

# EIR

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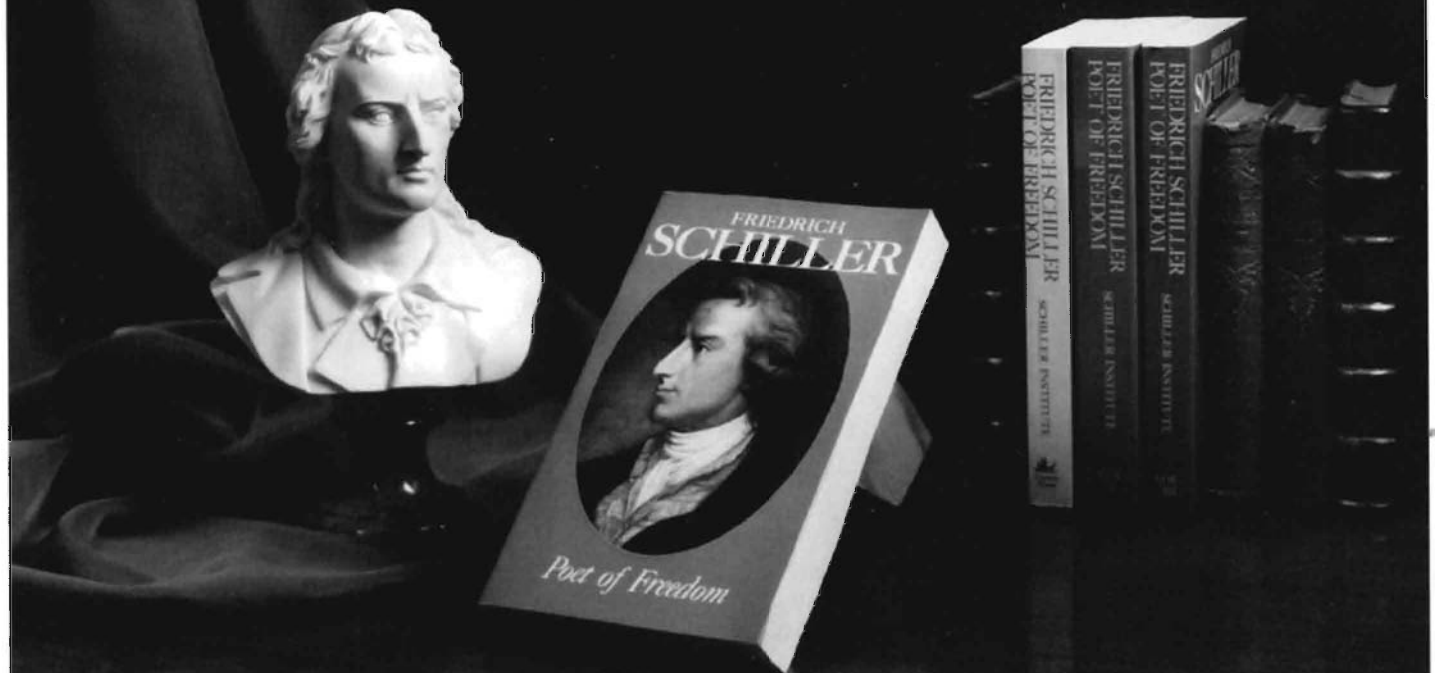
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## From the Associate Editor

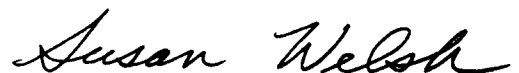
Ideas, the creations of the individual human mind, are truly the motive force of history. That was the subject of an exciting conference of the Schiller Institute, held Nov. 21-22 in Bad Schwalbach, Germany, from which we bring you first reports in this issue.

Our cover story is the keynote speech by Helga Zepp-LaRouche, on Friedrich Schiller and Germany's Liberation Wars against Napoleon. This is the first of several conference presentations that *EIR* will be publishing.

The war we face today, she said, against globalization and oligarchism, is not so different from that faced by the opponents of Napoleon in the early years of the last century. She presented the startling idea that it was Friedrich Schiller (1739-1803), Germany's Poet of Freedom, who "reached out of his grave" to defeat Napoleon's conquest of Europe. How? Through the power of his ideas, transmitted to the Prussian reformers, including his friend Ludwig von Wolzogen, author of a memorandum "On Napoleon and a Way to Conduct War Against Him," which was presented to Tsar Alexander and his court. The lesson to be learned from the war against Napoleon, she stressed, is the decisive role of the *subjective factor* in history.

Today, we see striking examples of such statesmanship, both in the Schiller Institute's latest visit to China, on the Eurasian Land-Bridge (see *National Economy*), and in the intervention of Chinese President Jiang Zemin in Russia, where he delivered a speech, to scientists at the famous Science City in Novosibirsk, described by Lyndon H. LaRouche, Jr. as constituting a "strategic revolution." Indeed, more than one formulation in President Jiang's speech will strike regular readers of *EIR* as remarkably similar to what LaRouche himself has been saying and writing.

While such exemplary leadership remains, unfortunately, the exception among frightened and disoriented heads of state today, yet there are signs of change occurring, as the global economic crisis intensifies. See, for example, the report from Japan (in *Economics*) by our special correspondent. In Tokyo, if you want to know what's really going on, and what to do about the crisis, you read *EIR* and study LaRouche.



# EIR Contents

## Departments

### 18 Report from Bonn

Sobering begins on red-green policy.

### 19 Australia Dossier

The handwriting is on the wall.

### 72 Editorial

A whole world of trouble.

#### Photo and graphics credits:

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## Economics

### 4 Russia's plan to rebuild farming shocks free traders

Russia needs food assistance, but its rejection of cartel dumping policies has free-trade advocates like Senator Lugar flustered. The United States must undertake a Food for Peace program.

### 6 Primakov government must be supported

Remarks by Dr. Taras Muranivsky, president of the Schiller Institute for Science and Culture in Russia, to an EIR seminar.

### 7 Japan: new thinking on financial crisis

A marked shift is under way, in the thinking of Japanese policymakers concerning the nature of the global economic crisis.

### 9 U.S. farm equipment production, a strategic asset, is shutting down

### 13 Hunger looms in Brazil, with 'just in time' food reserve policy

What Brazil's policy comes down to today is providing enormous profits to the food cartels which control "the comparative advantages" of the markets.

### 16 Brazil's deal with the IMF is suicide

### 17 Banking

Deutsche Bank is buying Bankers Trust.

### 20 Business Briefs

## National Economy

### 22 How China is building the Eurasian Land-Bridge

A report on a conference on "Asia-Europe Economic and Trade Relations in the 21st Century and the Second Eurasian Bridge."

### 22 The Silk Road will gloriously reappear

A speech by Zhang Quan is vice-president and general secretary of the China Association of Enterprises of Foreign Investment.

### 25 Foreign policy in the Land-Bridge era

A speech by Helga Zepp-LaRouche, president of the Schiller Institute.

### 29 The eastern terminal of the Land-Bridge

A speech by Xia Geng, the mayor of Lianyungang.

### 31 International and internal cooperation

A speech by Xue Jiaji, professor at Jiangsu Provincial Academy of Social Sciences.

### 33 The economic potential of Jiangsu Province

A speech by Yu Xingde, executive vice governor of Jiangsu Province.

### 35 Join hands to build the Continental Bridge

A speech by Guo Gengmao, vice governor of Hebei Province.

### 36 An important role for Qinhuangdao bridgehead

A paper by Zhang Duliang, of the Qinhuangdao City Research Group on the New Euro-Asia Continental Bridge.

## Feature



Helga Zepp-LaRouche addresses a conference in the United States in September 1998.

### 38 Friedrich Schiller and the Liberation Wars

Helga Zepp-LaRouche, in her keynote speech to the Schiller Institute's conference in Bad Schwalbach, Germany, uncovers a hitherto-suppressed dimension of world history: the role of Friedrich Schiller, Germany's Poet of Freedom, and his associates, in defeating Napoleon's imperial conquest of Europe. There are indispensable lessons to be learned, for those fighting to defeat oligarchism and globalization today.

## International

### 52 Jiang in Russia: a speech that can change history

Chinese President Jiang Zemin's visit to Russia, and especially his speech at Novosibirsk's Science City, constituted a strategic revolution.

**Documentation:** The full text of President Jiang's speech.

### 57 Relief agencies call for peace in Sudan

### 59 Schiller Institute meets in Germany; LaRouche calls for end to IMF system

At a conference in Bad Schwalbach, Germany, participants conducted a wide-ranging discussion, under the banner of "History as a Principle of Action."

### 64 International Intelligence

## National

### 66 Department of Injustice, under attack, lashes out

Faced with its failure to stop McDade-Murtha, with its towel boy Kenneth Starr increasingly discredited, and more exposés coming out on its abuses, the permanent bureaucracy in the Department of Justice has launched a new round of frame-ups of prominent African-American elected officials.

### 68 Congressional Closeup

### 70 National News

## Russia's plan to rebuild farming shocks free traders

by Marcia Merry Baker

On Nov. 24, Sen. Richard Lugar (R-Ind.) held a press conference in Washington, D.C. to report back on his trip to Russia. Although he travelled for the purpose of inspecting nuclear weapons de-activation, Lugar is chairman of the Senate Agriculture Committee. He was asked about what lies ahead for food needs in Russia, given the Nov. 6 announcement of U.S. food aid to that country. At that point, as they would declaim in drama class, "The Senator expressed surprise."

Lugar said, "The discussion of food aid was surprisingly a mixed bag; by that I mean a great number of Russian officials were, frankly, cynical about the food aid situation, suggesting that it was an attempt by the United States to get rid of agricultural surpluses to boost farm prices; that the farm lobby had struck again, and as a result, it [food] was going to come over, and so they would deal with it as best they could. But that was a very different kind of reaction than I had anticipated."

In fact, Lugar's surprise typifies the policy incomprehension and paralysis in the United States, to the fact that the world commodities situation—production, trade, processing—is breaking down in parallel with the systemic financial breakdown, and certain governments are taking leadership initiatives on behalf of their own economic interests. Russia has announced an *agriculture-rebuilding program*, in connection with welcoming needed food aid.

A first-hand account of the situation in Russia was provided by Prof. Taras Muranivsky, the Moscow-based chairman of the Schiller Institute in Russia, to an *EIR* seminar in Washington, D.C. on Nov. 19 (see below).

If the United States, in addition to providing the food aid announced so far, follows through with assistance to Russia's rebuilding effort (technology, inputs, and so on), then both

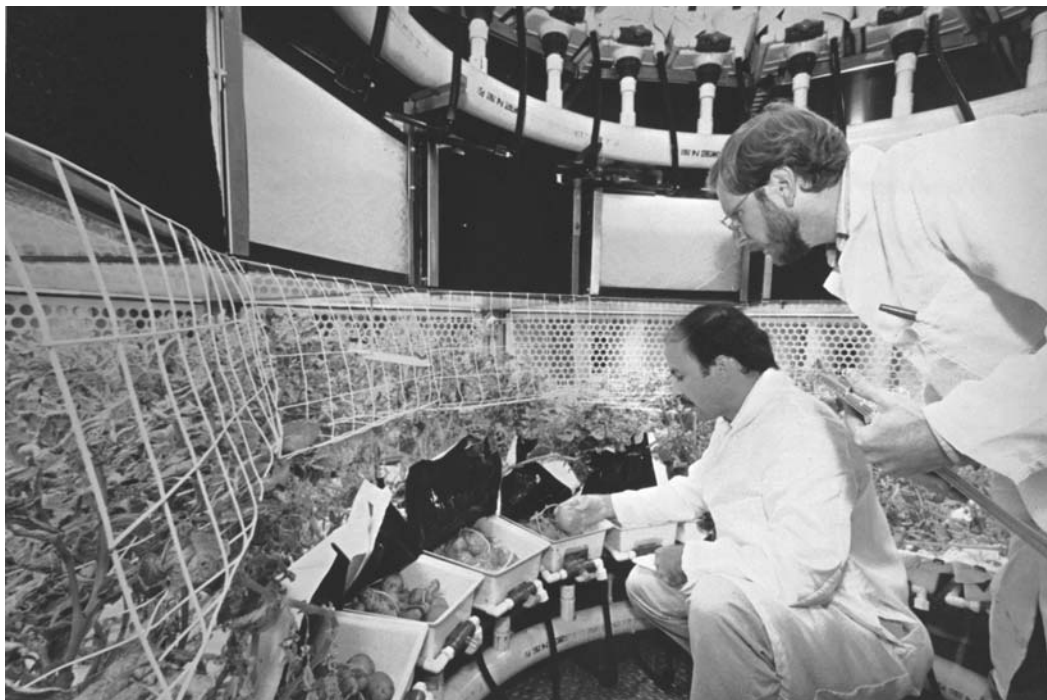
economies will gain, and a path for world mutual economic development will be set. This is in the tradition of the 1950s "Food for Peace" (Public Law 480) policy of food aid for the purpose of food and farm development, and world economic security.

Moreover, the historic visit of China's President Jiang Zemin to Russia in November, with his pledge of a joint commitment to science and economic development, portends great things for Russian agriculture, given the wonderful build-up of China's agriculture in recent years (see *International*).

The United States can either take part in this process, or count itself out, ignoring its own traditional "Food for Peace" policies, and suffer the consequences.

Russian officials have repeatedly stated that they do not want a continuation of the 1991-97 period of undermining of their domestic agriculture output potential, as was done under the Bush-Thatcher-initiated shock-therapy market "reforms." Russian annual grain harvests declined, as inputs fell each year. Livestock inventories fell by 30-45% from 1991 to 1997. Russian consumption of meat declined drastically. At the same time, Russia's meat supply became 40% dependent on foreign imports. People turned to small-plot potato-growing for subsistence. To express revulsion at the entire policy, Russians call the imported U.S. frozen chicken quarters "Bush legs," after George Bush.

Thus, the nation's agriculture was made vulnerable to such an event as occurred this year when drought, then heavy rains, devastated the 1998 grain crop. Only 43 million metric tons (clean weight) have been harvested this fall, compared to 88 million in 1997, and a yearly average of 100 million under the 1980s Soviet command economy period, despite all



*Here a potato crop is grown hydroponically in a controlled environment cell, including producing “underground” tubers in drawers, without any “ground,” in the Biomass Production Chamber at the Kennedy Space Center, Florida, in 1993. Such techniques could dramatically increase production.*

its problems.

No wonder Lugar received a “face-full” in Russia, when talk got around to food and farming! On Nov. 24, he recounted the criticisms he heard, “anecdotally” as he said. “The worst part of it, however, was that I did not find ‘hallelujahs’ in the Russian press, or people who understood that people in the United States were compassionate and were thoughtful and were hoping to help out,” Lugar said.

He said, “I mention these reactions not as a systematic review, but to say that before we proceed much further, I believe, with augmenting the program that USDA has announced, I would hope that Ambassador Collins, our people on the scene day-by-day out in the countryside, get a better fix on what Russian attitudes might be, and constructively what we ought to do.”

### **Russia’s re-building program**

On Oct. 6, Russian Prime Minister Yevgeni Primakov, in his first televised press conference on taking office, stressed the national priority of restoring Russia’s agriculture capacity.

On Oct. 29, Russian Agriculture Minister Viktor Semyonov gave a press briefing in Moscow on the scope of emergency food needs, acceptable terms of food and agricultural assistance, and plans to revive Russia’s farm sector.

**Grains:** Semyonov stressed increasing fertilizer application. He stated, “Last year we used 1.3 million tons of fertilizers. But this year this figure is less than 1 million tons, while agriculture needs 16 million tons. . . . We plan to increase the amount of fertilizers used for the future crop by four or

five times.”

**Livestock:** Semyonov stressed building up animal numbers, and boosting domestic meat output. “The crisis demonstrated to the whole of society the importance for a country to have a highly developed agriculture to ensure the country’s food security. . . . The sectors that are capable of rapidly producing meat, I mean poultry farming and hog raising, should be given credits to expand production and thus increase food supplies in the country. If we fulfill this program, we will be able, according to our calculations, to offer the market 250-300,000 tons of domestically produced meat and thus supplant imports,” he said.

In addition to these basic measures, the November trip of China’s President Jiang Zemin to the Science City in Novosibirsk, raises the horizon of high-technology agriculture for even the “Far North,” or Arctic regions of Russia, many of whose 12 million inhabitants are suffering mightily right now from lack of logistical provisions and supplies of food, fuel, and medicines.

Russia-China collaboration could further develop “protected agriculture.” The research done for food production in space has direct applications for “protected agriculture” in harsh conditions here on Earth. Similarly, “greenhouse” experiments with dwarf wheat were conducted on the Russian Mir space station between August 1996 and January 1997 (see *EIR*, Oct. 16).

China already leads the world in area under cultivation with a kind of protected agriculture called “plasticulture”—the use of plastic film on the ground to enhance moisture and temperature conditions for plants.

## U.S. economic emergency measures

Thus, Moscow has made its intentions on its national food security measures very clear, in tonnage terms. Therefore, the fact of Lugar being “surprised” on his trip to Russia, shows that, as the slang goes, “it’s his problem.”

Senator Lugar, along with a contingent of others in Congress — mostly Republicans, though not all — are still talking in terms of “free markets” and other features of a world trade and financial system which *no longer exist*. Trade volumes have plunged, and farming and trade financing have collapsed in chain-reaction fashion as nations’ currencies and other monetary and financial values have been engulfed in crisis.

Across the United States, millions of bushels of grain are piling up outdoors, or in makeshift storage, because the silos are full of *last year’s* unsold grain! Some 40% of the 1997 U.S. wheat crop is unsold. U.S. farmers face ruinously low prices for their grain crops, livestock, and other commodities. The farm states all are posting huge drops in farm income, that threaten to wipe out the entire economies and whole communities in the Dakotas, and across the Great Plains. Not just commodities, but even tractors and farm machinery are piling up unsold (see p. 9).

When Congress recessed before the elections, they passed a \$6.9 billion aid package for U.S. farmers, as a stop gap, until, as many Congressmen said, “markets” return in the future. But without a new international *system* of currency pegging, capital controls, and so on, there will be no rebound of dead “markets.”

Look at the trade in “Bush-legs,” for example. After Aug. 17, when Moscow devalued the ruble and announced other financial measures, imports of Bush-legs and all other foods into Russia all but stopped. The freighters of frozen chickens were literally halted on the high seas. Fully 40% of all U.S. chicken-quarter exports had been going to Russia in recent years — from Tysons and other cartel companies. Now, Moscow says, there will be no *status quo ante*, when it comes to food import-dependence. So, what will be the U.S. reaction?

In early November, LaRouche stressed that the U.S. must return to the traditional Food for Peace approach, in his paper “Food, Not Money, Is the Crisis” (*EIR*, Nov. 13). This means parity-based pricing for domestic farmers, and those of our trading partners as well. Currency pegging, capital controls, and mutual-interest trade and economic development. Nothing else; nothing less.

The calls for emergency measures are increasing in the United States. On Nov. 17, the Rev. Robert J. Carlson, Roman Catholic Bishop of South Dakota (Sioux Falls), released a call for a criminal investigation of low farm commodity prices. “I am asking for an investigation by proper authorities (within the state, the Department of Criminal Investigation, and because of interstate commerce and other factors, the U.S. Justice Department) to determine if anything criminal is at the bottom of this predicament,” he said.

## Primakov government must be supported

*Taras Muranivsky, president of the Schiller Institute for Science and Culture in Russia, made these comments by telephone to the EIR Food For Peace Seminar in Washington, on Nov. 19, 1998.*

Let’s ask the question: Is the Russian population heading for famine and destitution? I say no. And not only me. [Yevgeni] Primakov, the new Prime Minister, said the same. And the new government has begun to do some very serious things, to prevent such an awful situation in Russia.

