States can prevent the Netan-yahoos from launching their mad war drive—in the immediate days and weeks ahead.

Netanyahu pushes Taliban war

by Joseph Brewda

As we go to press on Sept. 25, some 270,000 Iranian troops are massed on the Afghan border, officially to take part in maneuvers that Iran announced after the Taliban regime of Afghanistan admitted that ten Iranian diplomats who had been kidnapped there, had been murdered. Iran has demanded that the murderers be extradited, and other imprisoned Iranians released. The Taliban, which accuse Iran of arming the former Afghan government forces still fighting its rule, have refused both demands, and have threatened to attack Iranian cities if invaded. At last report, the Taliban (Sunni adherents who are violently anti-Shiite) have even called for “holy war” against Shiite Iran.

Such prospects please Israel’s backers in Washington. “This is two scorpions in a bottle fighting each other,” crowed Jewish Institute for National Security Affairs director Tom Neumann, one of Israeli Prime Minister Benjamin Netanyahu’s top U.S. mouthpieces, to the Sept. 18 edition of the Jewish *Forward*. “You’ve got to let them fight it out.” Similarly, Dan Pipes, a Netanyahu crony and editor of the *Middle East Quarterly*, said, “I wouldn’t waste a whole lot of time thinking about it.”

Israel knows that war would set into motion a series of escalating crises. For one, it would provide the basis for conflict between Iran and neighboring Pakistan, which Iran accuses of arming and commanding the Taliban. It would also seriously increase tensions between Iran and Saudi Arabia, a bastion of Sunni orthodoxy, which has bankrolled the Taliban from its inception. This too, has the strong approval of Britain and Israel, which hope to spark global Sunni-Shia sectarian conflict.

Moreover, the Taliban are ethnic Pushtun chauvinists, who seek to impose their dictates over Afghanistan’s ethnic minorities, particularly the Afghan Tajiks and Uzbeks, who in turn look to their cousins across the border for help. The Taliban are also preparing to support Kashmiri insurgency in nearby India, a flashpoint for an Indian-Pakistani war, and reportedly are also pushing ethnic Turkic conflict in neighboring China.

All these threatened conflicts conveniently come at a time when Netanyahu is preparing to crush the Palestinians, and launch a new war with Israel’s Arab neighbors.

The Taliban were created in the early 1990s by a top British intelligence official, the late Sir Jimmy Goldsmith,

and British Ambassador to Pakistan Sir Nicholas Barrington, among others, out of the shards of unemployed former Afghan mujahideen gathered around Saudi-funded Islamic schools in Pakistan. Britain’s purpose was to use the Taliban as part of its geopolitical objective of blowing up the region. Goldsmith et al. also wanted to prepare the conditions for British mining cartels to grab Central Asia’s vast mineral wealth, or prevent anyone else from doing so.

Goldsmith, a long-standing British intelligence handler of the Israeli Mossad, and of British- and Israeli-allied forces in official Washington, was among those who ensured that Israel was directly brought into the project.

Israel has long had a significant capability in Central Asia and the South Asian subcontinent, based largely on its covert training, under U.S. and British sponsorship, of the Afghan mujahideen for its 1980s war with Soviet invaders. Israel also inherited considerable Soviet-era capabilities through the 1990s immigration of Soviet Jews to Israel, which included Soviet Jewish intelligence operatives, including from former Soviet Central Asia.

Israeli games

That Israel has been actively involved in promoting the Afghan-pivoted destruction of the region, publicly emerged on June 18, when the director general of the Israeli Foreign Ministry, Eytan Bentsur, told the London *Times* that Israel has been in contact with the “Islamic fundamentalist” Taliban regime in Afghanistan, as well as with the former, largely ethnic-Tajik and -Uzbek, Afghan government forces active in the northern third of the country. He said that the contact not only involved separate meetings with Afghan diplomats from both camps, in Europe, the United States, and Israel, but also the transfer of hundreds of thousands of dollars to the Taliban regime for “humanitarian purposes.” Bentsur said that Israel wants good relations with whoever is running the country.

Bentsur’s confession followed a mid-June exposé in the *Foreign Report* of London, which said that Israel became involved in Afghanistan in 1991 with the intent of setting up intelligence bases along Afghanistan’s border with Iran, to aid in launching a strike against Iran’s nuclear installations. On behalf of that war plan, the report says, “Israel opened up two secret channels: the first with the previous Afghan government and the second with the present Taliban regime in Kabul,” and that Israel “hopes that its Afghan ties will enable it to install listening devices and advanced spying equipment adjacent to the Iranian border.”

The report came at a time that Netanyahu’s Israel, and the Newt Gingrich crowd, were condemning President Clinton for seeking improved U.S. relations with Iran, which it screamed was “only months away” from acquiring an “Islamic bomb.” Since that time, Pakistan, another top Israeli target, which it accuses of being the “center of Islamic terrorism,” conducted its own nuclear test.

Netan-Yahoo's 'Get Clinton' actions

by Jeffrey Steinberg

Ever since President Clinton hosted Israeli Prime Minister Yitzhak Rabin and Palestine Liberation Organization Chairman Yasser Arafat at the White House in September 1993, for the signing of the historic Oslo I peace accords, all three leaders have been the targets of a violent coalition of Armageddonist religious fanatics, committed to sabotaging the Middle East peace process by any means necessary. This literally insane coalition, includes U.S.-based so-called Christian evangelicals, led by real-life Elmer Gantry, Pat Robertson and Jerry Falwell; Israel's current Prime Minister Benjamin Netanyahu; Jewish fanatics associated with the Temple Mount Faithful, the Kach movement, and other underground terrorist groups patronized by current Israeli Infrastructure Minister Ariel Sharon; and British-based "end-time" occultists of the British Israelite Movement and the Grand Mother Lodge of British Freemasonry's Quatuor Coronati Research Lodge.

In recent years, this coalition of dangerous lunatics has emerged as the leading political base of support for Independent Counsel Kenneth Starr's pornographic witch-hunt against President Clinton, and for Speaker of the House Newt Gingrich, another pivotal player in the ongoing drive to destroy the U.S. Presidency.

The very same people who make up the hard-core political support for the Starr witch-hunt, are also prepared to support a near-future Israeli use of nuclear weapons against Arab targets, in order to trigger a new, more violent Middle East conflict, which, they hope, will bring on the final battle of Armageddon. For the Christian evangelicals of the Robertson-Falwell stripe, such a battle of Armageddon is, according to Biblical prophecy, to bring on the Rapture and the Second Coming; for the Temple Mount Jews, it is the coming of the Messiah.

Laugh at this lunacy at your own risk! These people, though mad, are deadly serious. They bring the same zeal—and the same insanity—to their drive to destroy the U.S. Constitutional Republic through "Clintongate," and to the triggering of a nuclear Armageddon in the Middle East, that they brought to the Nov. 4, 1995 assassination of Prime Minister Yitzhak Rabin, the tragic act of violence that brought Bibi Netanyahu into power in Israel.

The chronology below is to provide crucial background proof that there is no exaggeration in what we have just stated. To cheerlead for porn-king Kenneth Starr, or Newt "New-

tonyaho" Gingrich in their ongoing, albeit discredited, drive to impeach President Clinton, is to advance the cause of nuclear Armageddon and a new dark age.

Chronology

1993

Sept. 9: Likud Bloc chairman Benjamin Netanyahu charges Israeli Foreign Minister Shimon Peres with "treason" for his role in the Oslo peace process. Peres counters, in a Knesset (Parliament) speech, that Netanyahu is bought and paid for by U.S.-based right-wing Zionists, who oppose any kind of peace agreement with the Palestinians.

Sept. 13: President Clinton hosts Israeli Prime Minister Yitzhak Rabin and Palestine Liberation Organization head Yasser Arafat at a White House signing of the Oslo peace accords.

Oct. 11: The American Leadership Conference on Israel and the Middle East convenes a conference in Arlington, Virginia, attended by over 800 people, to denounce the Oslo Accords. The Conference, founded specifically to combat the Oslo Accords, is a creation of Bert and Herb Zweibon, both founders of the terrorist Jewish Defense League (JDL), along with the late Rabbi Meir Kahane. Speakers at the Arlington rally include Yossef Bodansky, an Israeli military intelligence official who now heads the U.S. House Republican study group on terrorism.

Oct. 24: The Committee for Accuracy in Mideast Reporting (CAMERA) hosts a similar anti-Oslo rally at Brandeis University, which is addressed by David Bar-Illan, the editor-in-chief of the Hollinger Corporation-owned *Jerusalem Post*, currently the chief spokesman for Prime Minister Netanyahu.

Nov. 14: Ariel Sharon, touring the United State to rally opposition to Oslo, and to raise funds for the Jewish Defense League-spawned occupied territories' settlers movement, addresses an anti-peace rally in New York City. Sharon is accompanied on the tour by Yechial Leiter, the head of the JDL on the West Bank. They raise funds for the Kiriyat Arba settlement.

1994

Feb. 25: Baruch Goldstein, a JDL member from Kiriyat Arba, enters the Cave of the Patriarchs mosque in the West Bank city of Hebron during prayers, and opens fire with a machine gun, killing 50 Muslim worshippers.

1995

Jan. 22: A suicide bombing in Jerusalem, claimed by Islamic Jihad, kills 19 Israelis and injures hundreds.

Jan. 24: President Clinton signs an executive order, freezing the assets of 12 Middle East terrorist groups in U.S. banks,

and banning their activities on U.S. soil. In addition to ten Arab and Islamic terrorist groups, the list includes the Kach Movement and Kahane Chai, both Israeli-based spawns of the JDL. PLO leader Arafat responds to President Clinton's action by stating, "I do appreciate this. . . . We waited for this decision for a long time."

Sept. 28: Prime Minister Rabin and PLO head Arafat return to the White House for the signing of the Oslo peace accords. Upon returning to Israel, Rabin is greeted by right-wing demonstrators, carrying signs depicting him in a Nazi uniform.

Oct. 9: In an interview with *New York Magazine's* Robert Friedman, Lubavitcher Rabbi Avraham Hecht of Congregation Sha'are Zion in Brooklyn, issues a religious death order against Prime Minister Rabin.

Nov. 4: At the close of a peace rally in Tel Aviv, Prime Minister Rabin is shot dead by Yigal Amir, a fanatic from the West Bank settlers movement. Amir admits that he was acting under rabbinical orders to murder the Prime Minister.

1996

Jan. 31: The London *Daily Telegraph* reports that a secret Pentagon memo warns that the Israeli Mossad is conducting "aggressive" espionage against American military industries, according to a secret memo drafted by an investigator for the Defense Investigative Service (DIS).