From the very beginning, I’d like to say that this government must be supported by all forces all over the world that can help and want to help Russia. You know that the current crisis is not the crisis of 1998. The Russian crisis began in 1991. Successive Russian governments have been following the prescriptions of the IMF [International Monetary Fund] for free trade, financial liberalization, opening of markets, and, basically, to make Russia into a raw materials producer, rather than an agro-industrial country.

So, the West is responsible for the crisis in Russia. The foreign and the internal reformers pursued the objective, to destroy the Russian machine-building industries, to annihilate the textiles industry, and other branches of the manufacturing industries; to ruin farming and the food industries and others.

The result was that, overall, production fell to 30% of what it had been in 1991. Worse than that, 40% of the population was [pushed] below the poverty line. Domestic production was coming to a stop. Domestic credit was effectively unavailable. Only foreign credits could be obtained. And the Russian government was issuing its debt to foreign creditors at ever-higher interest rates, with ever-shorter maturities. When these financial pyramids could not be paid, the process of collapse that has been going on in the world in the last several years saw its first major sovereign default, in effect.

There was really nothing the creditors could do about it. They don’t have their money now. They are not going to get it. They have knocked the legs out from under the roulette table that has been going on internationally.

I must draw your attention to LaRouche’s point of view. He is right, in what he has written in one of his very latest memorandums [“Food, Not Money, Is the Crisis,” *EIR*, Nov. 13, 1998]. We need to help Russia through Food for Peace. But we must have in mind that we do not simply need help.



I have paid special attention to another one of Lyn's ideas. This is the idea of *infrastructure*, and the role of infrastructure in the development of an economy. You know that Russia is a very big territory. And now, we have such circumstances that in one place, we have agricultural products, we have fish, etc., but we cannot transport it to the places where it is needed. For example, in the Far East we can have the caviar from the fish, but the meat of the fish, good red fish, is thrown out. It's an awful situation, because we have not the infrastructure.

One more thing. This reform, that was conducted during the past five to seven years, was connected with the import of foreign products. When we produce our own meat, it costs \$1.50-1.80 for a kilogram (2.2 pounds). And when we import it from western Europe and buy it, it costs \$4 per kilogram. It's very exorbitant for us. But we gave up our own production.

But I must tell you, that the situation in Russia may improve, before our very brave journalists see the famine and other horrors they are waiting for in Russia. I will tell you one simple story about one of the central Russian towns. I have in mind Voronezh. It's about 100 kilometers from Moscow. One lady there was interviewed in a newspaper, on how they are preparing themselves for winter.

She said, "My husband and I have prepared for winter, the same portion of pickles and vegetables as we had last year. Sixty three-liter jars of tomatoes. Fifty jars of cucumbers, two big bags of potatoes, one bag of meal, one bag of sugar, one bag of cabbages, 40 jars of stewed fruits, etc."

In that way, many towns—especially regional towns—can save themselves from hunger and famine. And as to the awful situation of the North and the Far East, this is real. But I say once more, that the new government, for example, First Deputy Prime Minister Maslyukov—who met LaRouche in 1996, and impressed him with his very good intellect—has tried to do things using the power of the state. Before, we tried to remove the state from management of the economy. That was wrong. Now we must, in the best way, coordinate state and business interests. In this way, we can do the best thing for our country.

But, bear in mind that how the situation is explained in newspapers, radio, TV, etc., is not economic reporting, but political. They try to show that the new government will not do anything to save Russia from famine, to save Russia from a hungry winter. It's not right.

We need help, and this help will be very useful for us. But it is necessary to help our new government to do everything to make decisions—our own decisions—in the interests of the country.

I can add only one thing. There are two points in Lyn's last memorandum. These points are connected with the use of our own forces. This is the technology from the former Soviet military-scientific complex. It is the basis for developing our own agriculture, and other things. And we hope that when we help our government, we'll make all decisions in the best way.

# Japan: new thinking on financial crisis

by Our Special Correspondent

In a series of major diplomatic and economic initiatives, the Japanese government has begun to demonstrate a new quality of thinking among leading institutions concerning the global financial crisis. Although the policy shift is not yet defined in terms of a specific, detailed program, nonetheless, what is under way could have a profound impact on the future of Asia and the world as a whole.

In discussions with leading Japanese government and business leaders in Tokyo during November, this correspondent saw for the first time a marked difference in the thinking about the nature of the global economic crisis. Practically every Japanese official had read *EIR* Founder Lyndon LaRouche's article "Save Japan, Not Banks" (*EIR*, Oct. 2), which received nearly universal acclaim for its accuracy and understanding about the problems facing Japan. Although the banks are still exerting far too much influence over Japanese policy, there is a recognition of the need for, and movement toward, reestablishing a new "industrial policy" for Japan and the rest of Asia. These measures are relatively tame, but they represent a step toward facing up to the end of the International Monetary Fund (IMF)-defined global financial system.

## A global depression

In one of the most significant developments, Japan's Economic Planning Agency issued its annual White Paper on the state of the Japanese and world economy, which warned of the threat of a "global depression." Citing six indicators, the EPA report, which was approved by the Japanese cabinet, called upon the United States, Japan, and the European Union to massively "expand . . . financial assistance to emerging nations."

The EPA report stated that there could be several immediate causes of a global depression, including 1) a decline in the U.S. stock market and a chain reaction in stocks and currencies in the developing economies; 2) management failures in financial institutions and a destabilization of the financial system; 3) a worldwide credit crunch; 4) a prolonged economic slump in Japan and a collapse of its financial system; 5) the devaluation of the yuan (China's currency); and 6) expansion of the U.S. current account deficit and a return to protectionist measures by the United States. The report

criticized the role of the IMF, and posed the need for regulation of short-term capital flows.

In addition, the Ministry of International Trade and Industry (MITI) is beginning to play a more prominent role in the crisis. At the first meeting of the Japan-Association of Southeast Asian Nations (ASEAN) Economic and Industrial Cooperation Committee, held in Bangkok on Nov. 23, MITI minister Kaoru Yosano announced that Japan will upgrade its technology and business assistance to help meet ASEAN's "soft and hard infrastructure" requirements. MITI also initiated a domestic program to create 100,000 new companies. Through a new legislative initiative called the New Business Creation Facilitation Law, MITI proposed using the People's Finance Corporation, a government-backed lending institution, to provide emergency financing and economic assistance.

One highly placed Japanese source explained the recognition of the imminent global depression, and the need for Japan to reverse its policies, by telling *EIR* that "Japan's banks have failed to provide Japan any leadership. Their bad bank debt is not the only problem. They refused to recognize the need to change Japanese thinking to get Japan out of this crisis, and although there are many obstacles remaining, there is a consensus that we must move away from the domination of the big city banks."

In terms of the political process, there have been significant developments toward a political realignment involving the governing Liberal Democratic Party and one of the opposition parties, the Liberal Party. A new coalition government is currently being negotiated between Prime Minister Keizo Obuchi and Liberal Party leader Ichiro Ozawa. According to sources inside the LDP and LP, this new coalition will enable the Obuchi government to garner sufficient support to pass emergency economic measures without the wrangling and disruptions of the other opposition parties. "This is critical," the source said, "to establish a quicker consensus and action to address the present crisis. If this coalition comes together, Finance Minister Kiichi Miyazawa will resign and a stronger figure will replace him."

## Japan's diplomacy

Despite the pathetic performance of Vice President Albert Gore at the recent Asian-Pacific Economic Cooperation (APEC) meeting in Malaysia, Japanese Prime Minister Obuchi took the lead in pushing forward the proposal for capital controls on hedge fund activity. In his speech, not widely reported by the Western press, Obuchi backed Malaysian Prime Minister Mahathir bin Mohamad's initiatives to impose capital controls, and called upon APEC to set up more effective surveillance of hedge funds and other speculative investors.

According to Ministry of Finance officials in Tokyo, a decision has been reached by the Japanese government to continue to press the United States and western European

government to implement measures to curtail the hedge fund activities.

Nearly all top Japanese officials see the hedge funds as part of an operation among international financiers to recolonize the Asia-Pacific rim, and they indicated to *EIR* that they view the European effort to forge a single currency and establish a European Central Bank, as a major part of this neo-colonial drive.

## Relations with Russia and China

Japan's recent flurry of diplomatic activity with the United States, Russia, and China, these officials told *EIR*, is an attempt to boost cooperation with both Russia and China.

In his meetings with Russian President Boris Yeltsin and Prime Minister Yevgeni Primakov, Obuchi and his foreign policy team opened up a new dialogue on the Northern Territories (called the Kurile Islands by the Japanese), and called for economic co-management over the territories. Since the Hashimoto government's openings to Russia in 1996, Japan has pursued a serious normalization policy and has pledged to sign a peace treaty with Russia by the year 2000, finally ending the hostilities from World War II.

During Chinese President Jiang Zemin's visit to Japan beginning on Nov. 25—the first head of state of China to visit Japan—Japanese officials pushed for a "new partnership" with China. President Jiang's initial response has been tempered by the reluctance of Prime Minister Obuchi to provide a written apology for Japanese aggression in World War II; however, both sides recognize the need for greater cooperation in order to deal with the global economic crisis. President Jiang stated in Tokyo, "By making history a lesson for both China and Japan, and by preventing tragedy from being repeated, [the two countries] can develop long-lasting friendship for the first time." Obuchi responded by declaring in the Diet (Parliament) that a "new turn in Sino-Japanese relations" is at hand.

With the diplomatic and economic initiatives with ASEAN, Russia, and China in motion, relations with the United States are still in rougher waters. President Clinton, during his visit to Japan on Nov. 18-20, pressured the Japanese to reform their banking system and "open their markets." President Clinton, however, has been pushing the idea of bringing Japan and Germany into the United Nations Security Council as permanent members. This proposal alleviated some of the tension between the two countries, and Clinton and Obuchi both called for establishing a better "partnership."

With the new consensus emerging in Japan and the reform process moving ahead, for the first time in recent memory there seems to be some renewed confidence inside the Japanese establishment. And, if there is continued cooperation among Japan, China, Russia, and the United States, then perhaps the idea of a New Bretton Woods may emerge in the period immediately ahead.

# U.S. farm equipment production, a strategic asset, is shutting down

by Richard Freeman

In September and October 1998, the export and production of U.S. farm equipment—two-wheel- and four-wheel-drive tractors, combines, and harvesters, in particular—have taken a sharp turn downward. Given America’s role as producer of one-third of the world’s farm equipment, of which it exports 25-30%, making it the world’s largest exporter, this has major implications for world food production.

Two forces are collapsing U.S. farm equipment production: First, the drop in the U.S. farm income, fuelled by the plunge in domestic farm prices; for example, hog farmers in several states are receiving only 18-23¢ per pound, and corn is bringing less than \$2 per bushel. Second, the growing inability of nations, most in the Third World, to pay for farm equipment imports because of the economic-financial collapse worldwide.

Farm equipment and fertilizer are two of the most critical elements in farm productivity. Farm equipment embodies advances in science and technology which have increased farmers’ productivity nearly 200-fold since the Middle Ages. Without it, there would be no scientific farming, and society’s ability to provide for the future would be destroyed.

Yet, in America, farm equipment production capability is being closed down. Due to the steep decline in farm equipment sales, some farm implement dealers have resorted to

primitive barter to draw down bulging unsold inventories, thus joining the ranks of regions of Russia and many of the world’s more primitive economies engaging in barter trade. For example, in Minot, North Dakota, Travis Zabloutney, manager of the Magic City Implement, extended an offer through Nov. 25, to take grain in trade as payment for up to 30% of the purchase price of a new or used piece of farm equipment—he even threw in a bonus of 50¢ per bushel.

Already, there have been large production shutdowns and worker layoffs at Deere & Co., Case Corp., and AGCO, America’s “Big Three” farm equipment manufacturers. It would be insane were America’s farm equipment production capability, a strategic asset that is vital for the whole world, to be allowed to continue to careen downward. But, Deere & Co. is projecting that 1999 will be an even worse year for farm equipment production than the present one.

## Fall in tractor and combine sales

October marked a sharp worsening of farm equipment sales and production. **Table 1** compares U.S. farm equipment sales shipments for October 1998 to those of October 1997, and also the sales shipments for the first ten months of 1998 to those of the same period for 1997, in units of items.

Two-wheel-drive farm tractors come in three categories: 1) less than 40 horsepower, which are used mainly in Asia,

TABLE 1  
**U.S. farm equipment sales**  
(in units)

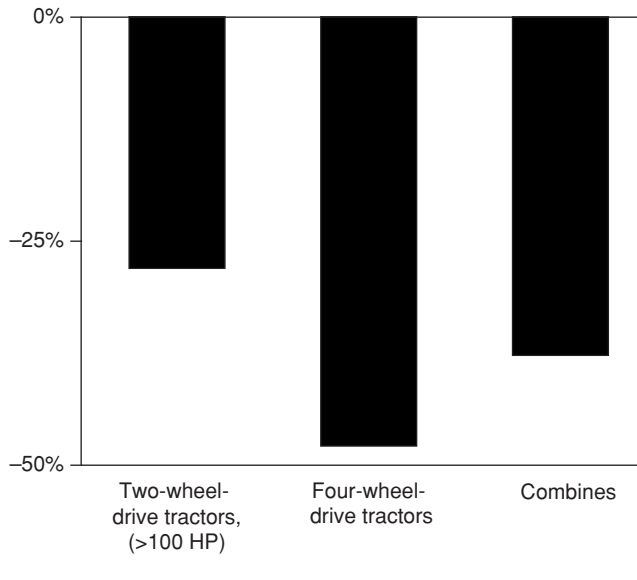
	October 1998	October 1997	Percent change	Year to date 1998	Year to date 1997	Percent change
Two-wheel drive tractors						
Under 40 HP	5,090	4,592	+10.8%	51,515	46,307	+11.2%
More than 40 and less than 100 HP	4,619	4,109	+12.4	42,537	38,800	+9.6
More than 100 HP	1,617	2,256	-28.3	19,507	19,077	+2.3
Four-wheel-drive tractors	372	724	-48.6	3,654	4,874	-25.4
Combines (self-propelled)	845	1,371	-38.4	7,880	7,097	+11.0

Source: Equipment Manufacturers Institute

FIGURE 1

### Decline in U.S. farm equipment shipments

(comparison of October 1997 to October 1998)



but also on American farms as a utility vehicle, for example with a loader; 2) more than 40 and less than 100 horsepower, used heavily in Europe and on a number of farms in America; and 3) more than 100 horsepower, a favorite for use on medium-sized and large American farms. Also shown are figures for four-wheel-drive tractors, which are the large, work-horse tractors with four equally-sized large wheels; and self-propelled combines.

For two-wheel-drive tractors of 100 horsepower and over, year-to-date unit sales shipments are up 2.3%. However, for October alone, compared to October 1997, unit retail sales are down 28.3%. Sales figures for November and December will be equally bad or worse. That is, the trajectory of sales changed during the late summer of 1998. The October sales represent the new trajectory for the rest of 1998 and into 1999 (Figure 1).

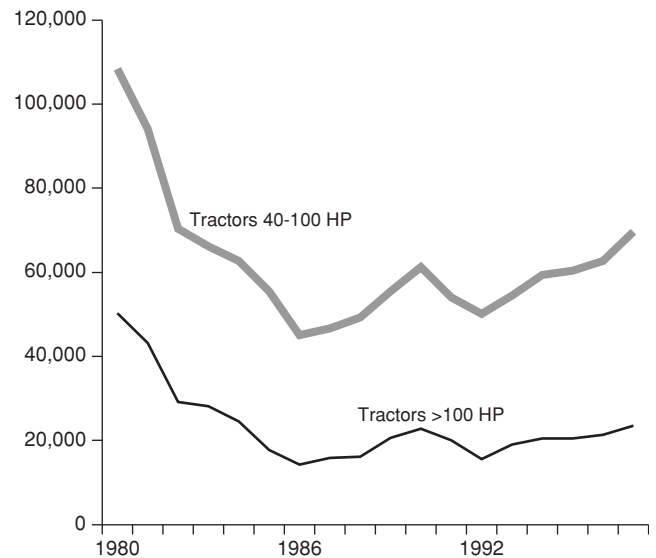
For four-wheel-drive tractors, year-to-date unit sales were down 25.4%. Comparing October 1998 to October 1997, unit sales plummeted 48.6%, or nearly half. America is by a wide margin the world's largest producer of four-wheel-drive tractors, and if sales of the American variety of these tractors are falling, it is a safe bet that that is the trend worldwide.

As for self-propelled combines, year-to-date unit sales rose 11.0%. But, comparing October 1998 to October 1997, unit sales nosedived 38.4%. Thus, just as with the previous two cases, the October shipments of combines indicate an abrupt reversal from the first half of the year, and a new, sharply lower trajectory that can be expected to continue for many months to come.

FIGURE 2

### Shipments of two-wheel-drive tractors, 1980 to 1997

(number of units shipped)



### Longer-term decline

The shipments/production levels of key categories of farm equipment within the recent months should be located within the longer-term process of decline in farm equipment production during 1980-97. Figure 2 presents the case for two-wheel-drive tractors, both of greater than 40 and less than 100 horsepower, and of 100 horsepower and above. Figure 3 presents the development for four-wheel-drive tractors and combines. For all of them, shipments/production levels are down considerably below 1980 levels. (During a period of a few months, sales shipments and production may diverge, since a producer may sell products from inventory, rather than newly produced products. But over a longer period, sales shipments and production figures tend to be very close.)

An even more accurate measurement is shown in Figure 4, in which for 1980-97, shipments/production are stated on a per-capita basis. To make this comparison, the shipments/output for 1980 are divided by the size of the U.S. population in 1980. That is then is set equal to an index of 100, and the per-capita output of all subsequent years is stated relative to the 1980 index. So, for 1980-97, the per-capita shipments/production level for two-wheel-drive tractors of greater than 40 and less than 100 horsepower is 46% below that of 1980. The 1997 per-capita shipments/production levels for two-wheel-drive tractors of above 100 horsepower, four-wheel-drive tractors, and combines, have plunged 61%, 54%, and 68%, respectively, from 1980 levels.

These are exceptionally steep declines since 1980. It is

FIGURE 3

### Shipments of four-wheel-drive tractors and combines, 1980 to 1997

(number of units shipped)

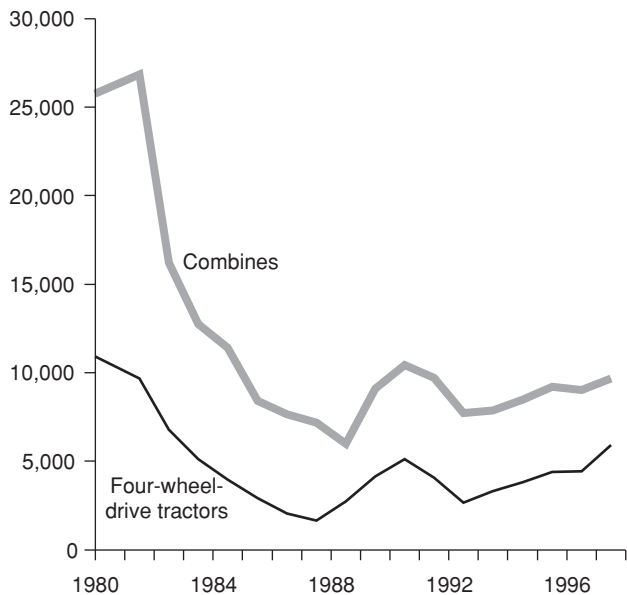
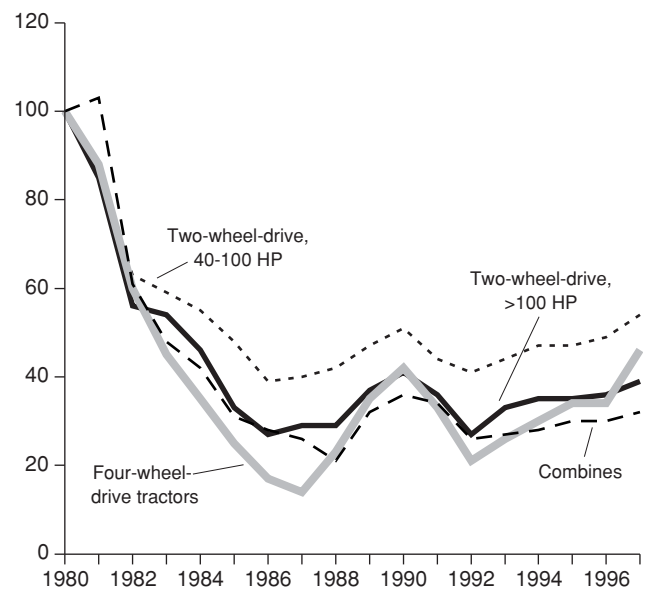


FIGURE 4

### Decline in farm equipment shipments, on per-capita basis

(index 1980=100)



true that today, many tractors and combines are more advanced than farm implements from two decades ago. But, the average age of American farm tractors today is 19 years, and many need to be replaced. Further, given the large need the world has for such implements, and that technological improvements should be a fact of life, production levels should have at least remained the same, if not higher, per capita, than they were in 1980.

### Growing layoffs, and worse in 1999

The downturn in farm equipment sales has led to more production cutbacks and firings, especially among Deere, Case, and AGCO. First, we provide a snapshot review of the damage so far.

- Deere & Co., headquartered in Moline, Illinois, is America's largest farm equipment producer. Deere announced on Oct. 21 the layoff of more than 300 production employees. It is also offering a \$10,000 special retirement incentive, to "encourage some of the 1,400 retirement eligible employees to move their retirement plans ahead." Deere has also announced that it is "extending the normal holiday shutdown in December," at its plants in Waterloo, Iowa and East Moline, Illinois, by another two weeks, leaving workers out of work from Dec. 21 until Jan. 17, 1999, that is, for nearly an entire month. A Department of Commerce spokesman told *EIR* on Nov. 24 that "whatever they call it, this is nothing other than a month-long layoff."

- Case Corp., headquartered in Racine, Wisconsin, is America's second-largest farm equipment producer. (In 1985, Case merged with International Harvester.) Case exemplifies the effects of the worldwide economic disintegration which is leading to order cancellations. Case had arranged a contract to export 400 fairly advanced combine-harvesters (representing 4% of all U.S. output in combines in 1997) to Russia. But in a recent press release, Case announced that it has put off delivery of the tractors, i.e., the deal has fallen through. A Case spokesman told *EIR* on Nov. 17, "It came down to the fact that they could not pay."

In an Oct. 15 press release, Case announced that it "is further reducing its production of agricultural equipment in 1998 by 3% for a total reduction of 15% for the year." It will lay off 1,100 out of 18,000 workers.

This is generating chain-reaction effects: Interstate Forge of Milwaukee, Wisconsin, a Case supplier, has announced more layoffs, bringing the total number of firings since April to 625. Cummins Engine of Indiana, which makes engines for tractors and construction and other heavy-duty farm and related equipment, has announced plans to cut 1,100 workers.

- AGCO (formerly Allis Chalmers), headquartered in Duluth, Georgia, is America's third-largest farm equipment producer. It announced on Oct. 29 that it will reduce its worldwide workforce by 1,400 workers.

- Caterpillar, headquartered in Peoria, Illinois, is the world's largest manufacturer of earth-moving equipment, and

has a considerably smaller tractor-making subsidiary than the other companies. Nonetheless, it announced that it is laying off 65 employees, one-third of its tractor-making workforce, "because of falling demand for farming equipment."

But, this damage assessment is preliminary to the October downturn. On Nov. 17, a spokesman for Deere & Co. told *EIR*, "We are projecting for the entire [U.S.] farm equipment industry that 1999 shipments will be down 15 to 20% from 1998 levels." The worst is yet to come.

### Will this strategic capability be lost?

The United States is the repository of one-third of the manufacturing output of farm equipment. In 1996 (the last year for which world sales figures are available), farm equipment production/shipments worldwide were \$43 billion; in that year, U.S. farm equipment production/shipments were \$14.5 billion, or 33.7% of world production.

In 1996, the U.S. exported \$3.8 billion out of the \$14.5 billion of the farm equipment that it produced, or 26.2%. About half of all U.S. exports are parts and components that supply the production facilities of American farm equipment companies overseas. The other half are tractors, combines, and so on.

For the last few years, the dollar value of U.S. exports to the rest of the world had been rising. But through the first

eight months of 1998, U.S. exports of farm equipment are \$2.96 billion, which is down 8.2% from the \$3.2 billion through the first eight months of 1997.

In "Food, Not Money, Is the Crisis" (*EIR*, Nov. 13), Lyndon LaRouche called for a "Food for Peace" program that would focus on the food crisis in Russia in particular. As LaRouche indicated, that would be the focus for large-scale economic development of Russia, and the implementation of a new, growth-oriented policy for the world. Certainly, a key element of any "Food for Peace" program involves farm equipment production. Some food shipments to Russia will be necessary, but Russia needs the capability to produce its own food. Russia had a tractor and agricultural implement capability, which the International Monetary Fund targeted for shutdown. This must be revitalized.

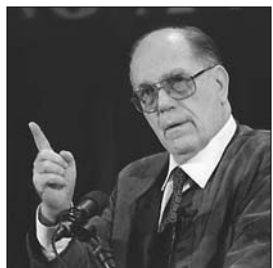
But, as the example of Case's sale of 400 combine-harvesters to Russia which was cancelled because of lack of funds shows, this is exactly the sort of equipment that would supplement Russia's production capability. Other types of American-made farm equipment may be quite helpful to Russia as well.

The production and export of such equipment to Africa and other parts of the world is a necessity. In a world facing great hunger, America's farm equipment capability should be expanding by leaps and bounds, not shutting down.

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# Hunger looms in Brazil, with 'just in time' food reserve policy

by Lorenzo Carrasco and Vitor Grunewaldt

Agriculture Minister Francisco Turra's recent assertion that Brazil would achieve a record grain crop of 84 million tons in the 1998-99 harvest, was wishful thinking, and did nothing to dispel fears of an imminent food supply crisis, especially if the country continues to lose its monetary reserves while the Cardoso government maintains its insane "economic opening" to foreign imports. The minister's comment was immediately rebuffed by all the agricultural producers' organizations, which estimate that the crop will barely reach the mediocre levels of the 1997-98 harvest of 76 million tons.

As a result of the government's criminal policy, federal food reserves as of June 1998 reached their lowest level in ten years — 5.4 million tons, according to the president of the National Supply Co., Eugenio Stefanel. All of this means that as of last June, the country had in its possession a mere 20 days' worth of food in the event of an emergency. For July, rice reserves were equivalent to 7 days' supply; beans, 3 days'; corn, 28 days'; soy, 17 days' and wheat, 28 days' (Figures 1-3).

But one must not think that this caused the government any concern. On the contrary, as Stefanel told the newspaper

*Correio do Povo* of Pôrto Alegre on July 15: "That is the best news that one can give the producer. He can rest assured in increasing his plantings, because he knows that he will make a profit selling his products." The newspaper also published the statements of Guilherme Dias, who was one of the architects of the government's current agricultural policy, that "the strategy was well-conceived, because letting the reserves fall is the only way in an economy open to foreign competition, to raise profits for the rural producer, and to guarantee food production in coming years."

But the insanity doesn't end there. Gerardo Fontelles, special adviser to the Agriculture Ministry, was quoted in the same edition of *Correio do Povo*, that "what is important for the government is to have reserves in the country or in the countries of Mercosur, which maintain free trade with Brazil. *The government doesn't need to have physical reserves in its hands. We are adopting a more modern strategy, in which prices and reserves are negotiated on the futures market*" (emphasis added).

And so, we can see that current post-modern agricultural

FIGURE 1  
**Brazilian bean reserves**  
(thousands of tons)

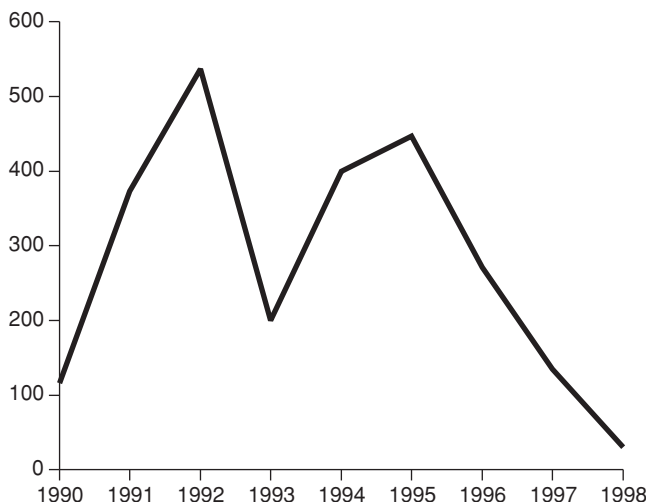


FIGURE 2  
**Brazilian food reserves: wheat, soy, rice**  
(thousands of tons)

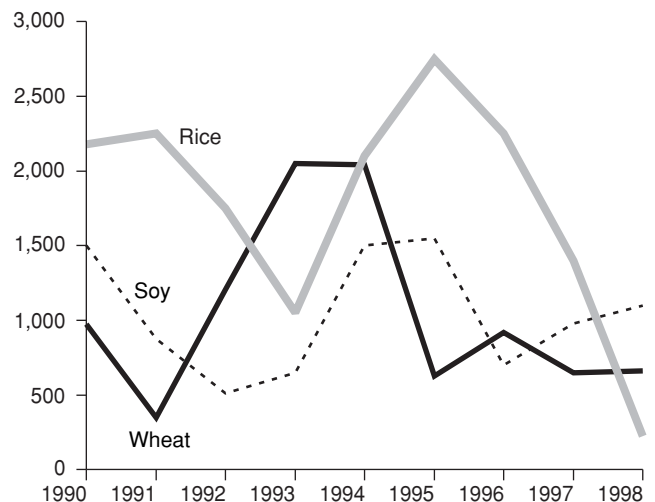


FIGURE 3

**Brazilian corn reserves**

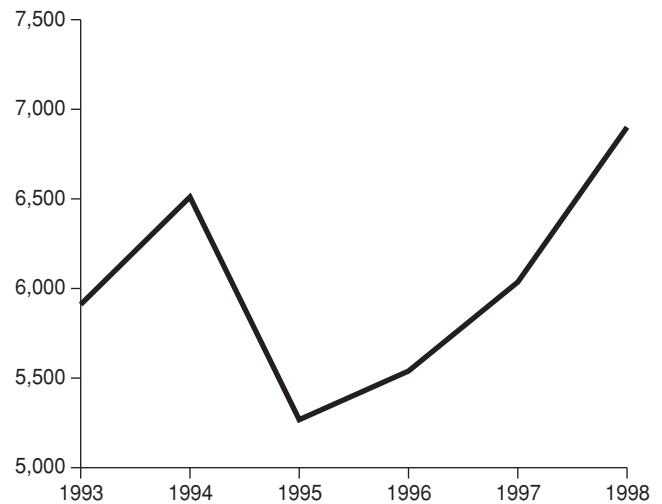
(thousands of tons)



FIGURE 4

**Brazil: wheat imports**

(thousands of tons)



policy has nothing to do with guaranteeing food security by keeping at least three months of a normal supply in reserve. Rather, what policy comes down to today is providing enormous profits to the food cartels which control “the comparative advantages” of the markets.

Now that the country is losing dollars from its monetary reserves, keeping its food reserves at an historic low level, while agricultural production remains stagnant, the policies of President Fernando Henrique Cardoso and his advisers could plunge the nation into starvation. During August and September, capital left the country at a rate of \$500 million a day, causing foreign exchange reserves to evaporate and exposing to the light of day the criminal stupidity of making the nation’s food supply dependent on imports.

**‘Creative destruction’ of agriculture**

This highly vulnerable state of national agriculture is derived from the pernicious effects of the “economic opening” policy launched in 1990 by then President Collor de Mello, and continued with greater intensity as of 1995, with President Cardoso’s “Real Plan.” And this is the state of affairs *before* the country begins to suffer the catastrophic effects of the recently signed agreement with the International Monetary Fund (see box). The leading sponsors of the monetary stability plan, among these President Cardoso himself, have chosen agriculture as the first victim to be sacrificed on the altar of so-called “globalization,” by defending the bizarre thesis that the country should not have a policy on agriculture, nor should it maintain “costly” reserves, and that it is sufficient to allow the free market to regulate prices.

Thus, a country which once prided itself for self-sufficiency in food production and in potential for agricultural

expansion, has suddenly been transformed into one of the world’s leading grain importers (**Figure 4**), leaving the countryside to be sown instead with hatred, rancor, and social revolt by the Landless Workers Movement.

The devastation of Brazilian agriculture was no mistake in the application of economic programs, but a deliberate, conscious policy to strip the nation of its self-sufficiency, to the benefit of the huge cartels that control the international grain market. This can be clearly seen in the statements of those responsible for agricultural policy within the government. For example, on March 28, 1998, *Gazeta Mercantil* published an article signed by: Jose Roberto Mendonca de Barros, at the time secretary of economic policy for the Finance Ministry; by that same ministry’s general coordinator of agricultural policy, Evandro Miranda; and by Guilherme Dias, secretary of agriculture policy of the Agriculture Ministry during 1995-97. The article was in response to a study by the Getulio Vargas Foundation, showing that the economic opening since 1990 has caused a reduction in area under cultivation of some 3 million hectares, representing a loss of 400,000 jobs (**Figures 5 and 6**).

The authors state that the arguments of the critics are “exaggerated,” because they consist of “analyzing agricultural performance based on area cultivated, while it is increased productivity and reduced costs which explain the dynamism [of agriculture], generating inevitable costs in terms of structural unemployment and affecting those sectors which do not adjust to the new technological patterns. For that reason, family agriculture and agrarian reform are gaining a growing importance in official policy.”

What this swinish language actually means is that the government is killing the country’s advanced agriculture with



FIGURE 5  
**Brazil: grain production vs. population**

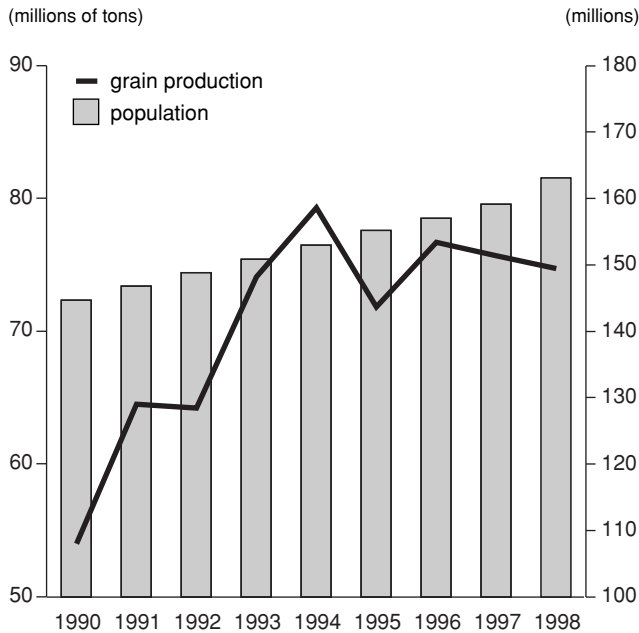
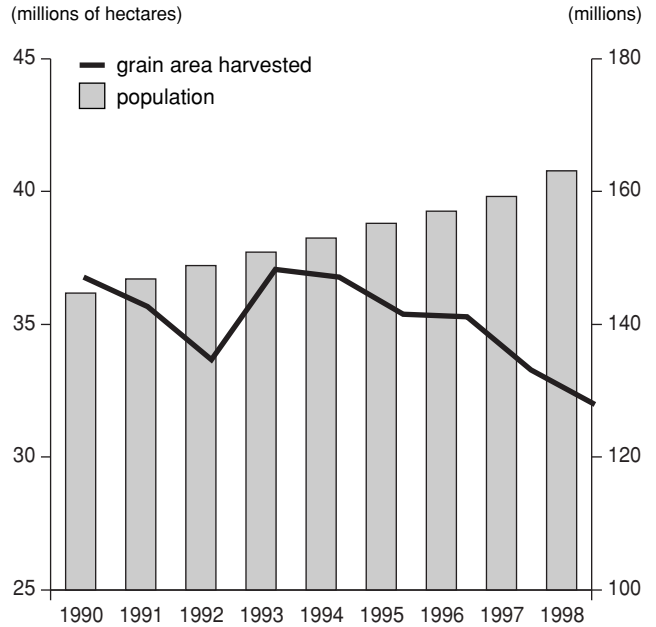


FIGURE 6  
**Brazil: grain area harvested vs. population**



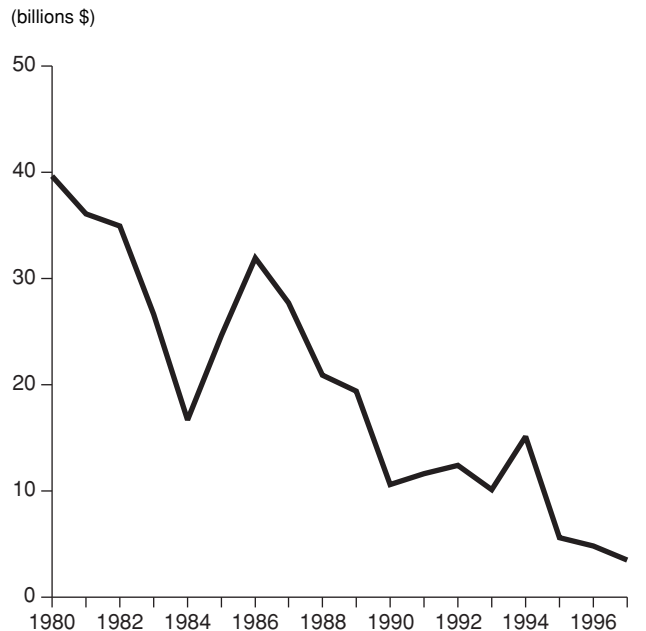
one hand, while promoting totally unproductive small farms which condemn settlers to the slavery of subsistence agriculture, with the other. The reality is that the so-called program of monetary stability, with its promise of ending inflation, is based entirely on keeping the prices of the most popular food items below the basic costs of production. At the same time, the policy is to keep interest rates absurdly high, thereby draining precious resources away from the agricultural sector and into the banking system.

Further, it is completely false that a relative increase in productivity reflects a real increase of agricultural wealth. João Paulo Koslovski, president of the Organization of Parana Cooperatives, made this exact point in the November issue of *A Granja* magazine: “If we do a 1980-95 analysis, the area sown with the major grains [in Parana] grew by 20%. Physical production grew 52%, meaning that we used more technology in the countryside. And yet the income during that same period fell 15%. . . . It was a brutal transfer of resources from the primary sector to other areas of the economy.”

This transfer of profit from productive agriculture to usury, can be seen from other angles as well. First, in the denationalization of agro-industry and food industries, of which more than 60% today are in the hands of foreign cartels; and second, in the destruction of agricultural credit—the Banco do Brasil, the traditional promoter of rural development, has been driven to the verge of bankruptcy. **Figure 7** shows that agricultural credit has been virtually abolished.

In the *Gazeta Mercantil* article, it is lyingly stated that “the fall in the price of land is an inevitable economic effect

FIGURE 7  
**Brazil: agricultural credit**



of monetary stability; instead of land serving as a valuable asset, its value now becomes negative, causing obvious discontent among those who have held land as an asset. This is not the case for those who produce food.” The truth is that the

depreciation of land values in the main productive regions, by an average of 40-50%, is the result of the lack of profitability of food production, which has forced thousands of producers to sell their lands, and the land invasions promoted by the Cardoso government with its so-called "social policy."