Feb. 25: A suicide bus bombing in Jerusalem kills 25 people. PLO head Arafat tells the Italian newspaper *La Repubblica*, "We are sure Rabin was killed by a representative of an extremist Israeli group, just as we know that there is a pact between Israeli and Palestinian extremists to obstruct peace."

March 3: A suicide bus bombing, claimed by Hamas, kills 20 passengers in Jerusalem. The next day, a suicide bomb in a Tel Aviv market kills 13.

May 29: Benjamin Netanyahu is elected Prime Minister of Israel, by less than 1% of the vote, in elections heavily contaminated by Likud vote fraud. The suicide bombings in Jerusalem and Tel Aviv terrorized Israelis into voting for Netanyahu, who vowed to crack down on Arab terrorism, while lying that he would pursue the peace process.

July 9: Prime Minister Netanyahu arrives in Washington for his first state visit with President Clinton. He uses the occasion of a joint press conference at the White House to announce that he supports the expansion of Jewish settlements in the West Bank, a clear violation of the Oslo Accords. En route to the United States, Netanyahu had announced the appointment of Gen. Ariel Sharon, "the Butcher of Lebanon," to his cabinet as minister of infrastructure.

Sept. 26: Netanyahu authorizes the completion of a "tourist tunnel" under Jerusalem's most holy Islamic site, the Al-Aqsa mosque on the Temple Mount. Even previous Likud governments had refused to approve the opening of the underground tunnel, knowing it would provoke protests by Palestinians and sabotage any prospects for peace. When Palestin-

ians demonstrate, Netanyahu deploys the Israeli Army to break up demonstrations, resulting in the deaths of more than 40 demonstrators.

1997

January: The U.S. National Security Agency intercepts a phone conversation between a Mossad agent posted at the Israeli embassy in Washington and Danny Yatom, the head of the Mossad, in which the agent asks permission to contact a high-level Israeli mole in the Clinton White House code-named "Mega," in order to access a private letter from Secretary of State Warren Christopher to Yasser Arafat. Yatom forbids the contact. According to British journalist Kevin Dowling, within hours of learning of the intercept of the Washington-Israel phone discussion, Israel's Committee for Central Intelligence holds an emergency meeting to decide how to control the damage of the American discovery. Dowling reports that a team of Mossad communications experts "skilled in bugging and burglary" is dispatched to Washington, where they quickly learn of the Clinton-Lewinsky affair, and bug the telephone at her Watergate apartment, to obtain incriminating evidence against the President. Dowling concludes that the Israelis were forcing the United States to shut down the search for "Mega," in return for remaining silent about the Clinton-Lewinsky tapes; however, shortly after the deal is struck, the FBI leaks word of the "Mega scandal" to several American and British publications.

Feb. 21: The London *Daily Telegraph* reports that the Pentagon has suspended a civilian engineer employed at a tank depot in Michigan for spying for Israel. David Tennenbaum was placed on administrative leave after the FBI raided his home in Detroit and seized records. Tennenbaum admitted he had "inadvertently" passed secret data to Israel for more than a decade. The allegations confirm a warning put out by the Defense Investigative Service in January 1996.

March 29: According to Monica Lewinsky's testimony before the Starr grand jury, the President informed her that an unnamed foreign government is tapping the telephones at the White House to monitor the President's private conversations.

May 7: Nora Boustany and Brian Duffy report in the *Washington Post* that "the FBI has opened an investigation to determine whether a senior U.S. government official has been passing highly sensitive information to the Israeli government."

May 11: James Adams writes in the London *Sunday Times* that his U.S. intelligence sources confirm that there is a massive Israeli spying operation targetting the United States. One source quoted by Adams states, "I've read a two-inch thick file on Israel's spying against America. Make no mistake, Mega is just the latest visible sign of a big business." Adams adds that "the FBI's counterintelligence division has launched two parallel investigations, one to uncover Mega and the other to find out who leaked the news that communications between the Israelis had been intercepted by the National

Security Agency. . . . Janet Reno has confirmed the investigation. The FBI has established two lists of suspects.”

June 19: At a meeting of his National Security Council, President Clinton launches an escalated pressure campaign against Netanyahu, aimed at forcing him to end his obstruction of the peace process.

July 30: A bombing of a Jerusalem open-air market kills 17 people. A planned visit by U.S. Middle East envoy Dennis Ross is postponed, as the result of the bombing. Ross was dispatched by President Clinton to deliver an ultimatum to Netanyahu to restart the peace talks with the Palestinians.

July 31: Netanyahu suspends compliance with the Oslo peace accords.

Sept. 4: Hamas carries out another bombing of a Jerusalem market. Netanyahu terminates the “tripartite” intelligence meetings between officials of the CIA, the Shin Bet, and the Palestinian Authority police.

Sept. 9: U.S. Secretary of State Madeleine Albright arrives in Israel for meetings with Netanyahu, Arafat, and other regional leaders.

Sept. 12: Secretary of State Albright completes her first visit to the Middle East, aimed at pressuring Netanyahu to resume the peace talks with the PLO.

Sept. 14: In a flagrant response to the U.S. pressure, Netanyahu authorizes Jewish settlers to occupy two houses in the Arab sector of East Jerusalem. The two adjacent houses were bought by Florida millionaire, Irving Moskowitz, a big financier of Netanyahu’s election campaign as well as the Temple Mount movement. Among the Jewish occupants of the two buildings is the mother of Netanyahu’s personal spokesman, Shai Bazak.

Sept. 17: In an interview with “EIR Talks,” Lyndon LaRouche comments on Albright’s failed Middle East trip: “If Netanyahu does not go, then Israel is on a course toward war, a war, if it unfolds, Israel can not survive without use of nuclear weapons.”

Sept. 23: King Hussein of Jordan personally communicates a Hamas cease-fire offer to Prime Minister Netanyahu, via the Mossad station chief in Amman.

Sept. 25: An Israeli Mossad hit team attempts to assassinate Hamas official Khalid Mashaal in Amman. Two Israeli intelligence agents are arrested, and held in Jordanian custody. Netanyahu later admits, in an Oct. 6 national television address, that he personally ordered the assassination, over the objections of Mossad head Danny Yatom.

October: An influential newsletter, *Israel and Palestine*, publishes a lengthy article by publisher Maxim Ghilan, “The Next War: Self-Fulfilling Prophecies,” warning that Netanyahu is plotting a purge of the military high command, to install a team, willing to launch a war against Israel’s Arab neighbors. “The chief of staff estimates such a conflict might easily degenerate into a nuclear, chemical, or even bacteriological one,” Ghilan writes. “Netanyahu, prepared as he is to take this risk for the sake of historical Eretz Israel, needs an obedient, even enthusiastic war lover, as chief of staff, for the

next war.”

Nov. 8: The Hebrew daily *Ma’ariv* reports that Netanyahu is preparing to use nuclear weapons to “wipe Iran off the face of the Earth,” in response to reports that Iran is attempting to develop a nuclear weapons capability.

Nov. 12: In an interview with the weekly “EIR Talks” radio broadcast, Lyndon LaRouche warns that 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 between the Soviet Union and the United States.

Nov. 14: In a ranting speech before the British Parliament, Netanyahu vows to stop Iran from developing “weapons of mass destruction.”

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Jan. 13: Netanyahu formalizes the suspension of the Oslo peace talks with the Palestinians, until Arafat “eliminates Hamas.”

Jan. 18: The Monica Lewinsky scandal breaks in the American press, 24 hours after President Clinton is deposed by lawyers for Paula Jones.

Jan. 19: Netanyahu appears with Jerry Falwell at an anti-Clinton rally at the Mayflower Hotel in Washington, one day before his scheduled Oval Office meeting with the President. The rally, called by the evangelical group, Voices United for Israel, draws 500 people. In an interview with the *Washington Post*, Falwell says he received a call from “a representative of the Prime Minister’s office asking if I could meet with him, and if I could bring several evangelical leaders. We promised to use our influence to lobby Congress and the White House to cease making unreasonable demands on land giveaways or withdrawals of troops, or anything that threatens Israel’s security.” Falwell tells the *Post* that the West Bank is “an integral part of Israel.”

Jan. 20: Prime Minister Netanyahu’s meeting with President Clinton at the White House produces no tangible advances in the peace process.

Jan. 21: Netanyahu appears as a guest of Pat Robertson on the 700 Club TV show. The 700 Club has been a platform for vile anti-Clinton propaganda. Netanyahu tells Robertson, “Many of the evangelical denominations of the United States came together; I understand that I was able to unite them. And I think it wasn’t me; it was their love of Israel.”

Jan. 26: The *Irish Times* writes that right-wing circles in Israel are hailing Monica Lewinsky as a modern-day Queen Esther. “Like Esther, the right-wing parallel runs, Monica allegedly slept with the head of state at a time when the people of Israel were in grave peril. And like Esther, her intervention has averted a danger: the likelihood of President Clinton embarking on a personal Middle East peace initiative and forcing the Israeli Prime Minister, Mr. Benjamin Netanyahu, into undermining Israel’s security by giving up more West Bank land to the Palestinians.”

Jan. 27: UN weapons inspector Richard Butler tells the

New York Times that Iraq has a biological weapons capability to destroy Tel Aviv.

Jan. 29: The London *Times* warns that Israel could use nuclear weapons against Iraq, if a military conflict breaks out over the recent charges by UN weapons inspector Richard Butler. "With tensions mounting in the Gulf, the CIA has given a warning that Iraq is likely to fire Scud missiles armed with non-conventional warheads at Israel, if attacked by the Americans. Netanyahu calls an emergency meeting of his inner security cabinet to discuss potential responses to the Iraqi crisis. Later, Israeli officials issue a tough warning to Baghdad, implying that President Saddam Hussein can expect a nuclear response to any chemical or biological attack."

Feb. 4: The *Jerusalem Post* gloats that Monicagate "couldn't have happened at a more convenient time for Prime Minister Benjamin Netanyahu. . . . Whether coincidental or conspiratorial, the truth remains that Monicagate has, once again, saved Netanyahu, just as the Rabin assassination saved the peace process for the right-wing opponents. . . . It was expected that the United States would come down hard on Israel this time, but thanks to Monicagate, this has all been temporarily forgotten. Until next time, that is. And for all we know, there may be a different President by then."