This potentially calamitous situation could be quickly reversed, with emergency measures to establish food supply as a matter of national security. These would be defensive measures, to be applied in parallel with the establishment of a New Bretton Woods System. First, a rigorous control of food imports would be needed, preventing such from reaching the Brazilian market at below the minimum guaranteed prices established on the basis of real costs of production. This would include the necessary improvement of agricultural infrastructure both within and outside the countryside.

Second, a revival of agricultural credit on the basis of strengthening the role of Banco do Brasil and the rescheduling of agricultural debts at terms of at least 20 years, with a grace period sufficient to reestablish the productive capacities of the growers. This would include setting interest rates no higher than 2-3% a year for credit to agriculture.

Third, "parity prices" should be established, a concept adopted by law for U.S. agriculture, according to which the federal government must consider what an adequate income for a farmer's family should be, based on a formula for calculating the relationship between the prices the farmer will re-

ceive for his products, and the prices at which he should sell them to maintain his home, his fields, and to capitalize for the future. That capitalization must not only allow for improvements in productive infrastructure, but for integration into agro-industrial programs that could clearly benefit the entirety of the economy, and guarantee a secure food supply.

Fourth, a program of agricultural expansion at the rate of 10-12% a year, with the goal of reaching 130 million tons of grain annually by the year 2005. The simple reincorporation, at current levels of productivity, of the nearly 5 million hectares that have been abandoned, would mean an immediate increase of 100 million tons of grain.

Fifth, as part of this agricultural development program, one must inevitably include the development of transportation infrastructure, especially waterways, to move crops and inputs, particularly in the outlying agricultural border areas. Similarly, the warehousing system would need to be modernized and significantly expanded.

Sixth, at least 2 million direct jobs could be created, not to mention the multiplier effect through the industries of farm equipment and agricultural machinery, fertilizers, and so on. Of course, the development of agro-industry would significantly contribute to job production as well.

Seventh, scientific research and technical assistance would need to be reoriented, to allow the nation's producers to reap the benefits through improved levels of productivity.

## Brazil's deal with the IMF is suicide

The much-ballyhooed \$41.5 billion bailout package for Brazil, announced in Washington on Nov. 13, is based on the Cardoso government's agreement to impose a killer three-year austerity program which the government and the International Monetary Fund (IMF) say will ensure that Brazil will make debt payments to foreign bankers, come what may. Most of the money is to be made available once the IMF executive board approves Brazil's austerity program, probably early in December.

The details of the bailout were finalized at an unusual meeting in Basel, Switzerland, hosted by the Bank for International Settlements (BIS) on Nov. 8. There, central bankers from the Group of Seven (formerly) industrialized nations were briefed by Brazil's Central Bank head, Gustavo Franco, who told the press later that he had assured them, "We are going to play the game."

Everybody chipped in—except for the private creditors. The IMF is making \$18 billion available, the World

Bank and Inter-American Development Bank are putting in \$4.5 billion apiece. A group of 20 nations guarantees another \$14.5 billion, to be centralized under the BIS. (The only detail announced on the latter, is that the United States will guarantee \$5 billion of the total.)

Brazil's letter of intent were better called a "suicide note," written at the point of a gun. Every detail of the program was negotiated with IMF officials over the last month. Its premise, is that the Cardoso government will deepen the economic austerity program, called the "Real Plan," which it has imposed for the last four years.

The letter of intent lies about the consequences the plan will provoke. The only thing that the Real Plan has secured since it began in 1994, is foreign debt payments, and that by a combination of stripping the real economy and building up a domestic financial pyramid which is now about to explode. Since its implementation, a half-million industrial jobs have been lost in São Paulo alone, the country's industrial heartland, cutting the workforce there by more than 22%. Likewise, the Real Plan accelerated the destruction of agriculture begun in 1990 when protective tariffs were first eliminated, such that today, there are 3 million fewer hectares under cultivation, and 400,000 fewer farm jobs nationwide.

## Deutsche Bank is buying Bankers Trust

*The former industrial bank continues its shift toward the disastrous Anglo-Saxon model.*

On Nov. 23, Deutsche Bank and Bankers Trust Corp. issued a joint statement announcing that they were in the “advanced stages of negotiations” for a potential \$9.7 billion merger, in which the giant German bank would buy the ailing New York institution. Both banks are expected to give final approval to the deal on Nov. 29. While foreign ownership of U.S. banks is fairly common, the deal stands out as the largest takeover to date of a U.S. bank by a foreign institution.

The combined bank would be the largest bank in the world, with assets of some \$840 billion, topping the \$800 billion UBS, itself the result of a merger between Swiss Bank Corp. and Union Bank of Switzerland; the \$700 billion Citigroup, formed in October by the merger of Travelers and Citicorp; the \$650 billion Bank of Tokyo-Mitsubishi, once the world’s largest bank; and the new \$570 billion BankAmerica, formed by the merger of NationsBank and BankAmerica.

Deutsche Bank had for months been the subject of rumors that it would acquire a U.S. bank, possibly J.P. Morgan or Bankers Trust, and Bankers Trust was clearly destined to be acquired, after posting a \$488 million loss for the third quarter.

Bankers Trust isn’t really a bank: It doesn’t have a retail deposit business, having transformed itself into more of an investment bank with a commercial bank charter. In 1989, it became the first U.S. bank to underwrite junk bonds, and during the 1990s became the poster boy for the international derivatives market—not only did the bank tout itself as paving

the way for a new world of banking, but so did the regulators, who cited the bank’s expertise as one of the reasons why the derivatives market was safe.

But such talk stopped abruptly in 1994, replaced by persistent rumors that the bank had suffered huge derivatives losses. In September 1994, Gibson Greetings filed suit against Bankers Trust, charging the bank with defrauding it on derivatives deals; that suit was followed in short order by a rash of others, including one by Procter & Gamble which accused the bank of violating Federal racketeering laws.

While the bank was clearly guilty of fraud—the bank’s own tapes showed traders bragging that they would “lure people into that calm and then just totally f—k ’em”—such activities are really nothing new on Wall Street. The lawsuits, and the publicity surrounding them, provided regulators with a way to take over and clean up the bank, without having to admit that it had failed.

On Sept. 21, 1994, the regulators moved in, with Bankers Trust “hiring” Deputy Treasury Secretary Frank Newman to be a senior vice-president and a director. Within a month, Newman was promoted to president, and was designated the successor to chairman and chief executive Charles Sanford, who was shown the door after a discreet interval.

The result was a backdoor takeover of one of the largest banks in the country by Federal regulators, similar to the way Citicorp had been seized in late 1990.

Deutsche Bank has had troubles of its own. On Nov. 30, 1989, three weeks after the fall of the Berlin Wall,

Deutsche Bank Chairman Dr. Alfred Herrhausen was assassinated, allegedly by the Red Army Fraction, when a bomb destroyed his armored limousine. An investigation by *EIR* showed that the assassination had been ordered by the Anglo-American oligarchy in order to stop German plans to develop the East bloc; instead, the Anglo-Americans imposed a policy of looting the former East bloc nations, as a way of propping up the bankrupt Western financial system. That policy, combined with the imposition of the Maastricht Treaty upon Germany as a precondition for Western acceptance of German unification, has severely weakened Germany’s economy, and its banks.

Since Herrhausen’s death, and especially under current chairman Rolf Breuer, Deutsche Bank has largely abandoned its historic role as an industrial bank, and transformed itself into an Anglo-Saxon-style speculative bank. That policy hasn’t worked. Deutsche’s acquisition of Morgan Grenfell, the London-based investment bank, had more the flavor of taking in the Trojan Horse than an acquisition, and Deutsche’s foray into Silicon Valley investment banking disintegrated this summer, when most of its 150-person technology group defected to *Crédit Suisse*, taking the customer base with them.

Both banks have jumped heavily into the derivatives markets. By the end of 1997, Deutsche Bank had \$3.4 trillion in derivatives, while Bankers Trust, even after its brush with disaster, had \$2.1 trillion.

With this acquisition, Deutsche will take another giant step away from its industrial banking tradition—a tradition which helped make Germany an industrial powerhouse—and put it closer to ground zero in the coming disintegration of the derivatives market.

## Sobering begins on red-green policy

*Social Democrats are beginning to split and industry is unhappy over the government's tax policy.*

Only four weeks after it was sworn in, the new government coalition of the Social Democrats and the Greens is faced with domestic trouble: Its plans for ecology taxes are drawing heavy fire from industry, especially smaller firms; consumer organizations; and senior Social Democrats.

The team around Chancellor Gerhard Schröder had gone into the election campaign with promises of tax relief for the average citizen. Campaign propagandists said a lot about how the planned "tax reform" would put as much as 3,000 deutschemarks into the pockets of every lower-income household. Less was said, however, about the fact that most of this tax relief would not materialize before the tax reform was fully implemented in the year 2002. But even by next year, the ecology tax will begin to hit households — with a 4% increase in the gasoline tax, additional taxes in the same range on energy and raw materials consumption, and ensuing increases for electricity and prices of most consumer goods.

The government also plans to eliminate tax exemptions for part-time jobs (the so-called DM 620 jobs). The labor unions have long backed this, to stop the erosion of better-paid full-time jobs, and the proliferation of such part-time jobs. This labor union stance is justified, but it does not take into account that, since many households are heavily indebted, family members are trying to get such part-time jobs to cover household bills. The labor leaders have not addressed the fact that the government's tax reform is less motivated by concern for the safety of full-

time jobs, than its appetite for revenues to balance the budget. Labor leaders, most of whom support the red-green policy at this moment, better begin to address the balanced-budget policy, which is beginning to make the government very unpopular among union members.

Many households (most of which are headed by union members) depend on that extra income, and have no interest in paying DM 124 in new taxes on their DM 620 earnings from an extra job. Within the bounds of traditional taxation policy — eliminating old exemptions here, granting new exemptions there — no solution to the paradox can be found.

A solution can only come through debt moratoria and rescheduling, on the one side, and punitive taxes on non-productive financial operations, on the other, in order to give incentives for the creation of new, full-time jobs through productive, long-term investments. This would get rid of the giant debt burden on the German taxpayer and consumer, which is a legacy from the neo-liberal era of high interest rates. No less than 26% of the fiscal year 1999 budget will be absorbed by debt service. And, many households pay more than 20% of their monthly income for private debt as well. But the government wants to balance the budget — on the backs of taxpayers.

In industry, particularly among small and medium-sized firms, this ever-increasing debt burden has led, over the last 15 years, to a dramatic under-capitalization. Ever since the high-interest-rate policy began in late

1979, firms have had to pay more for debt service. Most firms depend on bank loans, but bankers, whose interest has shifted to short-term financial operations that promise higher yields in less time, no longer want to lend for long-term corporate investment. Previous governments have calmed industry protests by granting tax exemptions: depreciation allowances; sector-related bonuses, for example in coal mining and the power sector; bonuses for home-builders and homeowners, and so on. But the new government, which has championed "taxation justice," wants to eliminate these exemptions to generate more revenues to balance the budget, not to create a "just" tax system.

Industry, already upset about these proposals to eliminate tax exemptions, is also enraged at the ecology taxes, which will put new financial burdens on the production process: for the consumption of energy, of raw materials, and so on. The net effect of the ecology tax will be an additional annual tax burden of DM 30 billion for a sector of industry which comprises close to 3 million small and medium-sized firms, which is 95% of the entire corporate sector. Small and medium-sized firms employ two-thirds of the national labor force, and train 80% of all apprentices.

These data, and some more, were cited in a letter mailed on Nov. 9 to the government by Wolfgang Clement, the Social Democratic Governor of North Rhine-Westphalia, who warned of a labor market disaster, because many small firms will no longer be able to produce if saddled with such additional tax burdens. Clement's criticism spells big trouble for the government: North Rhine-Westphalia is not only the most populated state, but it also controls the biggest section of the Social Democrats, with about 30% of the national party membership.

## The handwriting is on the wall

*A nation whose political leadership destroys its own citizens, is headed for certain doom, warns LaRouche.*

In his latest strategic masterwork, "Is Western Europe Doomed?" (last week's *Feature*), Lyndon LaRouche puts forward the provocative thesis that, given the insanity of the political elites of the Western "advanced sector" economies, "the most endangered part of the present world economy, is not, speaking generally, the nations of Asia, but, rather, those of western Europe, the U.S.A., Canada, Australia, and a New Zealand which has been already virtually self-destroyed over the course of the recent ten years."

Such an analysis will no doubt be greeted with outrage in Australia in particular, which prides itself on how well it has survived the so-called "Asian crisis," a performance which no less an exalted windbag than Massachusetts Institute of Technology economist Paul Krugman, now visiting Australia, has just pronounced "miraculous."

However, the very existence of the modern nation-state is based upon the ability and willingness of its leadership to provide for the well-being and progress of *all* of its citizens, as exemplified by the "general welfare" clause upon which the American Founding Fathers anchored the U.S. Constitution. Any political elite which repeatedly violates that basic premise, will either be overthrown, or that nation will soon disintegrate. Perhaps the best measure of such an elite's performance, is the way in which it treats its most vulnerable citizens — its poor, its young and old, and its disabled. By this standard, under the shock of a global financial collapse, Australia will soon cease to exist as a nation, precisely as

LaRouche forecasts.

The fact that a social and psychological holocaust is under way downunder, has been documented in report after official report, which both major parties, the ruling Liberal/National Party coalition, and the Labor Party, have ignored. A book could be written on that holocaust; here, we mention merely some crucial indicators.

First, take a most basic indicator: the general standard of living of the population, and whether it is improving or deteriorating.

According to the latest United Nations Human Development Report, one in eight Australians now lives below the poverty line, and 1.7 million Australians are likely to die before the age of 60 *because of poverty* — this in a nation which, until recently, called itself the "Lucky Country," because it had one of the world's highest standards of living. A recent report from Victoria University's Center for Strategic Economic Studies, "Australian Poverty, Then and Now," documented that poverty has skyrocketed since a 1973 study, during which time governments of both major parties embraced the savage free-trade nostrums of the British Crown's Mont Pelerin Society, known downunder as "economic rationalism." Whereas poverty affected some 20% of the population then, the report said, now it affects almost *one-third* of the population — some 5.5 million out of a total population of 18 million!

Another recent report on housing, by The Smith Family, a welfare group, found that low-income renters pay 40% of their total household income

on rent, and that 30% go without heat, while *almost one-half cannot afford to buy basic groceries*. This has produced an explosion of cases involving elderly people shoplifting food from supermarkets, simply in order to survive. As the Melbourne *Herald Sun* reported on July 5, "Special closed sessions are being held in Melbourne courts to cope with the dramatic increase in pensioners stealing to feed themselves, their children, and grandchildren."

In rural areas, with cartel-rigged prices for rural commodities collapsing, and with the government slashing education, health, and welfare funds, even the government's own Federal Human Rights Commissioner, Chris Sidoti, said in August that "basic human rights were being eroded." Furthermore, he told the Radio National AM show on Aug. 11, "The rural suicide rate is absolutely appalling." Indeed, Australia's suicide rate is just behind New Zealand's, the world leader.

Under these circumstances, the traditional family is disappearing. A recent Monash University study found that 19.4% of all families are now headed by a sole parent, up from 14.6% in 1986. Unemployment among youth ranges from 25%, to as high as 60% in rural areas, while slave labor among children as young as seven has exploded, with more than "1,600 child workers . . . being seriously injured or maimed each year," according to an investigation by the *Age* newspaper published in late October. That investigation found "an estimated 70,000 working up to 20 hours a week or more in the clothing industry" alone, where they are "exposed to hazards including skeletal deformities, asthma and byssinosis, a potentially fatal lung disease."

Indeed, one can see the finger inscribing, "Mene, Mene. . ."

# Business Briefs

## Credit

### U.S. small businesses face exorbitant rates

Nearly half of small businesses in the United States now rely on credit cards for financing, the Nov. 19 *Wall Street Journal* reported. A record 47% of small businessmen use credit cards to finance their operations, double the percentage of only two years ago. These are the results of an annual survey conducted by the consulting firm Arthur Andersen and the National Small Business United lobbying group.

The *Journal* attempts to portray this as a convenience for small businessmen, but it would appear that many have been forced into this as the only means to obtain credit. "A few years ago, credit cards were considered bad or dangerous businesses, but now it's clearly acceptable," said Nancy Pechloff, managing director of Arthur Andersen's enterprise group. Bill Lindsay, owner of the Denver consulting firm Benefit Management Design and a small businessman who has borrowed on his credit card for business purposes, reported, "Needless to say, it's not a cheap way to finance a business, but I didn't have a lot of choices." Lindsay pays an 18% interest rate.

Farmers are similarly borrowing on their credit cards just to stay alive. Prof. David Kohl of Virginia Tech told an agricultural bankers conference in Minneapolis, "Some farmers have 14 credit cards with balances of up to \$6,000."

## Finance

### British royalty take greater hands-on role

Queen Elizabeth II and Royal Consort Prince Philip toured the City of London financial district on Nov. 18. The Queen visited Britain's Financial Services Authority, followed by stops at Bankers Trust and Merrill Lynch, and then to the *Financial Times* for lunch, while Prince Philip visited Lloyds. Then, the two visited the Bank of England.

According to the *Wall Street Journal-Europe*, this is the first time the Queen has dedicated a whole day to the financial district.

The Queen was reviewing a crucial part of her Empire. At Bankers Trust, she discussed "the rationale behind British Petroleum's planned \$58 billion purchase of Amoco," the *Journal* reported. Lord Levene, the European chairman of Bankers Trust and Lord Mayor of London, said that, at a time when the City of London's preeminence is being challenged by Frankfurt, "the City needs to take no-nonsense steps to defend its self-proclaimed mantle as financial center of the world." At Merrill Lynch, the Queen "asked why the currency markets have been so volatile, and how Russia and Brazil are faring," the latter evidently a prod to keep up the looting of these countries.

The *Journal* wrote: "A royal aide said the Queen was keen to publicize the City's stature as a major employer and cash cow for government coffers. Finance, insurance, and real estate make up 41% of London's gross domestic product—more than in New York or Tokyo." Bruce Kasman, chief European economist at J.P. Morgan, is quoted: "She's one of the highest net-worth individuals in the U.K., so obviously she's got a vested interest in how the City performs and evolves."

## Britain

### Farmers, industry hit by free trade economics

British farmers are being rocked by a breakdown crisis which one can only compare to the 1930s, and the government, the biggest advocate of free trade lunacy in the European Union, is slaughtering its farm industry. Policymakers assumed that the crisis would first hit other European Union members, while Britain could profit from it (which it did for the past few years).

The farm crisis has been making headlines for several weeks. Farm prices are so low that many farmers cannot afford to sell their stock. For example, older ewes that last year were bringing £20 for mutton, are now selling for £3. Farmers are shooting their ewes, because they cannot afford to send

them to market at such prices. Lambs are selling for £13; last year they brought £26. Prime dairy heifers have sold for as little as 18 pence!

After an emergency meeting of the farm organizations with Prime Minister Tony Blair in mid-November, the government, going against its own lunatic free-market ideology, voted up an aid package for farmers worth £120 million. Livestock producers in England are expected to get around £2,000 each, while producers in Scotland, reflecting the higher proportion of lamb and beef producers in the north, are to get £3,600. But this is far too little: "£3,600 is about what I have lost this year every time I have gone to market," the *Independent* quoted one Scottish farmer as saying. To survive, farmers need parity prices.

Meanwhile, on Nov. 16, British Steel announced that 1,600 middle-management and blue-collar workers will be laid off, and it is expected that layoffs will total 6,000, out of a workforce of 47,000, by the end of 1999. British Steel chairman Sir Brian Moffat said that the layoffs were necessitated by sharp cuts in steel prices, due to imports of cheaper steel from Asia. According to the *Daily Telegraph*, Moffat said that he expects that the recession in manufacturing will now spread to the rest of the British economy.

## Space

### Zarya launch begins new era in space exploration

At 9:40 a.m. Moscow time on Nov. 20, a Proton rocket successfully launched the Zarya spacecraft, beginning the four-year process of building the International Space Station in Earth orbit. The ISS will require at least 44 launches to deliver all of the pieces to orbit. Once assembled by astronauts on space walks, it will provide a shirt-sleeve laboratory environment for up to seven crew members, who will occupy it for three months at a time.

Zarya, meaning "Sunrise," will provide electrical power, navigational control, and communications for the initial assembly of the station. It will be joined in orbit on Dec. 3

**MYANMAR** has signed multimillion-dollar contracts with China for two hydropower plants, the Mong Chaung plant, with planned capacity of 330 million kilowatt-hours per year, and the Thaphan Seik, with planned capacity of 117 million kwh per year, the government announced on Nov. 20.

**AUSTRALIA'S** Parliament has issued a report concluding that something drastic must be done to stop the explosion of hepatitis C, which has infected more than 200,000 people. The report estimates that one new person contracts the disease every three hours in New South Wales. Stuart Loveday, executive officer of the Hepatitis C Council of N.S.W., warns that for each 1,000 new infections, health care costs rise by more than \$14 million.

**MEXICO'S** *maquiladoras* continue to grow. Employment in the nearly 4,000 slave labor towns along the U.S.-Mexico border grew 13% in the first eight months of 1998, to 1.022 million, according to Mexico's National Statistics Institute, the AFL-CIO's *Work in Progress* reports.

**'IT'S A SPECULATIVE** bubble. I cannot justify buying stocks at these price levels," Howard Ward, a money manager at Gabelli investment house, told the Nov. 22 London *Independent* about the recent six-week run-up in fictitious valuation of the Dow Jones Industrial Average and stock markets around the world.

**BRITAIN** and Israel have signed a defense research memorandum, "significantly strengthening cooperation in weapons research and equipment," the London *Times* reported on Nov. 21. It reportedly excludes Britain from cooperating on Israel's nuclear weapons program.

**FIDEL CASTRO** has announced that Cuba would make the euro its reserve currency, starting in January 1999, according to a BBC broadcast. *EIR* has long identified Castro as a tool of the European oligarchy.

by the Unity node, built in the United States, which will provide docking ports for the next few modules of the complex. The Zarya module, which had been known as the Functional Cargo Block, was built by the Khrunichev State Research and Production Center in Moscow, under contract by the Boeing company, and was paid for by NASA.

Russian Defense Minister Igor Sergeev noted that this is an "historic day, for it sets the foundation for the new station. It is important not only scientifically, but also politically, because it was established on the basis of international cooperation. All projects in the 21st century should take place on such a basis."

Astronaut Michael Foale told Reuters that the station "is really a vehicle to do something in space, continuing the exploration, moving out from the planet. . . . Without the space station we will not get to Mars. . . . But getting to Mars is not the be all and end all, either. It's a progressive exodus of human beings from the planet Earth. Mars will be just a step. A colony on Mars will be just one phase in it. Then, there will be industrial activity in the asteroid belt. . . . The whole question is, 'Is the station critical to that?' Right now, politically it is."

## Colombia

### Government declares economic emergency

President Andrés Pastrana declared an economic emergency, in a nationally televised speech on Nov. 16. He warned, "If we don't act immediately . . . the financial crisis could become a catastrophe, and the country could be paralyzed as if a hurricane had hit." The action was widely viewed as intended to bail out the collapsing banking sector.

At the center of the \$2.5 billion bailout program is the imposition of a tax on all withdrawals from both checking and savings accounts, similar to a tax imposed by the Cardoso government in Brazil. The tax will remain in effect until December 1999. The funds derived from the tax will be used to strengthen the Financial Institutions Deposit Guarantee Fund, provide mortgage-holders

with 10-year, low-interest loans to help them pay homeowner debts, and temporarily cover mortgage payments for people who lose their jobs. The constitutional court must approve the measures.

Pastrana inherited an economic disaster from his predecessor Ernesto Samper, but the austerity measures he has announced since taking office in August are poison. In the first 10 months of this year, the national banking system has lost \$63.2 million as a result of growing loan defaults, caused by increasing unemployment and continual hikes in interest rates.

## Health

### River blindness epidemic in Liberia

River blindness, or onchocerciasis, a parasitic disease which causes egg-sized lumps to erupt all over the body and can result in permanent blindness, is affecting 600,000 people in Liberia (one-third of the population) and 600,000 more are at risk of contracting the disease, the Nov. 22 London *Daily Telegraph* reported. Liberia has been torn asunder by one of London's bloody seven-year-long civil wars.

In a desperate attempt to halt the spread of the disease, the government has invited in Sight Savers International, the British charity. Pamela Drameh, Sight Saver's West Africa director, says it is increasingly common to see children leading their parents around the village with a cane. "The economic and social consequences of river blindness are devastating. When an adult is affected by river blindness, you are really talking about the child being affected too, because they have to stay home and are not able to go to school. It is a huge problem," she said.

River blindness is spread by the bite of the black simullum fly, and is caused by worms which burrow into the skin and work their way up through the body to the eyes, where they damage the optic nerves. The worms cause permanent blindness and painful itching all over the body. Treatment, which can prevent its spread but cannot reverse blindness, can be carried out with Mecitzan, a tablet which kills off the worms.

## How China is building the Eurasian Land-Bridge

by Mary Burdman

We publish here excerpts from the presentations made by Chinese officials and economists to the conference on “Asia-Europe Economic and Trade Relations in the 21st Century and the Second Eurasian Bridge,” held in four Chinese cities from Oct. 27 to Nov. 1, as well as the speech by Schiller Institute president Helga Zepp-LaRouche to the keynote session of the conference in Beijing.

This conference, which took a group of foreign delegates on a vigorous and exacting tour to the great cities of Beijing and Nanjing, and the sea and rail ports of Lianyungang and Qinhuangdao (see *EIR*, Nov. 20, p. 50), was carried out in the spirit of one of the fundamental policies of economic construction in the People’s Republic of China: Always make inspections of actual conditions, so that you can make the correct policy decisions!

The actual conditions of the Second Eurasian Continental Bridge project in China had a deep impact on participants from both western and eastern Europe. The statements of the Chinese who received the foreign delegation, from the highest level and lower, emphasized the importance of this project to their overall strategy for consistent, stable development of the world’s largest nation in the coming century. The political and social “conditions” of the Land-Bridge project certainly include the nation’s cultural optimism and determination. The physical conditions are also impressive. China has many challenges to overcome: lack of infrastructure, an urgent need to develop water and land resources for its huge population, and so on. But, as we witnessed at the Lianyungang nuclear power site, and in the harbors of Lianyungang and Qinhuangdao, work is always going on, and plans are being made, for years and decades to come, on exactly how to build what China needs.

Also impressive, was the Chinese eagerness for expanding cooperation with other nations — but with the caution that,

given the problems of the international economy, this can only be done in a way to foster real, mutual economic benefit.

China has done more than any other nation to build the Second Eurasian Continental Bridge, as this four-city conference has proven. Only through such economic vigor and far-sightedness, within their own nations, can the rest of Eurasia—from Central Asia to Russia, to east and west Europe — stop economic deconstruction, and begin to rebuild.

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Zhang Quan

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## The Silk Road will gloriously reappear

*Zhang Quan is vice-president and general secretary of the China Association of Enterprises of Foreign Investment. This speech was delivered in Beijing on Oct. 27. Its full title is “The Ancient Silk Road Will Reappear Gloriously Through European-Asian Cooperation.”*

### 1. The situation of the Eurasian bridge in China.

Our government has always devoted much attention to the Eurasian bridge. . . . The leaders of the State Council convened a meeting on Jan. 14, 1984, to make a decision about the Eurasian bridge. There are two routes: One is from Dalian Harbor, China, via Chita, Russia to Moscow, Russia; and another is from Tianjing Harbor, China to Erlian, China and via to Ulan Bator, Mongolia to Moscow, Russia. These





*Helga Zepp-LaRouche speaks with reporters at the eastern terminal of the new Eurasian Land-Bridge in Lianyungang, China, October 1998. She headed a Schiller Institute delegation attending the conference on "Asia-Europe Economic and Trade Relations in the 21st Century and the Second Eurasian Bridge," held in four Chinese cities.*

developed rapidly after the meeting.

In autumn 1986, our country already considered realizing a route that was drafted in the 1950s from Dalian Harbor, China, to Urumqi, China, via Shihezi, China, to the Ala Mountain Pass. Then in autumn 1987, our government started to use a loan of 1.3 billion Swiss francs from the Soviet Union's government to build this railroad. In June 1990, the road was completed. On Oct. 12, 1990, the chairman of our government himself attended the celebration opening the track. This road is shorter by more than 3,000 kilometers to Rotterdam, Netherlands than the above two roads.

At present, the three roads work well, the amount of transportation increases every year, and they have already become main economic arteries. Especially the level of transportation from Lianyungang Harbor to Europe has progressively increased. Already since 1992, Japan and Korea have had an agreement for regular scheduled flights. Countries such as the U.S., Singapore, etc. have also joined. . . .

A project for the Eurasian bridge has already begun in the northeast and southeast of our country. The railway department has organized five regularly scheduled trains from Kunming to Chengdu to Xi'an, to the Ala Mountain Pass. These two areas' economies have been contacted with the Eurasian bridge.

For the cooperation of our country with other countries along the Eurasian bridge, our government decided to set up an institution to coordinate with the Eurasian bridge. The institution concentrates on joint transportation. China, Mongolia, and Russia—whose institutions have coordinated the

Eurasian bridge—have agreed to convene a meeting about transportation every year. On Aug. 23-30, 1998, a conference . . . was opened in Ulan Bator, where the Presidents of these three countries' related institutions, signed agreements about improving the capability of transportation and management of transit goods. A conference will be convened in Moscow next year.

At present, we also have many problems about the Eurasian bridge. Primary problems are how to improve the capability of transportation; the deep water problem of harbors; construction of harbors for dangerous goods and liquids. Concerning the opening of harbors, such measures as setting up bonded areas, export processing zones, facilities of trade zones, etc., in this area, the work of countries along the Eurasian bridge has not been carefully developed. For example, in customs supervision, receiving of goods, management of storage, accounting settlements, foreign exchange deals, and so on.

Important problems are also environmental protection, public order, and improving connections with other countries along the Eurasian bridges.

*2. The role of the Eurasian bridge is very clear, as seen in the actions of our neighboring countries.*

In Northeast Asia, a development area was sponsored and developed by UNIDO (UN Industrial Development Organization), taking the Tumen River area as the core including North Korea, Korea, Mongolia, Russia. It has begun to produce the desired result.

Our northwest neighboring countries, and five countries

of Middle [Central] Asia were very positive. During past years, they did a lot of work for improving construction. In 1993, a European Union cooperation conference was opened in Brussels. On Sept. 7-8, 1998, the Europe-Caucasus-Asia international transportation conference was convened in Baku, the capital of Azerbaijan, where 33 countries' representatives attended, all of them hoping to speed up the construction of the Eurasian bridge.

Southwest China and the Southeast Asian countries are very close. ASEAN (the Association of Southeast Asian Nations) has developed the Mekong River region over many years. ASEAN advanced an idea to construct a road from Singapore via Malaysia, Vietnam, Cambodia, Laos to China.

One thing needs to be pointed out: Two roads between China and Vietnam have already reopened in the past two years, one from Hanoi to the Friendship Pass in China; another is the narrow railway, built in 1904, from the south of Vietnam to Kunming, China. Both of them are the result of the Land-Bridge.

Judging from the development tendency, we should see if we can open other roads, for example, in the southeast from Bangkok, Thailand to Kunming, China, and in the northwest, besides the road of the Ala Mountain Pass, then

the role of the Eurasian bridge will be more developed.

### 3. The Eurasian bridge is the pioneer of economic development.

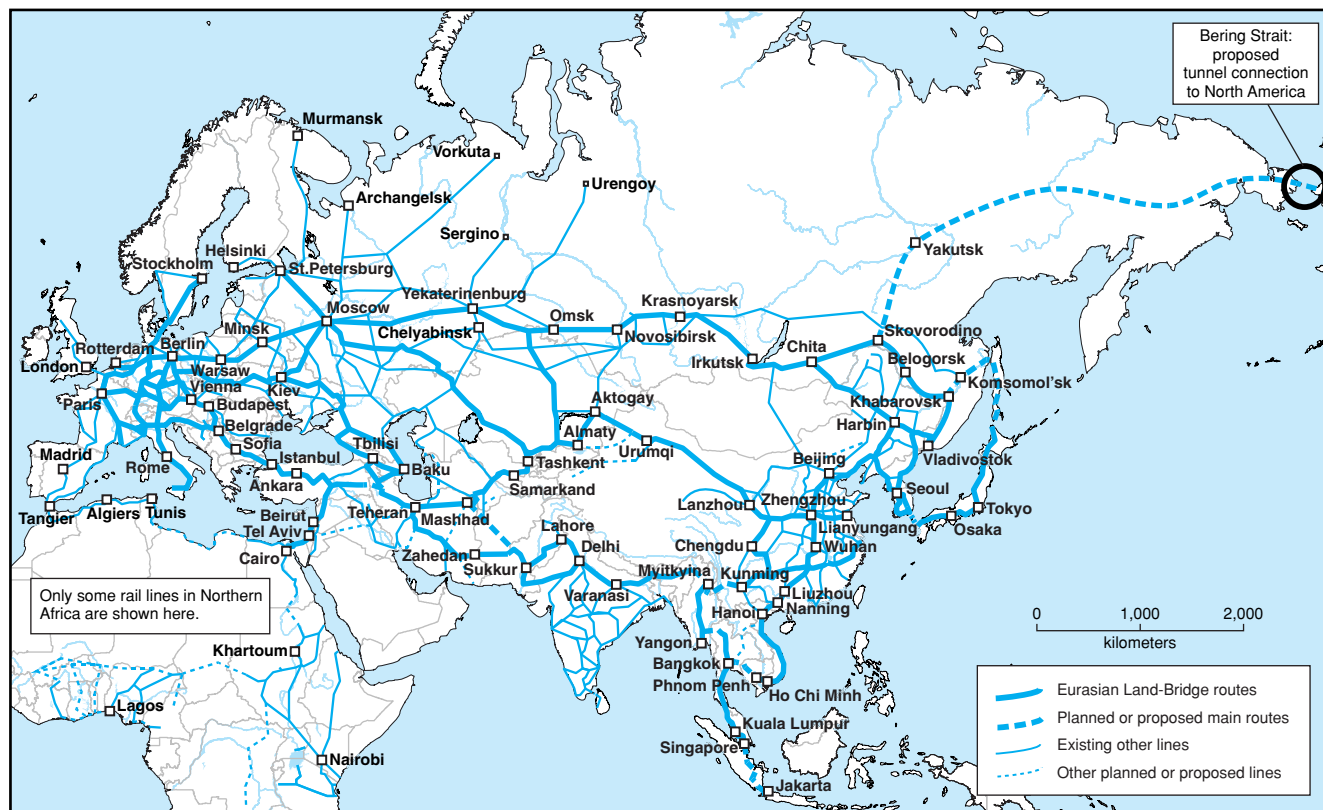
At present, the Eurasian bridge plays a leading role in the economic development of the countries along it. From Northeast Asia to Central Asia to Southeast Asia, natural resources exploitation and economic development mostly depend on the Eurasian bridge. It goes without saying that basic facilities connected with natural resources exploitation will be built, such as petroleum, gas, natural gas pipelines, petrochemical industry, etc. In Central Asia, Mongolia, and Russia, petroleum exporting to the East is also important as well as exporting to Europe.

In our country, the Eurasian bridge also plays a very important role. For example, in the northwest of our country, after the Eurasian bridge was completed, this area has been opened to the west and has become a favorable area. Transport, tourism, and many industries will be booming. As regards tourism resources, this road, going from Xi'an, China to Central Asia, has more than 200 cities along the way, and thousands of ancient cities and caves. It is a route of historic sites.

At the same time, Northwest China also is the area to

FIGURE 1

## Eurasia: main routes and selected secondary routes of the Eurasian Land-Bridge



develop high technology. . . . We know the situation of Northeast Asia and Southeast Asia, such as Japan's economic strength, the products of Russia, Asia's natural resources, etc. Also the Mekong River valley is a natural granary and an excellent market.

#### 4. *The bottlenecks of the Eurasian bridge.*

There are two aspects, one is the bottleneck of the Eurasian bridge, another is our common problem.

With the Eurasian bridge operating, the bottlenecks in the Eurasian bridge will emerge. This kind of problem needs to be settled step by step, according to the situation. For example, from Xi'an via Urumqi to the Ala Mountain Pass, the railroad needs double rails. This will be solved. The problem of the terminal facilities' construction: At present the construction of the Ala Mountain Pass needs more attention. The other problem is management: We hope the countries that are connected by the Eurasian bridge can progressively settle those problems as follows:

- i) Unify transportation policy, simplify customs processes.
- ii) ensure safety and rapidity of transportation.
- iii) the basic payment for goods passing customs should be low.
- iv) maintain public order, take measures against smuggling and drugs, etc.

The third bottleneck is funds. This problem should be settled according to the principle of raising money from central government, local government, private persons, privately owned industrial and commercial enterprises. . . . This is the internal means to raise money. Money resources from outside are more extensive. In recent years, international financial organizations invested US \$1,000 billion in Asia, and US \$400 billion of that was invested in our country. The World Bank is very satisfied with the results of those projects in our country. In 1999, the euro will be reality. In past years the investment from Europe has been not so much, [but] now a good opportunity is coming.

Financial protection needs more attention. We must refuse unsafe and speculative funds, such as equities, securities, and derivative financial products. [We must] refuse short-term funds that are not linked to projects and do not support long-term facilities; money should be used instead for basic infrastructure.

Our country's foreign debt is more than US \$100 billion, but 85% of it is fixed investment—basic infrastructure and foreign exchange investment. At the same time, in the context of the risky financial environment in Asia our country has kept its good reputation and continued to raise a lot of funds in this year.

The Eurasian bridge economy means European-Asian cooperation—depending on each other and developing in commune. The ancient Silk Road will be developed more widely than 2,000 years before. Europe, Asia, and the people of the whole world will get great benefits.

## Foreign policy in the Land-Bridge era

*Helga Zepp-LaRouche, president of the Schiller Institute, made the following presentation at the opening session of the International Conference on "Asia-Europe Economic and Trade Relations in the 21st Century and the Second Eurasian Land-Bridge," in Beijing, on Oct. 27. The title of her presentation was "Principles of Foreign Policy in the Coming Era of the New Eurasian Land-Bridge." Subheads have been added.*

While the present meltdown of the global financial system obviously represents enormous dangers for the existence of entire nations and their populations, the profound discrediting of the institutions associated with that system, represents, at the same time, a unique and unprecedented chance, to replace the unjust principles of the old political and economic order with new, just ones, which will allow the survival and well-being of all nations on this planet.

To review briefly the evolution of this question, of relations among nations since the end of the Second World War: It was U.S. President Franklin D. Roosevelt's firm intention, to end the system of British colonialism, a view he expressed in his famous dispute with British Prime Minister Winston Churchill at the Casablanca conference. However, Roosevelt's untimely death left a vacuum, so that the emerging postwar order was based on a variety of mixed assumptions. On the one side, the Bretton Woods system contained certain useful features, such as fixed parities among currencies, limited convertibility of some currencies, a gold reserve standard, etc., which allowed not only for the postwar economic miracles in Germany and Japan, but also for a period of growth and stability in the industrialized nations in general. On the other hand, the so-called developing countries were put into a situation of relative disadvantage from the beginning. Also, the assumptions of the Cold War, i.e., managing the world by playing the Soviet Union against the West, represented serious corruption. Despite these flaws, the system functioned relatively well, from the standpoint of allowing real growth in most parts of the world economy.