Feb. 4-7: British Prime Minister Tony Blair arrives in Washington to confer with President Clinton on the "Iraq crisis." The visit is an attempted replay of Margaret Thatcher's successful 1991 trip to the United States, during which she convinced President George Bush to go to war against Iraq. Blair fails to convince Clinton to launch a military strike, after Lyndon LaRouche releases a 25-page *EIR* strategic study, warning that Clinton is being lured into a British-Israeli trap.

Feb. 12: Israeli Immigration Minister Natan Sharansky travels to Washington to meet with Vice President Albert Gore, in an effort to convince the U.S. administration to confront Russia over Moscow's sale of weapons of mass destruction components to Iran.

Feb. 14: Yossef Bodansky issues a 40-page report, charging that Iraq has exported its chemical weapons production capability to Sudan, Yemen, Libya, and Algeria, and has delivered 400 Scud missiles, capable of carrying the chemical weapons, to Sudan and Yemen.

Feb. 19: Swiss police arrest an Israeli Mossad agent, and issue arrest warrants for four other Mossad officers, in Bern, after the men are caught attempting to break into the home of a Lebanese businessman in the middle of the night. It later emerges that the Mossad team had been dispatched to either kidnap or assassinate the man.

Feb. 24: Lyndon LaRouche issues a personal memorandum warning that, if the Iraq crisis is resolved peacefully by President Clinton and others, Israel and Britain will likely respond with a terrorist provocation.

March 2: The Israeli daily *Ha'aretz* reports that President Clinton is prepared to issue a "take it or leave it" ultimatum

to Netanyahu, demanding that Israel withdraw from 13% of the West Bank and cease all new settlements, in return for further PLO cooperation in combatting terrorism. The response from Israel is swift: David Bar-Illan, spokesman for Netanyahu, rejects the Clinton action as an "ultimatum"; however, 1,550 senior Israeli military and police commanders publish an open letter in the daily *Yediot Aharonot*, endorsing Clinton's actions, and warning, "It is either redeployment, or war."

March 6: British Foreign Secretary Robin Cook offers to launch a European Union "peace" initiative, to supplant the United States pressure on Israel. Netanyahu warmly accepts the British effort to undercut President Clinton.

March 13: A bomb explodes in the Arab quarter of East Jerusalem, wounding four Palestinians. Had the bomb exploded an hour later, hundreds of Muslim worshippers en route to the Al Aqsa mosque would have been killed or wounded. The next day, Israeli Infrastructure Minister Ariel Sharon, in a TV interview in Israel, vows "we will assassinate Mashaal," the Hamas leader who was the target of the Amman assassination attempt by the Mossad.

March 22: The British *Sunday Express* reveals that the Mossad has been authorized by Netanyahu to send killer squads to Britain "to bug, burgle, kidnap and even assassinate militant Muslim exiles in Britain. . . . Contrary to normal practice, the British security services will not be told."

March 28: The British government announces the appointment of Alistair Crooke as special envoy to the Palestinian Authority, to aid Arafat in "controlling Islamic radicals." Crooke had been Britain's chief liaison to the Afghani mujahideen between 1985-87.

March 29: A Hamas terrorist, Mohiyedine Sharif, is found dead at the scene of a car bombing in the West Bank town of Ramallah. While his death is initially attributed to a premature detonation of a car bomb, it is later revealed that he was murdered by gunshots three hours before the explosion.

March 23: Netanyahu grants a travel permit to Israel to Lubavitcher Rabbi Avraham Hecht of Brooklyn, who issued the religious death order against Rabin.

March 15: The London *Sunday Times*, in a lead article, reveals that Mossad teams tried to bug the home of a Hezbollah official in Britain. The Bern, Switzerland action, the *Sunday Times* reveals, was part of a broader Mossad secret operation in London, Paris, Rome, Athens, and Geneva.

May 4: Albright meets with Netanyahu and Arafat in London, but British Prime Minister Tony Blair intercedes, to help Netanyahu evade American pressure to comply with the U.S. peace plan.

May 5: President Clinton invites Arafat and Netanyahu to Washington to meet with him. Arafat accepts the offer, but Netanyahu equivocates.

May 6: First Lady Hillary Rodham Clinton, in a televised address before the Seeds of Middle East Peace youth congress in Villars, Switzerland, calls for the establishment of a Palestinian state, "in the long-term interests of the Middle East."

May 7: President Clinton speaks before the Arab American Institute, in Washington. He is the first sitting President to address an Arab-American organization.

May 11: President Clinton meets with a small group of advisers, to chart a course of further confrontation with Netanyahu, following his scheduled meeting with Secretary of State Madeleine Albright. The President meets with Arafat, and then leaves for a scheduled trip to Europe.

May 12: The Netanyahu government, for the first time, publicly admits that Jonathan Jay Pollard, the American Naval Intelligence analyst convicted in the United States for espionage, was a spy for the Israeli government.

May 13: Netanyahu arrives in the United States, 24 hours after President Clinton has left on a European summit trip. He holds public rallies in New York and Washington with the likes of Jerry Falwell, vowing to “set Washington on fire” if President Clinton tries to blame him for the collapse of the Middle East peace process. Highlighting his Washington visit, Netanyahu stages a highly publicized meeting with Speaker of the House Newt Gingrich, Sen. Jesse Helms (R-N.C.), Chairman of the Foreign Relations Committee, and other prominent anti-Clinton GOP leaders.

May 23: Newt Gingrich begins a four-day pilgrimage to the Middle East, highlighted by an address before the Israeli Knesset, in which he blames the PLO for the failures of the peace process, and explicitly attacks President Clinton for attempting to “determine Israel’s security needs.” Gingrich’s wife is a longtime lobbyist for Israel. Gingrich had planned to stage a ground-breaking ceremony at the Jerusalem site of a proposed new American embassy, but he cancels this plan at the last minute, under strong pressure from the White House, which opposes moving the embassy from Tel Aviv. Gingrich, according to the *International Herald Tribune*, “has urged Mr. Netanyahu to go even further than he deems wise or necessary in waging a frontal assault against the Clinton administration and its Middle East policy. The officials said the Israeli leader was told he would be backed to the hilt in any showdown with President Clinton and that the legislators were prepared to do everything in their power to ensure that he won such a confrontation.”

June 3: The Israeli daily *Ha’aretz* reveals that the Mellon Scaife foundations have been pouring money into the Netanyahu apparatus, through the Institute for Advanced Strategic and Political Studies (IASPS), a Washington and Jerusalem think-tank, headed by American-born Israeli Robert Loewenberg. An IASPS subsidiary employs Newt Gingrich’s wife. Gingrich was scheduled to keynote a seminar on ballistic missile defense sponsored by the institute during his May visit to Israel, but the event was cancelled when the Israeli press revealed that Loewenberg had written an article comparing former Israeli Prime Minister Shimon Peres to Rudolph Kastner, “who helped the Nazis murder Jews.” The institute provided Netanyahu with a blueprint for destroying the Oslo accords, written by former Defense Department official Richard Perle, shortly after Netanyahu came into office as Prime

Minister. *Ha’aretz* also notes that Richard Mellon Scaife funded the Paula Jones lawsuit against President Clinton, and once provided funding to Kenneth Starr.

June 11: The Netanyahu government grants Irving Moskowitz permission to build 58 new housing units on the Mount of Olives in East Jerusalem.

June 17: The Movement for the Re-Establishment of the Temple, a fanatical Temple Mount organization advocating the destruction of the Al Aqsa mosque at the Dome of the Rock and its replacement by a rebuilt Temple of Solomon, announces plans to build a new West Bank settlement to train “purified” future rabbis to officiate over the new temple. The group is heavily bankrolled by American Christian fundamentalists associated with Pat Robertson and Jerry Falwell.

June 18: The London *Times* reveals that Israel is working closely with the Taliban in Afghanistan, and has been doing so since no later than 1991. Israel “hopes that its Afghan ties will enable it to install listening devices and advanced spying equipment adjacent to the Iranian border,” the *Times* reveals.

June 22: Netanyahu announces plans to greatly expand the city limits of Jerusalem, in yet another slap in the face of the Clinton administration’s peace efforts.

June 29: Netanyahu and Finance Minister Ya’akov Ne’eman both attend a fundraising event for Ateret Cohanim Yeshiva, the most hard-line of the Temple Mount terrorist training academies, whose students have staged armed attacks against the Al Aqsa mosque on numerous occasions.

Sept. 8: The Temple Mount Faithful post a press release on their Internet web site, proclaiming, “G-d is dealing with Clinton to stop him putting pressure on Israel.” The release states, “The President of the United States, Mr. Bill Clinton, is in trouble. It is not an accident that these troubles started when he started to put pressure on Israel to give away the main parts of the land which G-d promised to Israel to the most cruel enemy of Israel, the murderer Yasser Arafat and his terror band, the PLO. . . . It is also not an accident that Monica Lewinsky is Jewish (a Levi). . . . The American people are not a regular nation in the world. This nation was formed by G-d more than 200 years ago for a clear purpose: to support Israel; to give backing to the Israeli nation against their enemies and to help the people of Israel to fulfill their Godly end-time goals and plans. Any President who tries to run away from these Godly goals will be punished by the G-d of Israel and G-d will not allow him to do it.”

Sept. 17: Around 2,000 people attend an annual conference of the Temple Mount, to hear a keynote by Temple Mount Faithful leader Gershon Soloman, in which he rails, “We will never give up the Temple Mount. The mission of the present generation is to liberate the Temple Mount, and remove the defiling abominations there. We will fly the Israeli flag over the Temple Mount, which will be minus its Dome of the Rock and its mosques.” The event is attended by Netanyahu’s Deputy Education and Culture Minister, Moshe Peled, who has already introduced “Temple Mount studies” into the official Israeli school curriculum.

Starr, Gingrich push coup d'état against Clinton

by Edward Spannaus

House Republicans, led by Newt Gingrich, and backed by Kenneth Starr and the lunatic fringe of the so-called “religious right” and the “Temple Mount” crazies, are plunging ahead on a reckless campaign to discredit President Clinton in front of the nation, at the point where U.S. Presidential leadership is demanded by the world to deal with the disintegration of the global financial system and national economies.

It is clear from the conduct of Starr, Gingrich, and Company, that their primary objective is not to further any judicial or legal proceeding against the President. Were this the concern, we would see the House of Representatives conducting itself in an entirely different manner. The making public of the raw grand jury transcripts and the videotape of the President's testimony would be close to the last step in a serious impeachment proceeding—not the first. To authorize a “garbage dump” of such pornographic “evidence” on the public—before the Judiciary Committee has even considered the issue of what, if anything, of what the President is accused of, might constitute an impeachable offense—is a dead giveaway that an entirely different agenda is operating here.