But after the 1962 Cuban missile crisis and the assassination of U.S. President Kennedy, the international financial oligarchy decided to inject certain axiomatic changes into the belief structure of the populations and institutions of the West. These consciously created paradigm-shifts, were orchestrated both in the cultural and moral realm, as well as, in a corresponding way, in the field of economic policy. In the first area,

it was essentially the sex-rock-drug counterculture which led to the moral and intellectual erosion of the fundamentals of Western society. In the economic field, corresponding neo-liberal ideas, such as the utopia of the post-industrial service sector economy, influenced governments to create conditions where people invested less and less in capital-intensive and high-technology areas. Subsequently, the idea of producing income shifted away from industry and agriculture, to the idea of making fast profit in the financial world.

### **The turning point, 1967-71**

The dollar devaluation following the collapse of the British pound, in November 1967, represented the first blow to the stability of the system, leading to the circumstances under which President Nixon decoupled the dollar from the gold reserve in 1971, thus allowing the creation of the “Eurodollar market”; the power of credit creation had shifted away from sovereign governments to private financial interests and unregulated offshore markets. By the mid-1970s, the Anglo-American-dominated international financial oligarchy decided to impose what they called a “controlled disintegration of the world economy,” which was based on the expressed intention to absolutely not allow the occurrence of any “mercantilist” tendencies in the developing sector. This was the time when the International Monetary Fund drastically hardened its “conditionalities” policy against the so-called Third World, forcing those countries again and again to devalue their currencies. This made their imports of needed high-technology goods more expensive, while lowering their export earnings, forcing them, at the same time, to pay more for their increased debt burden and less for their social budgets. The IMF increasingly acted not only as an economic, but also as a political institution involved in fiscal manipulation, propping up authoritarian and corrupt regimes, while severely crippling progressive ones. Such fiscal destabilization, and interference into the internal affairs, of developing countries, made the very idea of political independence a sham. At the same time, Western media used their far-reaching hegemony to spread the “Hollywood” and related counterculture, in an effort which can only be called cultural imperialism.

What followed, was a whole series of deregulations of the international financial markets, preparing the grounds for wilder and wilder speculative schemes. If the insider trading, hostile takeovers, and junk-bond operations of the 1980s were already of a criminal character, then the cancerous growth of the derivatives markets of the 1990s was even more so. Yet, all leading financial institutions and governments of the West defended the illusions associated with that form of fast money-making.

One essential feature of this already-described paradigm-shift, was that the international oligarchical forces made major efforts to eliminate the sovereign nation-state and its capacity to interfere on behalf of the common good of the people, and thus limit the oligarchies’ ability for looting. If one

is not blinded by labels, then “globalization” is nothing but a neo-feudal world system, in which production is “outsourced,” where slave labor is available for the cheapest price. Free-market policies have turned the whole world economy into a global plantation, with very few exceptions, such as China.

A major inflection point in this process, was the opening of the Wall between eastern and western Europe, which was described by many, correctly, as the great historic chance of Europe of this century, since it indeed offered the opportunity to put the relations between East and West, and North and South, on a completely different basis. But the American economist Lyndon LaRouche warned, as early as November 1989, that if the then already bankrupt system of the “free-market economy” was superimposed on the collapsed Soviet system, the East would be thrown back to the level of Third World, raw-materials-producing countries and an even more dramatic collapse of the global economy would be the result. Mr. LaRouche proposed, instead, that based on the principles of physical economy, the same kind of infrastructure development corridors, as they are now envisioned for the new Eurasian Land-Bridge, should be constructed from Western Europe into the East. Unfortunately, these proposals were rejected, and the so-called “IMF reform package” was imposed on the economies of the East, leading to the predicted catastrophic result. The unified Germany was forced by the former occupying powers not only to give up its strong D-mark, but to capitulate to a financial order, which is directly responsible for the present collapse.

The present derivatives bubble is the greatest bubble in the history of the financial markets, and will burst, as certainly as previously much smaller bubbles, such as the Dutch Tulip Bubble or the John Law Bubble burst. This system is now in its final phase, and will not outlast this year. The only question is, will the whole world go to Hell with this prospect, or will a responsible group of nations take initiative in time, to replace the old bankrupt system with a new one?

But once it is clearly recognized, that the collapse of the old, essentially still colonial system is occurring, it is important to establish and agree upon those principles, which should be the basis for the new era of mankind.

For the immediate emergency reorganization, the experience of the Non-Aligned Movement (NAM) is a useful reference, and a lesson that the mistakes made should not be repeated. The main reason why the NAM, despite excellent intentions, remained relatively inefficient, was because it allowed itself to become a sort of mirror image of the United Nations, in the sense that many member countries would use the NAM as a forum to bring up “their” problem, or “their” interests, as opposed to that of some other member-country, and this setting made it quite easy for some outside or supranational forces, to manipulate the situation. Because of this shortsightedness, repeatedly, member countries could not even prevent conflicts and wars among themselves.

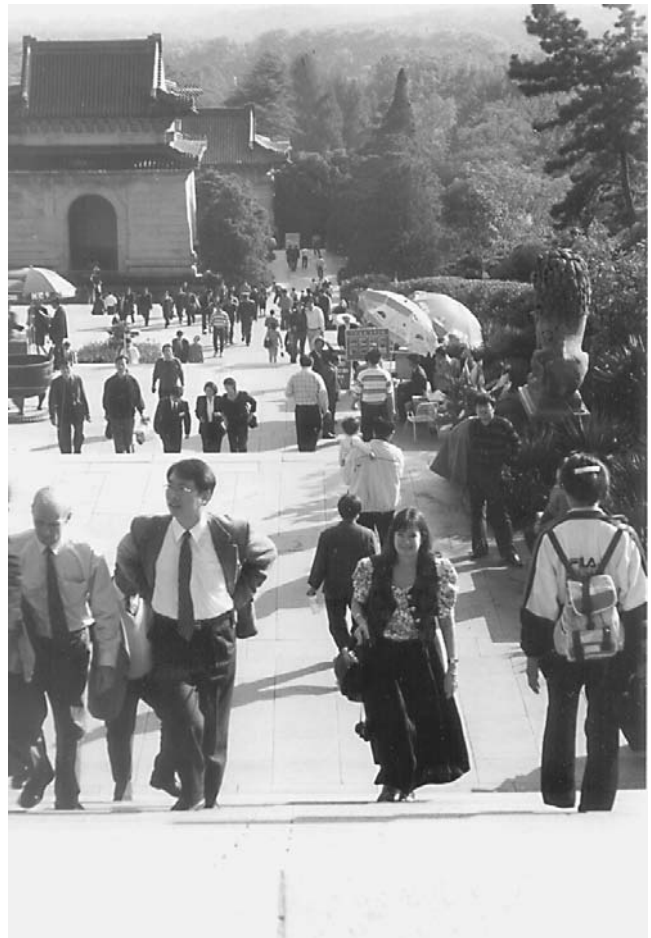
## Solving the paradox

If the new, just world economic order is supposed to function, the ancient philosophical paradox of the One and the Many has to be addressed. The unifying principle has to be the development of mankind as a whole, and there has to be an intelligible scientific principle for how that development can be measured. At the same time, the principle of national sovereignty must be absolutely guaranteed. Universal history proves that there must absolutely not be any contradiction between these two ideas.

The emergence of the modern nation-state in European history, was a ground-breaking accomplishment of the Renaissance period in the 15th century. Up to that point, 95% of all people lived in a de facto condition of serfdom and slavery. Only 5% of the population was literate and participated in whatever culture belonged to appropriate civilization. Society was ruled by imperial power structures, but these in no way could be called states yet. In the period between the 11th and the 13th centuries, the notion of sovereignty gained relevance in the deepening debate about the theory of the state. A multitude of memoranda and papers about what it meant to achieve sovereignty, by not tolerating a superior ruler above oneself, and sovereignty toward foreign nations, were written. Only slowly, through the contributions of such philosophers and poets as Raimundus Lullus [Ramon Lull] and Dante Alighieri, was the concept developed, that the rulers were answerable to the common good of the people, and that nobility was not defined by birth or possession, but by the self-ennoblement of the individual; ideas which have a real affinity to the thoughts of Confucius and Mencius. Thomas Aquinas and others developed the argument, that the common good was knowable and measurable through natural law, which man was capable of recognizing by the power of his reason.

The establishment of the first nation-state under Louis XI in France in the 15th century, was able to realize in practice, the understanding that scientific and technological progress are a precondition for the improvement of the living standards of the population and that the state is therefore obliged to foster such progress, and also to seek to increase the ratio of the intelligentsia within the population at large. But the corresponding crucial breakthrough in the emergence of the modern nation-state, was the development of the representative system by Nikolaus von Kues [Nicolaus of Cusa], which established for the first time the idea of the ruler's accountability, and of a reciprocal legal relationship between the governing and the governed. The idea of participating in self-government was born, and therefore the idea of the inalienable rights of every individual was established for the first time. Three hundred years later, these concepts would shape the first explicitly anti-oligarchical constitution, that of the American Founding Fathers.

The reason why the principles of a future just, new world economic order must absolutely reject any form of



*Helga Zepp-LaRouche visits the tomb of China's great national leader Sun Yat-sen, in Nanjing, China.*

supranational institution, is obvious. Only the sovereign nation-state embodies the principle of accountability and thus protects the rights of the individual. Since, contrary to the mistaken assumptions of the bankrupt free-market economy, it is not the power to "buy cheap and sell dear" which is the source of wealth in society, but only the creative potential of the individual, it is not only the duty, but the very self-interest of the state, to foster the maximum development of all of its citizens. It is the individual creative mind which is capable, again and again, of forming adequate hypotheses about the laws of the universe, which successively represent the basis for scientific and technological progress. If this progress is translated into ever-improved machine-tool design, and if these new machine tools are applied in the production process, this leads both to an increase in the productivity of the workforce, as well as the industrial capacity. Again, it is therefore the most fundamental self-interest of each sovereign nation-state, to develop all of the potential of all of its citizens. In the upcoming negotiations about a New Bretton Woods Conference, but also in the agreements

about a new set of trade and tariff agreements, this has to be taken into account.

### **The LaRouche economic method**

In modern times, it has been the American economist Lyndon LaRouche who developed a scientific measurement for the intelligibility of the common good, and for what are the necessary criteria for development. Over the long term, that yardstick for a successful society, is LaRouche's notion of relative potential population-density, which can be measured in the increase or decrease of a related function. Population density is exactly what it appears to be at first glance: It

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*In the 15th century, Nikolaus von Kues recognized, that every new discovery in science, and all progress in scientific knowledge, was so precious for mankind, that each nation should immediately have access to it. . . . This beautiful rejection of technological apartheid, should be adopted for the just, new world economic order.*

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is the average number of persons who can live and be sustained on one square kilometer. The increase of the actual and potential population-density over the last millennia, to presently circa five and a half billion people in the world, is the result of the continuous production, distribution, and effective absorption of scientific and technological progress.

The transformation of productivity per square kilometer and per capita, reflects itself in the following qualitative changes:

1. The efficiency of each square kilometer, for the purpose of production and human settlement must increase.
2. The productivity of labor in the process of production must increase.
3. The material living standard per capita and household, in terms of a market basket, must increase.

If these parameters are followed, we realize that the average square unit of territory required to maintain a person, is being reduced, while, at the same time, the required material consumption increases.

In the case of continuous physical productivity of labor and the related increase in the per-capita consumption, the following tendencies occur:

4. The energy throughput per square kilometer and per capita must increase.

5. The efficiency per square unit in the production process must tend to increase.

With these improvements in physical economy, there is also a change in the social characteristics:

6. The relation of the urban to the rural population increases until it apparently asymptotically reaches an upper level.

7. The ratio of those employed in the production of capital goods increases, as compared to those producing for household consumption and related goods.

These changes occur in such a way, that the production of agricultural and household goods for consumption never decreases, but increases per square kilometer and per capita. Under these conditions the following demographic changes will result:

8. The age of the maturity of the individual before entering the workforce increases.

9. There is a shift away from labor-intensive, toward energy-intensive types of employment.

All these preconditions must be fulfilled and maximized at the same time. Together, they illustrate the connection between technological progress and the increase in the potential population density. Even among countries with different levels of development, they give a guideline for the direction in which society should go.

For obvious reasons, the New Eurasian Land-Bridge, as the cornerstone for a global reconstruction of the world economy, emphatically including Africa and Ibero-America, must be the concrete framework for the principles mentioned above. All participating sovereign nations should not only agree that building the Land-Bridge is in their common interest. In addition, these nations should also agree that the application of the principles mentioned above, is not only in their own best interest, but it is also in their own best interests, that all other sovereign nations also apply them. In this case, peaceful cooperation for each others' mutual benefit, is guaranteed.

Already in the 15th century, Nikolaus von Kues recognized, that every new discovery in science, and all progress in scientific knowledge, was so precious for mankind, that each nation should immediately have access to it, in order to facilitate its development. He suggested, therefore, some kind of international pool, into which all discoveries should be transferred, so that every nation could have access to it. This beautiful rejection of technological apartheid, should be adopted for the just, new world economic order.

This program of global reconstruction for the benefit of all nations on this planet will only be successful, if it is combined with a new cultural and moral renaissance. If one studies the Arab Renaissance of the 8th century, the neo-Confucian Renaissance of the 12th century, the Italian Renaissance of the 15th century, and the German Classical period at the end of the 18th and the beginning of the 19th centuries, one sees that they always return to the best of what mankind had pro-

duced up to this point, in order then to create something new and superior out of that rich heritage. Thus, the pathway to the future is also clear for us today.

We simply have to take the best of what Chinese, European, and other cultures contributed to universal history, and let our own culture, enriched though the genius of the others, come back to us and inspire us to contribute to a new golden age of mankind.

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Xia Geng

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## The eastern terminal of the Land-Bridge

*Xia Geng is the Mayor of Lianyungang. This speech was presented in Beijing on Oct. 27. Its full title is "Constructing the Eastern Terminal of the New Eurasian Continental Land-Bridge, Propelling the Land-Bridge Economy Forward."*

In this fascinating golden autumn, we are very happy to be here discussing issues of Eurasian relations in economy and trade, and the economic development of the New Eurasian Continental Land-Bridge (NECL). This conference is another important meeting after the 1996 Beijing New Eurasian Continental Land-Bridge Conference, which attracted worldwide attention. I am convinced that this meeting will give a fresh impetus to Eurasian economic development in the future. On this occasion, on behalf of the Lianyungang Municipal Government and the Lianyungang people, I wish the conference every success, and I also want to extend a cordial welcome to the representatives who will visit our city.

In order to strengthen economic cooperation and exchanges with East Asia, Central Asia, and Europe, and promote the economic development of the provinces of China along the Land-Bridge, the Chinese government attaches great importance to the construction of the New Eurasian Continental Land-Bridge, and has taken concrete measures to speed up the Land-Bridge economy. In 1992, the New Eurasian Continental Land-Bridge was formally put into operation. In 1993, the Chinese government decided to open up and develop the segment of the Land-Bridge inside China. In 1994, the New Eurasian Continental Land-Bridge was included in the list of priority projects in "China's 21st Century Agenda." In 1995, the Fourth Meeting of the Eighth People's Congress passed "the Ninth Five-Year Plan for National Economy and Social Development," and the Long-Range Program for the Year 2010." It lists the New Eurasian Continental Land-Bridge (NECL) inside China as a key develop-

ment area. All these measures have enhanced Eurasian economic exchanges and cooperation and promoted the economic development of the nations along the NECL.

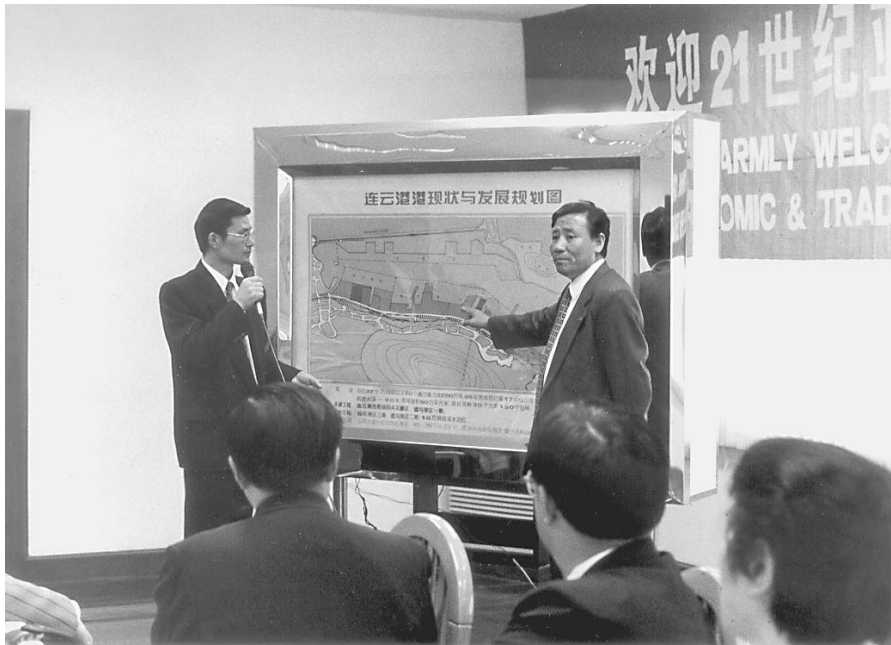
This conference will focus on "how to build a new Eurasian economic partnership with the linkage of NECL," "thoughts about the development of the NECL," and "the fields, channels, and ways for Eurasian cooperation and economic exchanges." I believe that this meeting will further promote Eurasian economic and trade cooperation. According to the arrangements of the conference, permit me to give you a brief introduction about Lianyungang, which is the eastern terminal of the NECL:

Situated at the midpoint of the long coastline of China, Lianyungang is one of the first in a series of 14 coastal cities opened up by the central government of China. "China's 21st Century Agenda" points out that Lianyungang will be built into a regional international trade center, a beautiful tourism center, a modern transportation hub, and an international port city. Centering on this aim, with the support of the central government, and insisting on the strategy of "the prosperity of the city is based on the port," Lianyungang will make great efforts to speed up the construction of the eastern terminal and propel the land-bridge economy.

1. *Organizing international container transport via the NECL.* With the opening up of NECL, we have cooperated with concerned departments of state government to successfully organize the first international container train from Lianyungang to Uzbekistan, and established "Five Fixed-Scheduled Trains" to the Ala Mountain Pass. We also have provided assistance to research on Land-Bridge transportation and Land-Bridge management. Our city has sent several delegations to concerned nations and regions in Asia and Europe to study advanced methods of transportation management. We have contacted over ten agencies in Kazakstan, Uzbekistan, Turkmenistan, Japan, and the Republic of Korea. We have established relations with some big foreign companies. All these measures have played an important role in maintaining and enlarging the Land-Bridge transportation volume.

The Lianyungang Port has opened six international container lines, and the number of regular ship arrivals has reached 50 every month. The number of the containers shipped by Lianyungang port via the NECL to different destinations has reached 30,016 in 1997, comparing with 1995's figure of only 257. At present, Lianyungang has 95% of the total container transportation volume through NECL.

2. *Devoting major efforts to develop economic cooperation along NECL.* Based on the principles of "serve the Land-Bridge, exploit mutual advantages and develop cooperation," Lianyungang has devoted major efforts to develop economic and trade relations with countries along NECL. In 1995, Jiangsu Province held the first "China 1995 Jiangsu New Eurasian Continental Land-Bridge Trade Fair." More than 1,000 foreign businessmen from 35 countries and regions and 5,000



At the headquarters of the Port of Lianyungang, the director of the Port Authority (right) briefs conference participants on plans for expanding the port to meet the growing needs of the Eurasian Land-Bridge.

domestic businessmen from 10 provinces and autonomous regions took part in the fair; 423 contracts for utilizing foreign investment of the fair have been concluded, with total investment of US\$1 billion. The total domestic investment of the fair is 1.67 billion renminbi (RMB). Every year, Lianyungang will invite businessmen from countries and regions along NECL to the fair. . . .