This is much more obvious to European commentators, who are, in strikingly uniform terms, describing what is going on in the United States as a “coup d'état” against the President.

But the Gingrich-Starr campaign is backfiring. The turning point was the Sept. 21 release of the President's videotaped testimony, and approximately 3,000 pages of other transcripts and grand jury materials. Two things immediately became obvious: that the President had shown a high degree of awareness of the trap that had been set for him in the Paula Jones case; and secondly, that Starr had deliberately excluded evidence favorable to the President from his report to the House.

The Paula Jones trap

As *EIR* has thoroughly documented, the Paula Jones civil lawsuit—the vehicle used by Starr to open his investigation into the President's private life—was a fraudulent action concocted by the President's enemies (and Kenneth Starr's friends). In his grand jury testimony, while Starr's lawyers devoted much of their time to questioning the President about his answers in the Paula Jones deposition taken on Jan. 17, Clinton exposed the collaboration between Starr's team and the Paula Jones's lawyers.

Clinton told Starr's deputy Robert Bittman that Paula Jones's lawyers “knew they had a bad case on the law and . . . a lousy case on the facts.” And so, the President said, “their strategy, since they were being funded by my political opponents, was to have this dragnet of discovery,” in which Jones's lawyers criss-crossed the country to find any negative information, true or not, then “get it in a deposition; and then leak it.”

Their strategy was to use illegal leaks, “so they could hurt me politically,” the President said. “They knew what our evidence was. They knew what the law was in the circuit in which we were bringing this case. And so they just thought they would take a wrecking ball to me and see if they could do some damage.”

Clinton said that Jones's lawyers had access to a lot of information they had been given by Linda Tripp, and that “they may have been trying to trick me” by the way they asked the questions. Clinton pointed out that “they'd been up all night with Linda Tripp, who had betrayed her friend, Monica Lewinsky, stabbed her in the back and given them all this information. They could have helped more. If they wanted to ask me follow-up questions, they could. They didn't.”

As the questioning persisted, Clinton became more vociferous in his denunciations of both Jones's and Starr's lawyers. Clinton said that what Jones's lawyers were doing to Lewinsky and to "all these other people, who knew nothing about sexual harassment, was outrageous, just so they could hurt me politically."

At one point, the President explained what he had done in the Jones deposition in the following terms:

"My goal in this deposition was to be truthful, but not particularly helpful. I did not wish to do the work of the Jones lawyers. I deplored what they were doing. I deplored the innocent people they were tormenting and traumatizing. I deplored their illegal leaking. I deplored the fact that they knew, once they knew our evidence, that this was a bogus lawsuit, and that because of the funding they had from my political enemies, they were putting ahead. I deplored it.

"But I was determined to walk through the mine field of this deposition without violating the law, and I believe I did."

Suppressing exculpatory evidence

Contained in the 2,800 pages of grand jury transcripts and other material released by the House Judiciary Committee on Sept. 21, was evidence that Kenneth Starr had omitted from his impeachment report to the House, which contradicted assertions made by Starr in his report.

For example, Monica Lewinsky said a number of times in her grand jury testimony that "no one ever asked me to lie, and I was never promised a job for my silence."

This statement by Lewinsky never appears in Starr's report, despite the fact that it contradicts two of the charges Starr makes against the President—charges which Starr says could amount to impeachable offenses. Starr says in the report that Lewinsky and President Clinton had an understanding that they would lie under oath about their relationship in the Paula Jones case; he also states that President Clinton obstructed justice by helping Lewinsky find a job in New York so that she would not testify truthfully.

Another public lie by Starr which was revealed in the report was the following. Editor and reporter Steven Brill, in his famous "Pressgate" article, reported that Starr's lawyers and FBI agents were planning to get Monica Lewinsky to wear a wire and to get Vernon Jordan and maybe President Clinton on tape. Starr wrote a long letter to Brill disputing many of the points in Brill's article, including denying the charges that his office wanted to wire Lewinsky. "This is false," Starr wrote. "This Office never asked Ms. Lewinsky to wire herself for a conversation with Mr. Jordan or the President. You cite no source at all; nor could you, as we had no such plans."

However, in Lewinsky's grand jury testimony, she testified: "They told me they wanted me to cooperate. I asked them what cooperating meant . . . and they told me that . . . I'd have to agree to be debriefed and that I'd have to place

calls or wear a wire to see—to call Betty [Currie] and Mr. Jordan and possibly the President."

The nefarious role of Linda Tripp in instigating much of Lewinsky's activity was also confirmed in the grand jury testimony. Lewinsky testified how Tripp had led her on, that Tripp said that "she would always protect me and she would never tell anybody and keep my secret." Lewinsky said that up until Jan. 9, 1998—which is at least three months *after* Tripp began secretly taping her telephone conversations with Lewinsky, Tripp was assuring her that she would never tell anyone about Lewinsky's relationship with the President.

It was also Tripp who told Lewinsky that she should save the infamous stained dress. Lewinsky said she wanted to get it cleaned and wear it, but "she [Tripp] told me I looked fat in the dress," and "she told me I should put it in a safe deposit box because it could be evidence one day."

And although Tripp testified that all of the 27 tapes she gave to Starr's office were original recordings, tests by the FBI laboratory have shown that nine of the tapes were not made on Tripp's tape recorder, and seven were apparently made on one other tape recorder. "If Ms. Tripp duplicated any tapes herself or knew of their duplication," Starr said in documents released yesterday, "then she has lied under oath before the grand jury and in a deposition."

Impeach Starr!

A concise but comprehensive outline of the unconstitutionality of Starr's conduct was contained in a resolution to impeach Starr on grounds of undermining the ability of the Congress, the President, and the courts to carry out their duties under the Constitution of the United States. This resolution was introduced into the House of Representatives on Sept. 18 by Rep. Alcee Hastings (D-Fla.)—the only member of the House to have been the subject of impeachment proceedings. (Hastings is a former Federal judge who was impeached by the House in 1989, and was convicted and removed from the bench by the Senate in 1991.)

Hastings said that Congress has abdicated its constitutional responsibility by allowing others to conduct the initial impeachment investigations: Starr in the Clinton case, and a panel of Federal judges in his own case. "What Congress has said is that impeachment is a messy business, it's politically risky, let's create something . . . that takes the dirty work off our hands," Hastings said.

The resolution (see *Documentation*), declares that Starr "has unconstitutionally and improperly exercised powers that were not his to exercise." It further charges that Starr "has acted in ways that were calculated to and did improperly demean a President of the United States and diminished the capacity of the President to effectively discharge the duties that the people of the United States elected him to perform."

The Hastings resolution was tabled by the House of Representatives on Sept. 24; seventy other Democrats voted with Representative Hastings to oppose tabling the resolution.

Hastings proposes to impeach Kenneth Starr

On Sept. 18, U.S. Rep. Alcee Hastings (D-Fla.) announced his intent to offer a resolution to impeach independent counsel Kenneth Starr. Here are his remarks on the floor of the House, in which he outlined the resolution.

Mr. Hastings of Florida: Mr. Speaker, most respectfully I thank you for recognizing me and permitting me to act expeditiously in a matter that I wish to bring to the attention of the House.

Mr. Speaker, pursuant to rule IX, I hereby give notice of my intention to offer a resolution as a question of the privilege of the House.

The form of my resolution is as follows, and I shall try to be as expeditious as possible:

Impeaching Kenneth W. Starr, an independent counsel of the United States appointed pursuant to 28 United States Code section 593(b), of high crimes and misdemeanors.

Resolved, that Kenneth W. Starr, an independent counsel of the United States of America, is impeached for high crimes and misdemeanors, and that the following articles of impeachment be exhibited to the Senate:

Articles of impeachment exhibited by the House of Representatives of the United States of America in the name of itself and of all the people of the United States of America, against Kenneth W. Starr, an independent counsel of the United States of America, in maintenance and support of its impeachment against him for high crimes and misdemeanors.

Article I

In his conduct of the office of independent counsel, Kenneth W. Starr has violated his oath and his statutory and constitutional duties as an officer of the United States, and has acted in ways that were calculated to and that did usurp the sole power of impeachment that the Constitution of the United States vests exclusively in the House of Representatives, and that were calculated to and did obstruct and impede the House of Representatives in the proper exercise of its sole power of impeachment. The acts by which Independent Counsel Starr violated his duties and attempted to and did usurp the sole power of impeachment and impede its proper exercise include:

(1) On Sept. 9, 1998, Independent Counsel Kenneth W. Starr transmitted two copies of a "Referral to the United States House of Representatives pursuant to Title 28, United States Code, section 595(c)." As part of that Referral, Mr. Starr submitted a 445-page report (the "Starr Report") that included an extended narration and analysis of evidence presented to a grand jury, and of other material, and that specified the grounds upon which Mr. Starr had concluded that a duly elected President of the United States should be impeached by the House of Representatives. By submitting the Starr Report, Mr. Starr usurped the sole power of impeachment and impeded the House in the proper exercise of that power in various ways, including the following:

a) In preparing the Starr Report, Mr. Starr misused the powers granted, and violated the duties assigned independent counsel under the provisions of Title 28 of the United States Code. Section 595(c) does not authorize or require independent counsel to submit a report narrating and analyzing the evidence and identifying the specific grounds on which independent counsel believes the House of Representatives should impeach the President of the United States. By submitting the Starr Report in the form he did, Mr. Starr misused his powers and preempted the proper exercise of the sole power of impeachment that the Constitution assigned to the House of Representatives. Mr. Starr thereby committed a high crime and misdemeanor against the Constitution and the people of the United States of America.

b) In his preparation and submission of the Starr Report, Mr. Starr further misused his powers and violated his duties as independent counsel, and arrogated unto himself and effectively preempted and undermined the proper exercise of power of impeachment that the Constitution allocated exclusively to the House of Representatives. Mr. Starr knew or should have known, and he acted to assure, that the House of Representatives would promptly release to the public any report that he transmitted to the House of Representatives under the authority of Section 595(c). With that knowledge, Mr. Starr prepared and transmitted a needlessly pornographic report calculated to inflame public opinion and to preclude the House of Representatives from following the procedures and observing the precedents it had established for the conduct of a bipartisan inquiry to determine whether a President of the United States had committed a high crime or misdemeanor in office meriting impeachment. Mr. Starr thereby committed a high crime and misdemeanor against the Constitution and the people of the United States.

(2) Independent Counsel Kenneth W. Starr further usurped and arrogated unto himself the powers that belong solely to the House of Representatives by using, and threatening to use the subpoena powers of a federal grand jury to compel an incumbent President of the United States to testify before a federal grand jury as part of an investigation whose primary purpose had become, and was the development of, evidence that the President had committed high crimes and

misdemeanors justifying his impeachment and removal from Office. With respect to the President of the United States, the only means by which the holder of that office may be called to account for his conduct in office, is through the exercise by the House of Representatives of the investigative powers that the constitutional assignment of the sole power of impeachment conferred upon it. Mr. Starr improperly used and manipulated the powers of the grand jury and his office to effectively impeach the President of the United States of America, and to force the House of Representatives to ratify his decision. Mr. Starr thereby committed a high crime and misdemeanor against the Constitution and the people of the United States.

In all of this, Kenneth W. Starr has acted in a manner contrary to his trust as an independent counsel of the United States, and subversive of constitutional government, to the great prejudice of the cause of law and justice, and to the manifest injury of the people of the United States.

Wherefore, Kenneth W. Starr by such conduct warrants impeachment and trial and removal from office.

Article II

In his conduct of the office of independent counsel, Kenneth W. Starr violated the oath he took to support and defend the Constitution of the United States, and his duties as an officer of the United States, and acted in ways that were calculated to, and did unconstitutionally undermine the office of the President of the United States, and obstruct, impede, and impair the ability of an incumbent President of the United States to fully and effectively discharge the duties and responsibilities of his office on behalf and for the benefit of the people of the United States of America, by whom he had been duly elected. The acts by which Mr. Starr violated his oath and his duties, and undermined the office of the President, and obstructed, impeded, and impaired the ability of the incumbent President to fully and effectively discharge the duties of that office include:

(1) Mr. Starr unlawfully and improperly disclosed and authorized disclosures of grand jury material, for the purpose of embarrassing the President of the United States and distracting him from and impairing his ability to execute the duties of the office to which the people of the United States had elected him. Mr. Starr has thereby committed high crimes and misdemeanors against the Constitution and the people of the United States.

(2) Mr. Starr engaged in a willful and persistent course of conduct that was calculated to, and did wrongfully demean, embarrass, and defame an incumbent President of the United States, and thereby undermined and impaired the President's ability to properly execute the duties of the office to which the people of the United States had elected him, including not only Mr. Starr's wrongful disclosures of grand jury material, but also other improper conduct, such as his actions and conduct calculated to suggest, without foundation, that the incumbent President had participated in preparing a so-called

“talking points” outline to improperly influence the testimony of one or more persons scheduled to be deposed in a civil action. By his willful and persistent conduct in misrepresenting as well as improperly disclosing evidence that he had gathered, Mr. Starr committed high crimes and misdemeanors against the United States and the people of the United States of America.

(3) Mr. Starr intentionally, willfully, and improperly embarrassed the people and the President of the United States, by including in the Starr Report an unnecessary and improper and extended detailed, salacious, and pornographic narrative account of the consensual sexual encounters that a grand jury witness testified she had with an incumbent President of the United States. By including that unnecessary and improper pornographic narrative, Mr. Starr intended to, and did undermine and imperil the ability of the President to conduct the foreign relations of the United States of America and otherwise to execute the duties of the office to which the people of the United States had elected him, and he knowingly and improperly embarrassed the United States as a nation. By including that narrative, knowing and intending that it would be published and disseminated, Mr. Starr committed a high crime and misdemeanor against the Constitution and the people of the United States of America. . . .

Article III

In his conduct of the office of independent counsel, Kenneth Starr violated the oath he took to support and defend the Constitution of the United States of America and the duties he had assumed as an officer of the United States, and acted in ways that were calculated to, and that did unconstitutionally arrogate unto himself powers that the Constitution of the United States assigned to the federal courts; that were calculated to and did undermine the institution of the grand jury established by the Constitution of the United States of America; and that were calculated to and did undermine and bring into disrepute the office of independent counsel and offices of all those charged with investigating and prosecuting crimes against the United States. The acts by which Mr. Starr violated his oath and his duties and by which he undermined the federal courts and the grand jury, and undermined and demeaned the office and role of all federal prosecutors, include:

(1) Mr. Starr disclosed, and authorized and approved the disclosure and misuse of, grand jury materials in violation of Rule 6(e)(2) of the Federal Rules of Criminal Procedure, and with contempt for the federal courts and for the rights of those who appear before grand juries of the United States and of those who are subjects of grand jury investigations.

(2) Throughout his investigations, Mr. Starr abused the powers of his office and condoned the abuse of those powers, to improperly intimidate and manipulate citizens of the United States who were interviewed or called to testify before a grand jury, or who were actual or potential targets of his

investigations, and to deprive them of rights guaranteed to all citizens of the United States. Mr. Starr and subordinates, for whose conduct he is responsible, further abused and misused the powers of the office of independent counsel and the powers of the grand jury, to improperly invade and needlessly intrude upon the privacy of individuals and to demean the rights guaranteed to all by the First and Fifth Amendments to the Constitution of the United States.

(3) Throughout his investigations, Mr. Starr has abused and misused, and has authorized and approved the abuse and misuse of, the powers of his office in ways that have demeaned the prosecutorial office, and that have undermined and will undermine the ability of other prosecutorial officers of the United States to discharge their duty to take care that laws of the United States be faithfully executed.

(4) In his conduct of the office of independent counsel, Mr. Starr has needlessly and unjustifiably expended and wasted funds of the United States. Over the past four years, Mr. Starr has expended more than \$40 million in a relentless pursuit of investigations and prosecutions that he knew or should have known did not merit, and could not justify such extraordinary expenditures.

By the conduct described in Article III of these Articles of Impeachment, Kenneth W. Starr committed high crimes

and misdemeanors against the Constitution and the people of the United States.

In all of this, Kenneth Starr has acted in a manner contrary to his trust as an independent counsel of the United States, and subversive of constitutional government, to the great prejudice of the cause of law and justice and to the manifest injury of the people of the United States.

Wherefore Kenneth W. Starr, by such conduct, warrants impeachment and trial and removal from office.

Article IV

By his conduct as an officer of the United States of America, including the conduct described in Articles I through III of these Articles of Impeachment, Kenneth W. Starr has violated the oath he took to uphold and defend the Constitution of the United States of America. He has acted, and persisted in acting in ways that were calculated to and did embarrass the United States and the people of the United States before the international community, and that were calculated to and did undermine the ability of the Legislative Branch, the Executive Branch, and the Judicial Branch to effectively exercise the powers and discharge the duties assigned to each by the Constitution of the United States of America. He has unconstitutionally and improperly exercised powers that were not his to exercise, and has acted in ways that were calculated to and did improperly demean a President of the United States, and diminished the capacity of the President to effectively discharge the duties that the people of the United States elected him to perform. He has unconstitutionally and improperly exercised his powers and has acted in ways that were calculated to and did demean the House of Representatives, and that have effectively deprived the House of Representatives of its right to exercise its sole power of impeachment in a deliberate and bipartisan manner that was consistent with the procedures and precedents it had established in prior proceedings and inquiries to determine whether the President of the United States should be impeached. He has unlawfully and improperly exercised his powers in ways that demeaned the institution of the federal grand jury, that demonstrated contempt of the courts of the United States and the rules that govern their proceedings, and that demeaned the office of independent counsel and offices of all those charged with responsibility for seeing that the laws of the United States are faithfully executed. By his conduct as an independent counsel, Kenneth W. Starr has committed high crimes and misdemeanors against the Constitution and the people of the United States.

In all of this, Kenneth W. Starr has acted in a manner contrary to his trust as an independent counsel of the United States, and subversive of constitutional government, to the great prejudice of the cause of law and justice, and to the manifest injury of the people of the United States.

Wherefore Kenneth W. Starr, by such conduct, warrants impeachment and trial, and removal from office.

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The farm crisis: 'It's the system, stupid'

by Carl Osgood and Marcia Merry Baker

As of mid-September, Congressional debate on the U.S. farm crisis and relief proposals, is occurring on almost a daily basis, although there has been no definitive action taken so far. On Sept. 19, in Worthington, Minnesota, a tri-state emergency conference on the farm crisis, attended by 500 people, was addressed by U.S. Senators from Iowa, North Dakota, and Minnesota.

What is prompting all the commotion, is that the disintegration of the world financial system is crashing down on trade, production, and consumption of real commodities, including food and fiber. The U.S. farm sector is facing mass shutdown in many states. Sen. Tom Harkin (D-Iowa) said that the message he got from a trip back home is, "I was told if we don't do something now, next spring might be too late."

What has happened has been a blow-out of the "markets" themselves — which, in the ideology of the 1996 "Freedom to Farm" Act, were supposed to be the all-powerful mechanisms which set the price for commodities produced by farmers. But with the global financial system in breakdown, markets, too, are shutting down. Food need is there, but no one can buy. Commodities prices have dropped through the floor. At the same time, hunger and suffering are spreading in Russia and other parts of the world. What is required are national interventions to back output and trade in essentials, and to quickly muster humanitarian relief.

Some of the farm state Senate Democrats have drawn out the relevant points and connections. Byron Dorgan (D-N.D.) said in a mid-September Senate floor speech that it is wrong to see farmers arriving with loads of wheat, to sell to grain elevators in his state, and then being told that their crop is worthless, when people are starving in Sudan. Dorgan asked, "Is there a disconnection here? I think so. . . . Those who need [food] can't get it and those who produce it are told it has no value."

Earlier in September, Max Baucus (D-Mont.) castigated fellow Congressmen who are blocking farm relief measures. He said that they must stop "worshipping at the altar of the free market."

Wheat exports out of the Port of Seattle to Pacific destinations is *down 50%* this summer, compared to last year. Wheat is sitting on the ground at the elevator collection points along the Columbia and Snake rivers, because it is not being shipped, and there is nowhere to put it. Yet, there is a desperate need for food in Russia, East Asia, Africa, Mexico, and elsewhere.

Wheat: In mid-September, the price of Kansas wheat was \$2.15 per bushel; last year it was \$3.20. A parity price (a fair return price) would be at least \$8.98.

Corn: Recently, the price of Kansas corn was \$1.56 per bushel; last year it was \$2.28. A parity price would be at least \$5.97 per bushel.

Soybeans: Recently, the price of Kansas soybeans was \$4.80 per bushel; last year it was \$5.85. A parity price would be at least \$12.90 per bushel.