3. *Setting up the International Information Center for the Land-Bridge.* With the guide of concerned departments of the state, Lianyungang has successfully founded the New Eurasian Continental Land-Bridge Information Center. On April 6, 1998, the information center was formally put into operation. The information center has initial linkages with 40 countries and regions along the Land-Bridge. . . . At the same time, we are planning to build an information superhighway along NECL. *Land-Bridge Economy*, published by Lianyungang, is regarded as the working magazine by the China NECL Leading Committee. All of this has played an important role in spreading information concerning the economy of NECL, publicizing the development trends of the Land-Bridge, and promoting politics, economy, technology, and culture along NECL.

4. *Enlarging exchanges with nations and regions along NECL.* In recent years, Lianyungang has strengthened its relations with overseas media and news agencies. An American TV station has begun a new program about NECL. "Travel Notes along the New Eurasian Continental Land-Bridge," filmed by the Central TV Station of China, has gained world-

wide attention. This TV report is mainly about the economy and natural scenery along the Land-Bridge, from Rotterdam to Lianyungang. With the support of the News Office of the State Council and the Xinhua News Agency, *Lianyungang Daily* has organized a "Trip along the NECL." It took about 130,000 km, reported 47 cities along the Longhai Railway, Lanxin Railway, and reached Middle [Central] Asia, East Asia, West Asia, and Europe. . . .

5. *Strengthening the basic construction of the eastern terminal.* The state government and Jiangsu Province pay much attention to the construction and development of Lianyungang. At present, the Lianyungang Port has 31 berths, and 22 of them are 10,000 ton berths. The total annual handling capacity of the port has reached 2.5 million tons. The state government has permitted Lianyungang Port to build the Miao Ling

Third Phase Project, which has a total investment of RMB 628 million. With completion of this project, the container handling capacity of the port will be increased rapidly. Lianyungang has also expanded its airport, and . . . completed the first-class highway from Lianyungang to Nanjing. . . . The double track of the Eastern Longhai Railway will open this year. In the course of constructing a modern communications system, Lianyungang has completed the construction of North Coastal Optical Fiber Cable Project and the Lianyungang sector of the Xuzhou-Lianyungang Optical Fiber Cable Project.

Taking a broad view of the world situation, we find that the world economy is undergoing challenges from globalization. Profound changes have taken place in economic cooperation; however, frictions have intensified. Therefore, promotion of cooperation and exchanges along the Land-Bridge and giving full play to the mutual economic benefit of NECL will play an important role in the development of Eurasian economy. To this end, the urgent tasks are to strengthen coordination of concerned countries and regions, set up a coordination system, and provide support for Land-Bridge transportation and economic development.

In the future, in the course of promoting the economy along the Land-Bridge, our city will speed up the construction of the Lianyungang Port, provide good services, and contribute our efforts to establish the Eurasian economic partnership in the 21st century.

Thank you!



## International and internal cooperation

*Xue Jiaji is a professor at Jiangsu Provincial Academy of Social Sciences. This speech was presented in Nanjing, Jiangsu Province, on Oct. 28. Its full title is "International and Internal Cooperation: A Call for the No. 2 Bridge to Progress Smoothly."*

The No. 2 Land-Bridge is a silk ribbon connecting Asia and Europe, and an intercontinental chain of international economic cooperation, too. This new type of modern international thoroughfare, which crosses intercontinentally, connects oceans, and is composed mainly of railway transportation, has a system of highway, aviation, sea transportation, river transport, pipeline transportation, and light cable communication, directly by sea and land, from America to Asia, then to Europe, greatly shortens the distance of economic communication of the whole world, and becomes the formal thoroughfare of the whole world's co-development.

Built along the Silk Road, the No. 2 Land-Bridge is shorter by 2,000 km than the Siberia Land-Bridge, and avoids the freezing conditions of high and cold areas. It is a bridge of transportation, commercial, industrial cooperation, and cultural communication. And it compiles a great stream of people, goods, and information. The bridge starts east from the Pacific and attracts the attention of many countries in East Asia, Southeastern Asia, and the Pacific surroundings. From West to Central Asia, West Asia, and Southeastern Asia, and even to Europe, the Land-Bridge becomes the thoroughfare to develop the Northern and Western areas in China and Central Asia, and strengthens the communication of economy, technology, and culture. From China to Holland, there are 35 countries sharing the fruits of the bridge.

Along the bridge, countries can obviously complement each other mutually and optimize their groupings. Developed countries may march into this super-market, which has a large population and rich materials. Those areas, such as Central Asia and the northwestern part of China and so on, may absorb the foreign capital, technology, and modern management experience to speed up the promotion of economy. It is a trend of social development, to march into the undeveloped places which have wide areas and rich materials, and create a new wide area for human living, prosperity, and development. Although there is a beginning of a "knowledge economy," it does not mean the end of agricultural and industrial economy,

but to improve the traditional industries to a higher level. It does not mean the end of resource exploitation either, but to rationally develop and make effective use of resources.

Especially in the huge undeveloped areas, resource development and industrialization are still the most important tasks. The construction of the Land-Bridge offers more convenient conditions for further prosperity and development than before.

The No. 2 Land-Bridge is an intercontinental chain, and an inner gold belt for coordination of the east, middle, and west parts of China. It is an important lever for the international and internal cooperation in order to make the bridge ply smoothly.

1. *International cooperation.* . . . One lagging factor for the development of the bridge is that the transit tariffs are different between countries, the rates remain unstable and there are many taxes and incidental expenses. This raises the transportation cost. Additionally, the competition between the old and the new Land-Bridge obstructs the new bridge. In fact, each of the two land-bridges has its advantages. With the development of international trade, both of them will give play to their particular function.

In recent years, the leaders of our country have visited Central Asia many times, to impel the five countries in Central Asia and Russia to co-build the modern Silk Road and spread the communication of economy and culture between Asia and Europe. After the explosion of the Southeast Asian financial crises, it is more important to strengthen the communication of international economy and technology, impel the economy to recover and [foster] prosperity even earlier. In recent years, the European Community has been promoting an "Eastern Strategy" to develop a partnership relationship with Asia, and bridge construction should be one of the important elements of the coordination between Europe and Asia.

2. *Internal coordination of transportation and services along the bridge.* The whole bridge is 10,900 km long; 4,131 km are in China, and 37.9% of the whole length runs across the middle, east, and west of China, including ten provinces: Jiangsu, Shandong, Anhui, Henan, Shanxi, Gansu, Ningxia, Qinghai, and Xinjiang. To build the bridge, we must build good relations among the ten provinces in China. We must break down the phase in which each does things in his own way.

In the past, the tariff cost via the Beijing-Xinjiang Railway was double that of the Siberia Bridge. Obviously, that is not favorable to the smooth operation of the bridge. Another example is the expressway planned to accompany the railway from Lianyungang to Huber Guise: Many provinces only built their own roads and the roads were not connected. There should be overall planning. Taking advantage of expanded internal need, [we should] speed up road construction; we should connect all of them quickly. The construction of the ports, highways, and airport connected with the bridge also

should be built up in order to form a completely equipped three-dimensional transportation system and network of inward and outward motion, raising the level of transport, including the coordination of the industries along the bridge. Besides the internal east and west bridgeheads of Lianyungang and Alashan, goods can also be carried to or off the bridge from the Jingou Railway, Jingjiu Railway, Jingguang Railway, Jiaozhi Railway, Baochen Railway, and so on. The bridge-industries of each area can divide up and coordinate, and mutually complement each other's advantages so that each shows its strong points.

3. *Commercial coordination and development of the information network between areas.* The operation of the bridge will impel the development of the overall circulation and commercial trade. Especially the central cities along the bridge must fit this kind of situation, trading with each other closely and forming a market network along the bridge. Information development along the bridge is also a sector which cannot be ignored. We should connect the central cities along the bridge out to the entire surrounding area by using modern information and modern technology to form a network to powerfully promote the all-round development of economy and society and create conditions for international integration.

4. *Coordinate development of the east, middle, and west.* The No. 2 Land-Bridge is another important lever of impelling coordinated development of the east, the middle, and the west. The development model of the bridge may be a gradient of transformation going from east to west. But because of the long internal section of the bridge and the big differences in natural resources of the huge, desolate internal areas, a dual-pole mode of development has emerged along it. . . .

Therefore, the main development approach is to cultivate growing points with the help of big and medium-sized cities along the bridge. We may make this the center to carry out "ink-spot spreading" and develop by "dot-axle-ring" and sections. Thus, we make different areas complement each other, link these spots to a line like a chain of pearls to promote the whole development of the areas along the bridge. The new economic growing points being presently improved consist of the Xu-Lian economic zone, the Mid-China economic zone, the central Shanxi plain economic zone, the Lanzhou economic zone, and the Wulumuqi economic zone. In the spatial layout of the national high-technology industry, these growth points also can be enumerated: the Lianxu industry corridor, the Luo Zhenbian high-technology industry corridor. In Lanzhou and Urumqi, new and high-technology industry developing areas also were set up. The growth of these industrial centers, from spots to a line, and the mutual complementarity of East and West will become a great motive to increase the whole line's economics and the mutual support of East and West.

5. *Cooperation in resource development.* Along the line

of the bridge, the large area with rich resources is a relatively backward, huge space for development. According to geological prospecting and remote sensing exploration of the areas along the bridge, the reserves of coal, crude oil, natural gas, and nonferrous metals are quite rich. However, due to some historical reasons, the whole level of economic development in these areas is still rather low. The industry layout is not very reasonable and the labor force development poor. The No. 2 Land-Bridge has opened for the hinterland, a wide thoroughfare which can be used to break up the blocked-up state, to make use of foreign capital, technology, and management experience, and to combine the east's and west's complementary advantages, to speed up the development of the middle and the west.

The situation of farming resources is similar. Agricultural resources along the bridge are very advantageous. The development of farming and animal husbandry has great possibilities. The Xulian economic area has achieved great results recently by developing trade, industry, and agriculture together; developing production, processing, selling together and impelling the industrialization of agriculture and secondary production, and non-staple foods. There are rich land resources in Huaihai and the Mid-China area, which can be connected to carry on farming development and to develop agriculture earning foreign exchange.

In the process of developing mineral and farming resources and impelling industrialization, science and technology must be developed along the bridge. Many cities along the bridge, especially Xi'an and Lanzhou, have great science and technology strength. The high-level science and technology development of Bianzhenluo and the central Shanxi plain can build up superiority in science and technology. In the course of exploitation and development, we should emphasize the input of advanced science and technology, as well as strengthen their coordination. Especially in the development of Land-Bridge industries and input substitution, we should depend on the scientific and technological superiority and the military-industrial superiority of Mid-China and the central Shanxi plain.

6. *Special opening-up measures.* At present, the opening along the bridge is at too low a level, and the ability to attract investment is weak, too. So opening-up should have special measures, which include the establishment of a low-tax area or belt. Low-tax zones have an important status among the preferential policies and have a large attraction for investors. With the development of economic communication among East Asia, Central Asia, Europe, and America, and along the bridge, the corridor from the east to west should form a low tax zone. From the warehousing to transit trade, the area should have comprehensive abilities for export processing, transiting trading and commodity fairs to have more attraction for investors. For example, the use of BOT [build-operate-transfer] mode.

The bridge is a three-dimensional transport network in-

volving sea, land, and air. In the hardware scope, we should break through on attracting investors to build wharves, airports, railways, and expressways, and co-build, co-manage, and share, to speed up transportation and sustainable development of the network. The economic foundation in many areas along the bridge falls short, the economic strength is not great, and there are many desolate areas where nature resources are also poor, and the need of investment is large. If we do not take special measures for opening-up, it will affect the development and progress of the bridge area.

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Yu Xingde

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## The economic potential of Jiangsu Province

*Yu Xingde is the executive vice governor of Jiangsu Province. This speech was delivered in Nanjing, on Oct. 28.*

First of all, on behalf of Jiangsu Provincial People's Government, I would like to extend my warm welcome to the experts from home and abroad and representatives of the cities and government organizations of our province, who have come to attend the second session of the International Symposium on Euro-Asian Economic and Trade Relations in the 21st Century and the Second Continental Bridge. The foreign experts will further make a study visit to Lianyungang, the east bridgehead of the Euro-Asia Continental Bridge. Your visit will promote mutual understanding and expand the economic cooperation between Jiangsu Province and countries in Asia and Europe. I would also like to take the opportunity to brief you on the economic situation of Jiangsu.

Jiangsu finds itself in the center of China's east coast, with an area of 100,000 square kilometers and a population of 71.48 million. Under the direct jurisdiction of Jiangsu Province there are 13 cities, under which are 64 counties and county-level cities. Jiangsu has always been one of China's most developed provinces in economy, science, technology, and culture. Since the founding of the People's Republic of China in 1949, especially since the initiation of reform and opening to the outside world, Jiangsu's economy has been growing at a fast speed and great achievements have been made in the modernization drive. The GDP of Jiangsu has increased from RMB 24.90 billion in 1978 to RMB 668 billion in 1997, an average annual increase of 12.7%, and 3% more than the nation's average.

Being an important agricultural base in China, Jiangsu has long been known as a land of fish and rice. As the birthplace of China's modern national industries, Jiangsu is also an important industrial province in China. Besides, Jiangsu boasts developed science, technology, and education. Jiangsu has produced many famous writers and scientists in contemporary China. The number of institutions of higher learning and science and research institutes in Jiangsu ranks the first in China. Although Jiangsu's population, land area, and arable land account for 5.8%, 1.06%, and 4.7% of the nation's total, respectively, the output of grain, cotton, the GDP, the added value of industry, and the exports of Jiangsu make up 7%, 11%, 8.9%, 9.5%, and 7.7% of the nation's total.

The following changes have taken place in Jiangsu over the past 20 years:

1. Jiangsu has developed from a province where agriculture held the dominant position, into a major industrial province in China, one of the pioneers of industrialization. Since the founding of the People's Republic of China, Jiangsu has maintained a rapid growth rate in industry. The total industrial output value rose from RMB 2.55 billion in 1978 to RMB 1,254.2 billion in 1997, an average annual increase of 20.2%. Along with the development of such traditional industries as textiles (including silk) and food processing, new branches of industry like machinery, building materials, petrochemicals, and electronics are growing very fast, with comprehensive product assortments and strong competitive capabilities. In recent years, new industries have been developing rapidly. Jiangsu is the largest petrochemical industry base in China. A chemical industry system composed of small, medium-sized, and large companies has taken shape. The added value of the four pillar industries, namely machinery, electronics, petrochemicals, and automobiles, accounted for 46% of Jiangsu's total industrial added value in 1997. The output of textiles, chemicals, machinery, metal products, transport equipment manufacturing, electric equipment and materials manufacturing, electronics, and telecommunications equipment industries, all rank among the top in China. The ratio of primary, secondary, and tertiary industries has changed from 27.6:52.6:19.8 in 1978 to 15.1:51.1:33.8 in 1997.

Besides this, Jiangsu has accelerated the development of heavy chemical industry. From 1978 to 1997, the share of the heavy chemical industry in the provincial total industry has increased from 47.6% to 49.1%. Large enterprises and companies have become a major force in economic development. Enterprises producing textiles, pharmaceuticals, automobiles, washing machines, air conditioners, and diesel engines enjoy a high reputation in China.

2. The continued development of township enterprises has played a very important role in the economic development of Jiangsu. Jiangsu has the most developed township enterprises in China. Since the 1980s, productive forces have

been liberated due to rural reform, so that a large amount of the rural labor force has moved out from villages. Under the unfavorable conditions of a large population on scarce land with insufficient resources, the people in south Jiangsu took the lead in developing market-oriented township enterprises, which give priority to the processing industry by depending on the favorable geographical conditions and convenient transport facilities—being located along the coast and near Shanghai, and taking the opportunity of the industrial transfer from Shanghai and some other cities. By 1997 the township enterprises accounted for two-thirds of the province's industry and one-third of the province's GDP. The rapid development of township enterprises has contributed a lot to the construction of rural communities, the enhancement of agricultural mechanization, electrification and modernization level, and the increase of farmers' income.

3. Agricultural production is marching toward modernization, with the traditional manual cultivation dying away. The development of industry, especially the township industry, has greatly improved the productive conditions in agriculture and enhanced agricultural productivity. In some comparatively developed regions, mechanization and electrification of agricultural production has been realized. In 1997, 86% of Jiangsu's arable land was cultivated by machines and 85% of the arable land was irrigated electrically and mechanically. The use of electricity in the countryside was 26.3 billion kwh and the power of agricultural machinery was 25 million kw in 1997. The agricultural production level of Jiangsu has been leading the country. The average per-capita output of the major agricultural products in the province in 1997 were 499 kilograms for grain, 7.1 kg for cotton, 20 kg for oil-bearing crops, and 37.2 kg for aquatic products, 24.8%, 91.9%, 14.9%, and 27.8% more, respectively, than the nation's averages.

4. Export-oriented economy has been developing very fast. Export and foreign investment have become a major driving force in Jiangsu's economic growth. Jiangsu has maintained a rapid growth rate in foreign trade, with its export volume ranking the second in China. In 1997, Jiangsu's total export volume reached US \$15.22 billion, 36 times more than that of 1978. Jiangsu has established trade and cooperation relations with 199 countries and regions in the world. Jiangsu is a popular spot for foreign investment. In 1997, 2,089 foreign-invested enterprises were newly approved, with a contracted foreign investment of US \$9.2 billion, ranking the first in China. The actual utilization of foreign investment of US \$6.2 billion ranks second in China, next to Guangdong Province. By the end of 1997, 34,357 foreign-invested projects had been approved and 16,573 had gone into operation. The accumulated utilization of foreign investment reached US \$30.3 billion, coming from more than 120 countries and regions including the U.S.A., Japan, and the EU members. More than 100 world famous multina-

tional companies have invested in Jiangsu. The range of foreign investment projects has become wider and wider, involving the major industries in the primary, secondary, and tertiary industries.

The investment in basic industry and new and high-tech projects has increased remarkably. Development zones of all kinds at different levels have become a new economic growth point in Jiangsu. There are now 11 national-level development zones, namely the Nanjing, Wuxi, Suzhou, and Changzhou new and high-tech development zones; the Lianyungang, Nantong, and Kunshan economic and technological development zones; the Zhangjiagang free-trade zone; and the Suzhou and Wuxi Taihu tourist resorts. There are 68 provincial level development zones. By 1997, 2,882 projects have entered these development zones with a total investment of RMB 67.2 billion, of which 669 are foreign-invested enterprises with the contracted and actual use of foreign investment accounting for half of the province's total.

5. Small towns have made remarkable progress and the urbanization process has sped up. Jiangsu is one of the most densely populated provinces in China, with the agricultural population taking up a large proportion. Because unrestrained flow of rural population into the large and medium-sized cities would cause a series of urban problems, Jiangsu adopts the policy of controlling the development of large cities, properly developing the medium-sized cities and actively constructing small towns in pushing forward the process of urbanization. This policy accords with the development of township enterprises and helps the rural areas move toward de-agriculturalization with distinct Chinese characteristics. At present, the population in cities and towns in Jiangsu accounts for 30% of the total population. However, people engaged in non-agricultural industries take up 56% of the total labor force in Jiangsu. This can be attributed to the development of township enterprises and small cities and towns. A pattern of co-development of large and medium-sized cities together with small cities and towns has taken shape in the province.