Tri-state farm crisis meeting

On Sept. 19, Dorgan and fellow Senators from Dakotas, Minnesota, and Iowa, spoke of these impossible low prices at the emergency farm-crisis meeting in Worthington. But, the answer for what is to be done, was provided by another speaker, Minnesota farmer and Schiller Institute leader Andy Olson, who said, "Lyndon LaRouche's New Bretton Woods is the only solution on the table today." This point was seconded during the question period by Ron Wieczorek, a South Dakota political leader (he polled 22% in his primary race for Congress in June) who is now a candidate for Governor. He said that the Senators' first mistake was to call the meeting "Farm Crisis"; it should have been "Global Financial Crisis." "There is a three-word solution. It is called the New Bretton Woods," he said.

The opposite way of thinking, namely, cult-like faith in the nonexistent "markets," was provided in testimony to Senate Democrats on Sept. 14 by Prof. Neil Harl, of Iowa State University, who said that the only solution is to "let the market adjust supply," by squeezing large amounts of farmland out of intensive production. Almost chanting, he said that low prices are the result of "oversupply."

So far, farm aid measures from Congress are still pending. On Sept. 14, Senate Democrats introduced an amendment to the Interior Department appropriations bill, to provide additional assistance to farmers; the next day, Republicans succeeded in tabling the Democratic amendment by a vote of 53-41.

The Democratic amendment had four main elements: to remove the cap on farm loan rates (set by the 1996 farm law); to provide indemnity compensation to farmers hit by heavy losses from weather and pest disasters (in July, Republicans agreed to \$500 million, much less than needed given the scope of the crisis, and this has now been approved by the House); to authorize the Agriculture Department to make storage payments on wheat and feedgrains; and, to require livestock price reporting (by processing companies) and labelling of imported beef.

Sticking to ideology, Richard Lugar (R-Ind.), Senate Agriculture Committee chairman, is ignoring the world financial crisis, and defending the (nonexistent) markets. He opposes raising farm loan rates, as advocated by Democrats, saying that it "inevitably stimulates more production than the market can absorb."

Anti-labor bill blocked by Senate Democrats

On Sept. 14, Senate Democrats blocked an attempt by the Republican leadership to bring up the so-called "Truth in Employment Act," a bill denounced by AFL-CIO President John Sweeney as "a blatant attempt to erode workers' rights to organize and bargain collectively for a better standard of living and a better future for their children." A cloture motion to end debate and proceed to the bill failed by a vote of 52-42, eight votes short of the required 60.

Tim Hutchinson (R-Ark.), the sponsor of the bill, said that it inserts a provision into the National Labor Relations Act "establishing that an employer is not required to hire a person seeking employment for the primary purpose of furthering the objectives of an organization other than that of the employer." He said that that provision is targeted at the union practice of "salting," where a union organizer gets a job in a non-union shop for the purpose of organizing its employees.

Hutchinson said that "salting" is used by unions to destroy non-union firms through harassment, workplace disruptions, and legal assault, if an employer refuses to hire a "salt," and if he does hire him, tries to fire him for disrupting the workplace. He claimed that the bill is not anti-labor and, in fact, still protects the rights of employee self-organization and collective bargaining.

Edward M. Kennedy (D-Mass.) called the bill "the latest in a long series of Republican anti-labor, anti-union, anti-worker initiatives." The broad language of the bill "undermines the rights of workers to organize to improve their jobs and also infringes on a wide array of other legitimate activities that are important to all Americans," he said. Further, it "legitimizes

discrimination of the most offensive type," because it encourages employers to refuse to hire anyone they believe "might push an agenda in the workplace the employer doesn't like." He said that, under current law, employers are not powerless in the face of abuses, as Republicans claim.

Obey slams GOP for shutdown threat

On Sept. 18, the House and the Senate both passed, without any dissenting votes, a continuing resolution that will keep the government funded until Oct. 9, if Congress does not finish work on the 13 appropriations bills by Sept. 30. President Clinton has indicated he will sign the resolution. House Appropriations Committee Chairman Bob Livingston (R-La.) told the House, "It is likely that all 13 of the regular appropriations bills will, unfortunately, not be enacted by the end of the fiscal year on Oct. 1."

The ranking minority member on the Appropriations Committee, David Obey (D-Wisc.), attributed the delay to a confrontationalist attitude on the part of Republicans. Last year, there was considerable bipartisan cooperation to get the appropriations process finished, but "this year, we have had much more of a mindset of confrontation on at least half of the appropriations bills" that the House has considered, he said. Obey described the roadblocks that have been blocking passage, including a Labor-Health and Human Services bill "so extreme," that even the Senate won't touch it, and an Agriculture Appropriations bill in which the Republicans are failing to deal with the farm crisis.

"I would say," Obey said, that "it appears to me that this Congress has

done an extensive job of investigating but a pitiful job of legislating when it comes to meeting the primary responsibility this Congress has this year." He implicitly accused the GOP leadership of planning to send a catch-all omnibus spending bill "on a take it or leave it basis." He said he hoped this wasn't true, because "we do not need a situation to be developed where the Congress tries to take advantage of what the majority party may see as the perceived weakening of the President's position and use that to try to ram at him and stick in his ear a whole range of outrageous propositions that they know he is certainly not willing to accept, as we are not willing to accept."

Drug control bills clear House

On Sept. 16, the House passed two bills aimed at controlling drugs, one focussing on overseas eradication and interdiction, and the other at domestic demand reduction.

The first, the Western Hemisphere Drug Elimination Act, was described by Dennis Hastert (R-Ill.) as "the blueprint for reasserting U.S. dominance over drug traffickers and permanently shutting down the international drug-trafficking cartels." The bill provides additional resources for maritime and airborne surveillance by the Coast Guard and the Customs Service, and for six Blackhawk helicopters and the upgrading of 50 Huey helicopters for the Colombian National Police.

The second, the Drug Demand Reduction Act, provides, as described by Rob Portman (R-Ohio), for new initiatives to keep drugs out of schools and workplaces, and requires the Director of the Office of National Drug Control

Policy to "further streamline the Federal anti-drug bureaucracy, which is currently spread over 54 different agencies and departments."

Both bills passed with large bipartisan majorities, but there were aspects that drew criticism. Robert Menendez (D-N.J.) complained that the Republicans bypassed the committee process by bringing both bills to the floor only days after they were introduced. Also, he said, "the open attacks on the administration in the findings section are . . . intentionally incendiary and unhelpful." He expressed concern about where the \$2.3 billion authorized by the drug interdiction measure would come from. "We cannot bankrupt those domestic programs geared toward reducing drug demand at the same time that we seek to do interdiction," he said.

Social Security subject of renewed battle

The House Ways and Means Committee marked up two bills on Sept. 17, to implement what committee chairman Bill Archer (R-Tex.) calls his "90-10" plan: 90% of the ten-year projected \$1.6 trillion budget surplus is to be used to bolster the Social Security trust fund, and the other 10% is to pay for about \$80 billion in tax cuts over the next five years.

The two bills implement the marching orders given to the House GOP leadership by the so-called Congressional Advisory Board, only a week earlier. The board, made up of former Reagan and Bush administration officials, demanded a 10% tax cut this year, and much deeper cuts next year. In a press conference the day before the markup, Archer ideologically argued, "The only way to prevent the politicians from spending money is to

take it away from them before they have a chance to waste it." The plan includes increasing the non-taxable amounts of savings, and eliminating the so-called marriage penalty and health insurance deduction for small businesses and farmers.

The ranking minority member on the committee, Charles Rangel (D-N.Y.), issued a statement before Archer's press conference had even ended, slamming the plan because it takes tax proposals that the Democrats support, and have already proposed, "in such a way that they pay for them by violating the Social Security trust fund." Rangel charged that the Republican attack has so weakened Social Security's finances already, that "by introducing a tax bill paid for by taking money away from Social Security, they are pitting old against young and sowing conflict between generations."

In the Senate, the day before Archer unveiled his plan, Kennedy called the House GOP plan an "Election Eve vote-buying scheme," and told the Senate that the projected surplus in the budget comes entirely from the Social Security trust fund, and that those funds are required to pay future obligations.

While the House is expected to pass the bill on Sept. 24 or 25, it faces an uncertain future in the Senate and a veto threat from President Clinton.

House passes Foreign Ops Appropriations bill

The House passed the Foreign Operations Appropriations bill on Sept. 17, with only \$3.5 billion for the International Monetary Fund (IMF) and no money for implementing the 1994 framework agreement with North Korea, both of which were major sources

of bickering during floor debate on the bill. Also a subject of debate was U.S. aid policy toward Azerbaijan, given the great oil wealth of the Caspian Sea region. The bill, as reported, lifted U.S. aid sanctions against Azerbaijan, but that provision was removed from the bill by an amendment, on the grounds that Azerbaijan is continuing its economic blockade against Armenia.

The bill attaches conditions to any U.S. money provided to the IMF, including that any country receiving IMF funds must liberalize its trade consistent with international trade treaties, eliminate the practice of government-directed lending, and guarantee nondiscriminatory treatment in insolvency proceedings between domestic and foreign creditors.

Democrats, whether or not they supported additional IMF money, complained that they were not being given an opportunity to debate the IMF funding level or how it operates, because the Rules Committee rejected all 12 amendments to the bill dealing with the IMF that were put before it. Nancy Pelosi (D-Calif.) said, "It is an insult to the American people that this body cannot have a debate on a subject of grave concern, that is the economic stability of the world." Pelosi warned that "it is really unfair to the members," to consider putting in an additional \$14.5 billion for the IMF into the bill in conference, as the GOP leadership is reportedly considering doing.

Democrats also defended the framework agreement with North Korea. Pelosi said that the agreement "provides the only basis for U.S. access to troublesome sites in Korea. Ending the program eliminates any possibility of ending North Korea's nuclear ballistic missile programs and may, in fact, jeopardize the security of U.S. troops in the region."

National News

Virginia Dems back off from attack on Clinton

The efforts by the Virginia wing of the New Democrats State Steering Committee to pass a resolution condemning President Clinton failed on Sept. 18. After an hour-long debate, the 26 Steering Committee members decided against issuing any statement, and simply authorized party chair Ken Plum to speak on their behalf. The resolution, rewritten to state “disapproval” rather than “condemnation,” was presented by vice-chairman for organization Susan McCleary, a close ally of anti-LaRouche activist, party state treasurer Abbi Easter. The resolution had been considerably toned down from initial versions, and even included a paragraph attacking Starr.

Democratic National Committee member Mame Reilly slammed the idea of a resolution as “unnecessary and inappropriate.” “This is a time to stand by the President, she said. “I’ve seen people on Capitol Hill run like cockroaches when you turn on the light, scurrying to get away from Clinton.” (Ironically, Reilly is the campaign manager for Northern Virginia’s U.S. Rep. Jim Moran, who was among the first “deviant Democrats” to attack the President.)

On Sept. 19, the Steering Committee also postponed considering a motion to reverse the Loudoun County party’s expulsion of LaRouche Democrats.

Sweeney: We face severe economic global crisis

AFL-CIO President John Sweeney warned the heads of state and government, at the Sept. 21 “Third Way” conference at New York University, that the economic crisis is global and severe, and called for “immediate action” and “new institutions” to deal with it. Sweeney’s remarks echoed President Clinton’s address to the New York Council on Foreign the previous week (see *EIR*, Sept. 25).

In order to address this “severe global crisis” for which “working people all across the world are paying the cost,” he said, “we

need a fundamental rethinking, new ideas and new institutions to create a global economy that works for working people. . . .

“I. We gather in the midst of a global crisis. . . . President Clinton called this the ‘greatest financial challenge facing the world in a half-century.’ But make no mistake. The real economy is taking the hit. Entire economies have been leveled. . . .

“We will either have a new internationalism—or we will see a raging reaction. A new internationalism would limit speculation and stimulate real investment; lift standards up across the world, rather than compete by bringing them down. . . ; find ways to write down the bad debts of the past to open the way to growth in the future.

“We need new international institutions that promote growth and equity among rich and poor nations, not simply serve as collection agencies for creditors and life rafts for drowning bankers,” he said. His remarks echoed Clinton’s comparison to the challenge of rebuilding the world economy after World War II.

LaRouche Dem Eret holds Nebraska meeting

Don Eret, a farmer, former State Senator, now the Democratic candidate for Congress in Nebraska’s 1st C.D., held an emergency town meeting in Lincoln on Sept. 19. The meeting was one of at least 100 that the LaRouche movement has planned, to mobilize Americans around the urgency for President Clinton to convoke a New Bretton Woods monetary conference. This clearly requires Clinton to be defended against the effort to overthrow him, and for him to exonerate Lyndon LaRouche.

The meeting was called on short notice as a follow-up to an ad Eret had placed in the *Lincoln Journal Star* on Sept. 11. The ad responded to the effort of several state legislators on Sept. 6 to adopt the resolution, “Americans to Save the Presidency.” Each person at the meeting received copies of that resolution, along with two pamphlets—“What We Must Do To Stop Financial Disaster” and “The Assault on the President”—to circulate.

Eret said, “We are all called upon to make a crucial decision: A vote for me—

a vote for a Democrat who is not a ‘New Democrat,’ is a vote against the impeachment of our President.”

Ann Boyle, chair of the Nebraska Democratic Party (who volunteered to speak to the meeting after seeing Eret’s ad), remarked that as a delegate at the 1996 Democratic Convention, she had voted, not for favorite son Sen. Bob Kerrey, but for President Clinton.

Boyle said, “All the time we [Democrats] worked for education, Social Security, Medicare, and Medicaid. We all remember the Republicans fight against these programs. . . . A Republican Congress that wanted to cut the National Endowment for the Arts because of pornography, now wants to shove pornography in every American’s face.”

Former Gov. Frank Morrison closed the meeting. “I’m here for one reason,” he declared. “I’m here because I love my country. I shudder to see our Congressmen convert our nation into the world’s biggest peddler of pornography. They say they want to punish our President—well, they’re punishing our great nation. . . . This is a great tragedy for all of us—but there should be thousands of people here to organize a moral crusade to rescue America. It is our great opportunity in history to mobilize all that is best in this great country.”

Kennedy, Daschle push patients’ bill of rights

On Sept. 16, Democratic Senators Edward Kennedy (Mass.) and Minority Leader Tom Daschle (S.D.) called on Americans to press Congress to pass S. 1890, which protects children enrolled in so-called health maintenance organizations (HMOs). The legislation is based on Clinton’s Patients’ Bill of Rights. This bill gives families, for the first time, the right to sue HMOs for wrongful denial of care.

According to Kennedy, S. 1890 guarantees that children with chronic conditions or disabilities can see the pediatric specialists they need as their primary doctor, without referrals. Also, under this law, managed-care plans would have to allow families to go outside the HMO without extra cost, if the insurer cannot provide the appropriate

specialist care. Kennedy gave the example of his son Teddy, who contracted bone cancer at the age of 12, and is alive today because he received experimental treatment, after his leg was amputated. S. 1890 requires HMOs to allow sick children to enroll in medical trials, and requires the HMOs to pay for the basic costs of treatment.

Majority Leader Trent Lott (Miss.) used a parliamentary maneuver on Sept. 16 to cut off floor debate and prevent a vote. President Clinton commented on the Republican stonewalling, before a meeting of the International Brotherhood of Electrical Workers. "The Senate—they don't want to be recorded on this. They want death by stealth," he said.

White House given false evidence on Sudan

An exposé in the *New York Times* on Sept. 21 implicates Secretary of State Madeleine Albright and Assistant Secretary of State for African Affairs Susan Rice as heading the drive to isolate Sudan, leading to intelligence failures culminating in the Aug. 20 U.S. bombing of the Al-Shifa pharmaceutical plant in Khartoum.

The article says that the decision to bomb both the Sudan and Afghanistan targets on Aug. 20 was made by a very close-knit group of the President's top advisers. However, because the United States had shut down its Khartoum embassy, its on-the-ground intelligence capability was significantly reduced. The targeting of the Al-Shifa plant was based on "insinuos" regarding Sudan's alleged relationship with Osama Bin Laden. "In January 1996," wrote the *Times*, "the CIA formally withdrew more than 100 of its intelligence reports on the Sudan after concluding that their source was a fabricator. The reports, many of which dealt with terrorist threats against Americans in the Sudan, were withdrawn within weeks of [that is, after] decisions to pull American diplomats and spies out of the Sudan because of the dangerous political conditions there."

However, even though the CIA reports were withdrawn as false, the U.S. Embassy remained closed, apparently thanks to Albright and Rice. Those who want to "isolate Sudan," says the *Times*, have the upper hand

in the Clinton administration. It reports that Rice said in an interview that "she had become convinced that talking to the Sudanese was increasingly fruitless."

In fact, until September 1998, Rice had never deigned to speak with the Sudanese ambassador to Washington, in her current post or during her earlier tenure as National Security Council adviser on Africa.

The *Times* ends its article by noting that Sudan had this year offered full cooperation with the FBI to fight terrorism, but the offer was declined; Sudan had also written Clinton a personal letter offering full access for U.S. law enforcement agents etc., but the letter was never answered.

California has dubious case vs. Susan McDougal

Salon Magazine on Sept. 18, raises serious questions about the California embezzlement case against Susan McDougal, a friend and former partner of the Clintons in Arkansas. McDougal, who was convicted in the Whitewater case, also suffered 18 months "contempt" imprisonment for refusing to say what Kenneth Starr demanded of her against President Clinton.

In California, McDougal worked as personal assistant and bookkeeper for Nancy Mehta, wife of orchestra conductor Zubin Mehta. McDougal is accused of stealing \$150,000 from Mrs. Mehta. *Salon* asks, "Did California prosecutors trump up the embezzlement charges to squeeze McDougal, just as many people believe Starr concocted the Whitewater case, based on possibly perjured evidence from a corrupt judge [David Hale], to get at the President?"

McDougal was Mrs. Mehta's confidante. Her defense lawyers claim she helped Mrs. Mehta in a scheme to spend all the Mehta family money so Zubin Mehta couldn't spend it on his illegitimate children, but that Mrs. Mehta became angry with her and filed false charges against her because McDougal left her employ and friendship, in order to extricate herself from the Mehta family mess.

Susan McDougal says Kenneth Starr offered her "global immunity" from the California charges if she would help Starr get Clinton.

A MINIMUM WAGE increase, sponsored by Sen. Edward Kennedy (D-Mass.), was defeated by Senate Republicans on Sept. 22. The increase was offered as amendment to the bankruptcy reform bill, to bring the minimum wage to \$6.15 by the year 2000. The GOP's Don Nickles (Okla.) ridiculed the idea of making it illegal to work for lower pay.

A FEDERAL JURY ordered the owners of a former nuclear fuel processing company near Pittsburgh, to pay \$36.5 million in damages to local residents who claim that radiation releases caused high numbers of cancers, on Sept. 17. In fact, there is no indication that the types of cancers are those related to radiation exposure, or even that the area's cancer rates are out of the ordinary.

ANTI-NUCLEAR mobs, led by "Standing for Truth About Radiation," have planned a Sept. 26-27 symposium at the New York Academy of Medicine, with the aim to scare people away from everything nuclear—from mammograms to irradiated food—and to counter the clear and growing evidence that low-level radiation has beneficial health effects.

GEOFFREY FIEGER, Jack Kevoorkian's attorney, and Democratic candidate for Michigan governor, received the endorsement of the General Board of the UAW Michigan Community Action Program, despite the fact that during the Flint UAW strike, workers tried to oust this "devil's advocate" from their picket lines.

KENNETH STARR told a 1987 broadcast of "60 Minutes," according to an Internet report, that "public media should not contain explicit or implied descriptions of sex acts. Our society should be purged of the perverts who provide the media with pornographic material while pretending it has some redeeming social value under the public's right to know." At the time, Starr was a Federal judge. Follow-up calls to "60 Minutes" resulted in a vigorous denial that Starr appeared on the show in 1987.

The Roosevelt reflex

The outrageous intervention by the Federal Reserve to bail out the bankrupt Long Term Credit Management hedge fund should bring to mind everything which Lyndon LaRouche has been saying for the past four years about how to deal with the systemic crisis: What is required is the decisive assertion of government power in the manner of Franklin Delano Roosevelt—protect the people, not the banks.

What is clear is that the private bankers, on the international and national level, are unable and unwilling to deal with the crises they have created. They are determined to print money like mad to bail out the speculators who have been destroying nations without limit. What is required is the exercise of the power of *government* in order to do what governments are supposed to do—care for the general welfare, curb the powerful cartels, provide for our posterity.

President Franklin D. Roosevelt is the towering example of that kind of responsible, energetic action under conditions of crisis, within this century. LaRouche has been discussing the FDR model since 1995—starting with the anti-imperialist alliance the wartime President forged with the Soviet Union and China, and moving on to the decisive approach which he took toward the banking and financial crisis within the United States. LaRouche has been urging world leaders to read FDR's first inaugural address, and to study his plans for post-war reconstruction and the infrastructure he actually built in the United States, in order to understand how to approach this time of crisis.

Now we are beginning to see what might be called a "Roosevelt reflex" coming from the three nations which formed that anti-imperialist alliance, and which today must come together to form the core of the New Bretton Woods system.

The first to discuss the Roosevelt model publicly was the government of the People's Republic of China.

The discussion of a "New Deal" in the Roosevelt tradition emerged in the official Chinese press in March 1998. *Outlook*, one of China's most important magazines, wrote on March 13 that "China's reforms and

development need a Chinese-style New Deal."

On March 22, *China Daily* reported that Prime Minister "Zhu Rongji, the man who stemmed China's inflation without stifling growth, is poised to launch the Chinese version of Roosevelt's New Deal this year. . . . Zhu has made it clear that massive investment will be channeled into infrastructure, echoing Roosevelt's bid to revive the American economy in the 1930s."

Less elaborated, but clearly in the same direction, are statements that have been made by Russia's Yevgeni Primakov, starting in June when he was Foreign Minister. Primakov told the Royal Institute for International Affairs in London on June 25: "There is no question of returning to the past, but we can learn from the United States. During the process of recovery from the Great Depression, Roosevelt took some state measures, tax measures that benefitted the development of industry. These are areas on which we plan to focus."

As Prime Minister, Primakov has made appointments of economic advisers, and they too have cited the Roosevelt model of directing credit to industry.

The most critical player, however, who needs to understand the Roosevelt model, is President Bill Clinton. Reflections of how well he understands the need for the Roosevelt model have been very slow coming, but at the conclusion of the President's CFR speech on Sept. 14, there came an important hint. Having emphasized that "this is the biggest financial challenge facing the world in a half-century," the President said at the close: "The World War II generation did it for us 50 years ago. Now it is time for us to rise to our responsibility as America has been called upon to do so often, so many times in the past. We can, if we do that, redeem the promise of the global economy and strengthen our own nation for a new century."

One additional point is clear. For President Clinton, or any other world leader, to successfully apply the Roosevelt model today, he or she must follow the leadership of leading economist and statesman Lyndon LaRouche. The opportunity for doing so, before disaster strikes, is ripe—but the time is short.

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CONNECTICUT

- BRANFORD—TCI Ch. 21
Thursdays—9:30 p.m.
Fridays—9 a.m.
- MIDDLETOWN—Ch. 3
Wednesdays—10 p.m.
- NEWTOWN/NEW MILFORD
Charter Ch. 21
Thursdays—9:30 p.m.

DISTRICT OF COLUMBIA

- WASHINGTON—DCTV Ch. 25
Sundays—2 p.m.

ILLINOIS

- CHICAGO—CAN Ch. 21*
- SPRINGFIELD
Wednesdays—5:30 p.m.

IOWA

- DES MOINES—TCI Ch. 15
1st Wednesdays—8:30 p.m.
Following Sat.—3 p.m.
- WATERLOO—TCI Ch. 15
Mondays—11 a.m.

KANSAS

- SALINA—CATV Ch. 6*

KENTUCKY

- LOUISVILLE
Intermedia—Ch. 25; Fri.—2 p.m.

LOUISIANA

- NEW ORLEANS—Cox Ch. 8
Mon.—1 a.m.; Wed.—7 a.m.
Thu.—11 p.m.; 12 Midnite
Sun.—4 a.m.
- WEST MONROE—Ch. 38
Tuesdays—6:30 a.m.

MARYLAND

- ANNE ARUNDEL—Ch. 20
Fri. & Sat.—11 p.m.
- BALTIMORE—BCAC Ch. 5
Wednesdays—4 p.m. & 8 p.m.
- MONTGOMERY—MCTV Ch. 49
Fridays—7 p.m.
- P.G. COUNTY—Ch. 15
Mondays—10:30 p.m.
- W. HOWARD COUNTY—Ch. 6
Monday thru Sunday—
1:30 a.m., 11:30 a.m.,
4 p.m., 8:30 p.m.

MASSACHUSETTS

- BOSTON—BNN Ch. 3
Saturdays—12 Noon

MINNESOTA

- DULUTH—PACT Ch. 24
Thu.—10 p.m.; Sat.—12 Noon
- MINNEAPOLIS—MTN Ch. 32
Wednesdays—8:30 p.m.
- MINNEAPOLIS (NW Suburbs)
NW Community TV Ch. 36
Mondays—7 p.m.
Tues.—1 & 7 a.m.; 1 p.m.
- ST. LOUIS PARK—Ch. 33
Friday through Monday
3 p.m., 11 p.m., 7 a.m.
- ST. PAUL—Ch. 33
Sundays—10 p.m.
- ST. PAUL (NE Suburbs)*
Suburban Community Ch. 15

MISSOURI

- ST. LOUIS—Ch. 22
Wednesdays—5 p.m.

NEVADA

- RENO/SPARKS
Conti. Ch. 30; TCI Ch. 16
Wednesdays—5 p.m.

NEW YORK

- BROOKHAVEN (E. Suffolk)
Cablevision Ch. 1/99
Wednesdays—9:30 p.m.
- BROOKLYN—BCAT
Time/Warner Ch. 35
Cablevision Ch. 68; Sun.—9 a.m.
- BUFFALO—BCTV Ch. 68
Saturdays—12 Noon
- HUDSON VALLEY—Ch. 6
2nd Sun. monthly—1:30 p.m.
- ILION—T/W Ch. 10
Saturdays—12:30 p.m.
- IRONDEQUOIT—Ch. 15
Mon. & Thurs.—7 p.m.
- ITHACA—Pegasy Ch. 57
Mon.—8 pm; Thu.—9:30 pm
Saturdays—4 p.m.
- JOHNSTOWN—Ch. 7
Tuesdays—4 p.m.
- MANHATTAN—MNN Ch. 34*
- MONTVALE/MAHWAH—Ch. 14
Wednesdays—5:30 p.m.
- NASSAU—Ch. 80; Wed.—7 p.m.
- OSSINING—Ch. 19-S
Wednesdays—3 p.m.
- POUGHKEEPSIE—Ch. 28
1st & 2nd Fridays—4 p.m.
- QUEENS—QPTV Ch. 57
Wednesdays—3 p.m.
- RIVERHEAD
Peconic Bay TV Ch. 27
Thursdays—12 Midnight
- ROCHESTER—GRC Ch. 15
Fri.—11 p.m.; Sun.—11 a.m.
- ROCKLAND—PA Ch. 27
Wednesdays—5:30 p.m.
- SCHENECTADY—SACC Ch. 16
Tuesdays—10 p.m.
- STATEN ISL—CTV Ch. 24
Wed.—11 p.m.; Sat.—8 a.m.
- SUFFOLK, L.I.—Ch. 25
2nd & 4th Mondays—10 p.m.
- SYRACUSE—T/W Ch. 3
Fridays—4 p.m.
- SYRACUSE (Suburbs)
Time/Warner Ch. 12
Saturdays—9 p.m.
- UTICA—Harron Ch. 3
Thursdays—6 p.m.
- WEBSTER—WCA-TV Ch. 12
Wednesdays—8:30 p.m.
- WEST SENECA
Adelphia Cable Ch. 68
Thursdays—10:30 p.m.
- YONKERS—Ch. 37
Saturdays—3:30 p.m.
- YORKTOWN—Ch. 34
Thursdays—3 p.m.

OHIO

- OBERLIN
Cable Co-op Ch. 9; Tue.—7 p.m.

OREGON

- CORVALLIS/ALBANY
Public Access Ch. 99
Tuesdays—1 p.m.
- PORTLAND—Access
Tuesdays—6 p.m. (Ch. 27)
Thursdays—3 p.m. (Ch. 33)

TEXAS

- AUSTIN—ACT Ch. 10/11*
- EL PASO—Paragon Ch. 15
Wednesdays—5 p.m.
- HOUSTON—Access Houston
Sat., Oct. 3: 8-9 a.m.
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Thu., Oct. 15: 4-6 p.m.
Sat., Oct. 17: 10-11 a.m.

UTAH

- GLENWOOD, Etc.—SCAT-TV
Channels 26, 29, 37, 38, 98
Mon.-Fri.—various times

VIRGINIA

- ARLINGTON COUNTY
ACT Ch. 33
Sun.—1 pm; Mon.—6:30 pm
Wednesdays—12 Noon
- CHESTERFIELD COUNTY
Comcast Ch. 6; Tue.—5 p.m.
- FAIRFAX COUNTY
FCAC Ch. 10
Tuesdays—12 Noon
Thu.—7 p.m.; Sat.—10 a.m.
- LOUDOUN COUNTY
Cablevision 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.
- ROANOKE COUNTY—Cox Ch. 9
Thursdays—2 p.m.

WASHINGTON

- KING COUNTY—Ch. 29
Mondays—9:30 a.m.
- SPOKANE—Cox Ch. 25
Wednesdays—6 p.m.
- TRI-CITIES—TCI Ch. 13
Mon.—12 Noon; Weds.—6 pm
Thursdays—8:30 pm

WISCONSIN

- KENOSHA—T/W Ch. 21
Mondays—1:30 p.m.
- OSHKOSH—Ch. 10; Fri.—11 p.m.
- WAUSAU—Marcus Ch. 10
Fri.—10 p.m.; Sat.—5:30 p.m.

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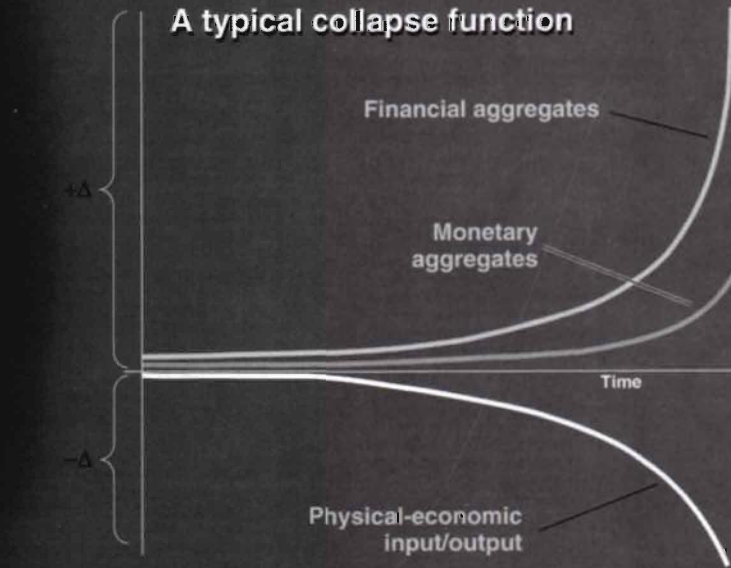
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