6. The bottleneck constraints on infrastructure have been eased and the investment environment has been greatly improved. The completion of the Shanghai-Nanjing Expressway in 1996 marked a new era in Jiangsu's road construction. A crisscross network of quality highways has taken shape. Meanwhile, modernized airports in Nanjing and Suzhou have been completed one after the other, facilitating Jiangsu's connection with the outside. The construction of a number of important bridges and railways is now in full swing. Power generating capacity has been increased by several times. In 1997 it reached 77.7 billion kwh, six times that of 1978. The days when industrial and agricultural production as well as people's daily life were affected by the lack of electricity, are gone. Posts and telecommunications develop faster. On average the telephone exchange capacity of

Jiangsu in recent five years has been increasing by 43% annually, while the number of mobile telephones has increased by 146%. Now the telephone exchange capacity has exceeded 10 million lines. Jiangsu leads China in realizing the access to telephones in every corner of the province.

Ladies and gentlemen, although Jiangsu has made great progress over the past 20 years, it is still in the developing stage. There is still a long way to go. In particular, I would like to stress that we will, as always, unswervingly implement the policy of opening to the outside world and try our best to promote economic cooperation between Jiangsu and foreign countries, since opening up has become a key driving force in Jiangsu's economic growth. Jiangsu has close relations with many countries in Asia and Europe. People from overseas economic, financial, and business circles are encouraged to establish and develop trade relations with their counterparts in Jiangsu and invest directly in Jiangsu in various ways. Investment in water conservancy projects, infrastructure, new and high-tech industries, and tourism industry are warmly welcome. Projects in accordance with the state guideline list of foreign investment will be encouraged and given preferential treatment. Jiangsu is sure to make even more rapid development through economic and trade cooperation with foreign countries.

Lianyungang, a rising port city and the east bridgehead of the Euro-Asia Continental Bridge, is one of the first 14 coastal cities in China to open to the outside world. Suzhou, an important communications hub in China, and Lianyungang, form the Suzhou-Lianyungang Economic Belt in north Jiangsu. Since the Second Continental Bridge was open to traffic, the central and provincial governments have attached great importance to this economic belt, which is located in the eastern part of the bridge.

The government has listed the planning and construction of Suzhou-Lianyungang Heavy Industry Belt as the priority project on China's 21st Century Development Agenda. More efforts have been put in the infrastructure construction in Suzhou and Lianyungang. The first-rate Nanjing-Lianyungang Highway, Guanyin Airport in Suzhou, and the first phase of Xugou Port in Lianyungang have been completed. The first-rate Nanjing-Suzhou Highway has been open to traffic for half its length. The construction of the multiple tracks of the Suzhou-Lianyungang Railway, construction of the Lianyungang nuclear power station, construction of the Suzhou-Lianyungang Expressway and the International Exhibition Center in Lianyungang are now under way. In order to develop international transportation along the Second Continental Bridge, we have intensified the overall development of Lianyungang Port, improved the collecting, distributing, and transporting conditions and enhanced the service quality of the port.

The Second Continental Bridge has connected Asia and Europe and facilitated the cooperation and exchanges between the two continents. It has also provided favorable

conditions for its surrounding areas. With the functions of Lianyungang as a port being fully realized, the further economic development of the regions along the Continental Bridge, Suzhou-Lianyungang Economic Belt and Lianyungang will play an even more important role in international trade and cooperation.

That is all for my briefing. Later on you will make an on-the-spot study of Lianyungang and see with your own eyes the progress made after the implementation of reform and the opening policy. Your suggestions will be highly appreciated. We hope this symposium will strengthen our friendship, deepen mutual understanding, and enhance cooperation. I wish you a pleasant stay in Jiangsu and good health. Thank you very much.

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Guo Gengmao

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## Join hands to build the Continental Bridge

*Guo Gengmao is the vice governor of Hebei Province. This speech was delivered in Qinhuangdao on Oct. 30.*

In the golden season of autumn, the sub-meeting of the International Seminar on 21st Century Euro-Asia Economic and Trade Relations and New Euro-Asia Continental Bridge is being held in Qinhuangdao, a beautiful seaside city in Hebei Province. On behalf of the People's Municipal Government of Hebei Province, I would like to express my warm welcome to all the representatives attending the seminar.

The economic cooperation and cultural exchanges between Asia and Europe have a long history. Functioning as the comprehensive international passageway between Asia and Europe, the New Euro-Asia Continental Bridge enjoys many favorable conditions of crossing vast lands, large spaces, and rich natural resources. It also has great importance for developing complementary economies among different geographical locations along the bridge, and there is much potential for enhancing regional economic cooperation. The opening of New Euro-Asia Continental Bridge will redisplay the Silk Road, glowing once again, which used to spread the ancient culture and traditional friendship to the people of all nations, and will provide new opportunities for extending exchanges and cooperation in economy, trade, and technology in the countries and regions along the bridge, and further improve the economic development and prosperity of Asia and Europe.

As one of the essential foundations of the New Euro-Asia Continental Bridge, Hebei Province has many advantages to promote economic and trade cooperation and accelerate the construction of eastern Euro-Asia Bridgeheads.

### **Favorable geographical position and extensive market space**

Hebei Province, situated at the eastern end of the New Euro-Asia Continental Bridge, and in the center of Bohai region surrounding Beijing and Tianjin, forms the structure of the Beijing-Tianjin-Hebei economic development zone. It has an important position in the state master development plan. It has more than 100 million population and concentrated large and medium-sized cities. It also serves as a transfer station in the commodity chain connecting East, South, and Southwest China, with Northeast, Northwest, and North China. . . .

### **A well-developed transportation and communications system**

Hebei Province is located on the pivot area connecting the capital, Beijing, with all regions of the nation. There are 15 trunk railways: Beijing-Guangdong, Beijing-Shanghai, Beijing-Jiulong, Beijing-Harbin, Beijing-Baotou, Datong-Qinhuangdao, and Shijiazhuang-Taiyuan, and 17 trunk roads. . . .

There are several large ports, including the Port of Qinhuangdao, Port of Jingtang, Port of Tianjin, and Port of Huanghua, which is under construction. . . .

Industry economic structure has been formed in the whole province, and the main body is composed of ten industries, such as coal, textiles, metallurgy, building materials, chemical industry, machinery, electricity, petroleum, light industry, and medicine.

Many products hold important positions in China. Agriculture, forestry, animal husbandry, and fishing farming are well developed, and grain, cotton, meat, nuts, and fruits are leading in China. . . . Entering the 1990s, the speed of economic development has been obviously accelerated; annual GDP has increased at 14.1%, surpassing the national level for seven years running. . . . Hebei is one of the most vigorous regions of the Chinese economy.

Ladies and gentlemen, on our journey toward the new century, centered on the target of building Hebei into a province with a powerful economy, we will be more active to join the world economy and we will speed up the course of carrying out the strategies of "Rejuvenate Hebei through science and technology," and . . . "Sustained development." . . . These provide more opportunities to enhance exchanges and cooperation in the field of economy, technology, culture, and education. . . .

Let us join hands to build the New Euro-Asia Continental Bridge and march forward to the new century. May the seminar be a great success. Thank you!

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Zhang Duliang

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## **An important role for Qinhuangdao bridgehead**

*This paper was prepared by Zhang Duliang, of the Qinhuangdao City Research Group on the New Euro-Asia Continental Bridge, in June 1998. Its full title is "Qinhuangdao Bridgehead Will Play an Important Role in the Transportation Through Eurasia Continental Bridge."*

1. *It will help expand trade among countries and districts in/around the economic band along the continental bridge.*

World trade has developed in the frame of global interaction, with transnational/continental companies. Commodity exchange, technical transfer, and international tourism between countries and districts urgently need easy, quick, safe, and cheap channels.

The continental bridge transportation route, with Qinhuangdao as its bridgehead, together with other bridgeheads along the coast of China, open a new "Silk Road" for the countries and districts in the three big economic zones of Asia-Pacific, Midwest Asia, and Europe. This route will shorten the distance by more than 10,000 km from that [sea route] from Qinhuangdao via the Straits of Malacca, the Suez Canal, the Strait of Gibraltar to Rotterdam, and save about 30 days time. It is 2,000 km shorter than that across the Siberian continental bridge, taking 3-5 days less. West Europe is a developed region economically, and the European Union has become the biggest trade group in the world. In 1994, total production value reached US \$7,300 billion, foreign trade totalled US \$3,200 billion, 40% of the world total. Their commodities need to find markets in East Europe and Asia.

With the world economy center shifting eastward, the Asia-Pacific region has become the most vigorous part in world economic development. In 1991-94, the rate of economic growth in the Asia-Pacific region was 7.7%. Some countries and districts, such as China, Japan, Taiwan, South Korea, and Singapore, have been among the world's 20 big trade zones. It is anticipated that the total economy of the Asia-Pacific region will increase from one-quarter of that of the world in 1990 to one-third in 2010. In the past 12 years, Asia's exports increased from 18.5% of the world total to 25%, while imports increased from 19% to 27%. Therefore, cargoes from Japan, South Korea, Hong Kong, Taiwan, etc. in the Asia-Pacific region, are transported from Qinhuangdao quickly along the bridge to Mid-Asia, West Asia, and Euro-

pean countries. On the other side, cargoes from Mideast Asia and European countries are also transported or transshipped quickly through Qinhuangdao bridgehead to Asian-Pacific countries and districts.

*2. It will provide a convenient export channel to speed up the development and flourishing of inland countries in Asia and Europe.*

With the rapid development of inland countries in Asia and Europe, such as Kazakstan, Uzbekistan, Turkmenistan, Kyrgyzstan, Tajikistan, Azerbaijan, Armenia, the People's Republic of Mongolia, Hungary, the Czech Republic, Slovakia, etc., their rich resources (oil, natural gas, coal, nonferrous metals, cotton, wood, animal products, etc.) and great potential for development need urgently to find quick export channels . . . in order to participate in the world economy. Qinhuangdao bridgehead has access, to the west, to Mid- and West Asia and Europe through the New Eurasia Continental Bridge westward; to the north, to Mongolia and Russia through the Siberian Continental Bridge; to the south, to the coastal provinces and cities of China, and to southeast Asian countries by sea route; to the east, to northeast Asian countries and South/North Americas. . . .

*3. It will strongly promote the economic cooperation and flourishing of countries and districts in the Asia-Pacific, Midwest Asia, and Europe.*

The two continental-bridge routes and sea routes from Qinhuangdao link tightly together Japan, South Korea, the European Union, with the developing countries such as China, Russia, Kazakstan, Uzbekistan, Tajikistan, Kyrgyzstan, Ukraine, Belarus, Russia, Poland, and Hungary. Each has its own advantages and features. They depend on each other, and also can help each other. They need wide-ranging cooperation to develop strong points and make up for deficiencies, such as in the fields of resources, finance, technology, management, etc., so as to promote the economy to develop and flourish. Closer economic cooperation and standardization between European and Asian countries and districts will promote the economic unification of Europe and Asia. Qinhuangdao bridgehead will become the tie of the economic cooperation and unification of the countries and districts along the continental bridges.

*4. It will speed up the economic development pace of the Bohai Sea region of China.*

The Bohai Sea economic region has become a major area, which is opening to the outside world and developing its economy with high speed. The circle includes Liaoning Province, Hebei Province, Shandong Province, Shanxi Province, Inner Mongolia Autonomous Region, and Tianjin and Beijing cities, the strongest in comprehensive strength, and with the most potential to develop. The three provinces and two cities round Bohai, have a total area of 514,500 sq km, occupying 5.4% of the whole country, but the GNP is 22.2% of the nation. Transportation, communications, science and technology, and education all lead other parts of the country. Qin-

huangdao bridgehead directly links the Bohai economic circle, the strongest in comprehensive strength in China, with the developed West European economic zone. The Bohai economic region can directly absorb advanced technology and management experience of western Europe, while the latter can take advantage directly of Bohai's rich resources, cheap labor force, and big markets.

This will make the Bohai economic region leap up to develop rapidly.

*5. It will help the coordinated development of the economy of China.*

The coastal regions of China are well-developed economically, while the western and northern parts are backward, though with rich resources. The two continental bridges from Qinhuangdao bridgehead will link western and northern China with Beijing, Tianjin, and even developed Japan, South Korea, and the European Union, combining the resource advantages of the former with the advantages in finance, technology, experts, and information of the latter. Therefore, the bridge will coordinate and cooperate in a wider range, and make best use of the resources. This will help greatly to develop China's economy smoothly, in a balanced and coordinated way.

To sum up the above, one can see that Qinhuangdao bridgehead has unique natural advantages and great potentialities to develop. It will play an important role more and more in the transportation through the Eurasia Continental Bridge.

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## Schiller and the Liberation Wars against Napoleon

by Helga Zepp-LaRouche

*The following is edited from the keynote by Helga Zepp-LaRouche to the second day of the Nov. 21-22 Schiller Institute conference, in Bad Schwalbach, Germany. Before launching into the subject of her address on Schiller and the Liberation Wars, Mrs. Zepp-LaRouche introduced a few video excerpts from her recent trip to China, which she described to the conference participants. A full report on the China Land-Bridge conference appears in our National Economy section. A summary of the Schiller Institute conference in Germany appears on p. 59.*

The subject of my speech today, is Schiller and the Liberation Wars, which I have chosen not so much because the Germans of that period of the Liberation Wars were much less stupid than the Germans today, even though that alone is a reason to go back to this period and enjoy being in Germany, mentally. But the present global situation, is such that one needs to go back to such better periods of one's own history, and try to find the lessons of what we need to do today. And especially when you look at this period, which you already heard a lot about yesterday during the panel on Lazare Carnot, it is very obvious that there are clear parallels between the Liberation War period, and the present situation.

And then, it becomes also very obvious that we cannot look at the present moment in history from the standpoint of normal politics, or diplomacy, or foreign relations, or any such thing. But, that, if you really want to understand what is happening right now, you have to think from the standpoint of war. And the purpose of my speech today — and I hope I succeed — is, I want to cause you to stop thinking like civilians. Because if you are thinking like a civilian, you will not be able to deal with the present dangers with which mankind is threatened.

You have to think like a military commander — and I really mean that — you have to think like a general, a superior commander, who has to win a war against an evil enemy.

Look at a couple of examples in the present situation. For example, remember when Gore put his big feet into his mouth at the APEC summit in Kuala Lumpur,





*Statue of Schiller (right) and Goethe in Weimar, Germany. Schiller, it could be said, “reached out of his grave” to defeat Napoleon—through the efforts of the Prussian military reformers trained in his way of thinking about grand strategy and the human mind.*

when he said something which was nothing other than his intention to topple the government of his host country. Now, was that diplomatic? Or was that an act of bellicose aggression?

If you reflect how the Monica Lewinsky affair was set up de facto as an effort to conduct a British parliamentarian-style coup against the institution of the American President, was that diplomacy? No. It is like an act of war, where a hostile force tries to take out the Supreme Commander of the opposing army.

If you consider how Clinton, in the middle of the British-led effort to lure the United States into another strike against Iraq, was fed disinformation about Iraq, including about the number of civilians who would die in the first strike—he was fed misinformation by Gore, by Defense Secretary Cohen, by head of the Joint Chiefs of Staff General Shelton. And only because Clinton, at a certain point, insisted that he must have an estimate of the number of people—civilians—dead in the first moment of war, that finally, I think it was Shelton, who said, “Okay, the first wave of killing would be 10,000 dead civilians.” And then Clinton called off the strike.

Now, is that normal diplomacy, that some elements in the *government* of the United States would try to lure the President into such an operation? No. These are characteristics of war.

### **The oligarchs’ war against the nation-state**

Now, what is the nature of this war? Well, to give it one short characterization, the war is the effort of the international

financial oligarchy to eliminate the sovereign nation-state as the only efficient defense of the people against the oligarchs’ excessive efforts at looting.

The weapons being used in this war, are partly the same as always—drugs, coups, assassinations, and so forth—but partly these weapons are also coming in new clothes, in new dogmas, in the form of new sacred cows, things which cannot be touched upon.

For example, one such sacred cow, is the dogma that, “There is no alternative to globalization.” Well, as I will demonstrate later, a similar dogma existed before the Liberation Wars, with the sentence “Napoleon is invincible.”

Another such dogma: “Nobody has a *Patentrezept*,” “Nobody has a solution to the problem.” “Nobody should interfere with the free market.” Or better, “Nobody should interfere with the free financial markets.”

If you look at the way the hedge funds, for example, are attacking countries, you can only find a comparison with war: It’s like heavy artillery bombarding a country, or better, like ICBMs. When the aggressive capital of these hedge funds is used to attack the national economies, indeed, they can destroy—as Malaysian Prime Minister Mahathir said a while ago—they can destroy in weeks, what it took countries 40 years to build up. So, are they less damaging than ICBMs? No.

If one reviews the beginning of the so-called Asian crisis in February 1997, with the attack on the Thai baht, and all the attacks on the stock markets in Southeast Asia, and their respective currencies, there is no other description than that this is warfare by the international speculators against nations

and their people. There is no essential difference between bombing Iraq back into the Stone Age, like Schwarzkopf had announced in the Bush period, or if you take hedge funds, and you bomb the Indonesian economy back into the Stone Age, which is exactly what has happened.

Now, the only government which really seems to have recognized the implication of this war fully, seems to be the Chinese government, which at the beginning of August, put out the analysis that from now on, they would equate all matters of the economic security of their country, with the question of national security. Because with respect to the economy, the very existence of the country would be at stake, and the sovereignty of the country.

Now, if you say that economic matters are questions of national security, because the existence of your people is at stake, then you are starting to think like a military commander. And consequently, China, at the beginning of August, started the battle against the speculators in Hong Kong. Then, on the first of September, the Malaysian government, obviously in the general aura of inspiration coming from China, instituted capital and exchange controls, a perfectly legitimate move to defend their own country.

Then, coinciding with that, we had the Labor Day conference in the United States [see *EIR*, Sept. 18, pp. 44-50]. And, as all layers from the highest layers in Washington to local people acknowledged, it was our mobilization which turned the tide. And the fact that not only the November election, but the aggression against the office of the Presidency was turned around, was due to our mobilization.

### **The free-market economy is dead**

In the meantime, on Aug. 17, when the Kiriyenko government imposed the known measures, this not only signified the end of the so-called IMF reform policy in Russia, but it de facto also meant—and history later will acknowledge this—the end of the free-market economy. At that moment, *the free market economy was as dead as the socialist-communist economy was dead in '89*. And only later, in '92, was it clearly visible.

Now, on Sept. 14, President Clinton, obviously in a very important move, made a speech before the New York Council on Foreign Relations, demanding a new financial system. The fact that he made that speech before the Council on Foreign Relations was commented upon by a high-ranking person in the U.S. Congress, saying it may not have been the wisest thing to speak to that group of people, because they will only target him if he doesn't follow through with actions to realize this.

Then, unfortunately, Clinton did not carry through. On Sept. 23, with the near-total bankruptcy of the Long Term Capital Management hedge fund, the whole world financial system was at the moment of complete meltdown. Not Asia, but western Europe, the United States, directly. At that point, the G-7 made a gigantic effort to bail out 16 of the leading banks and hedge funds. And the G-7 regrouped to move

against President Clinton's intention to go for a new financial system, by pulling him into the direction of the Third Way, namely, to have a so-called global solution to the present situation, and not allow countries like Malaysia, India, Russia, to act independently to defend their own economies.

That decision—the so-called G-7 plan to save the world economy—was nothing but a gigantic effort to pump liquidity into the system, Weimar-style, to blow up the bubble, which will make the next round of collapse even more horrible, and coming with a vengeance.

In the meantime, the Primakov government came in, in Russia, and against incredible odds—the danger of horrendous food shortages, a harsh winter to come, with Russia being in a situation where the perception of Russian patriots is that Russia is completely in the hands of the mafia, of the United States. And when you have had to suffer the kinds of destruction Russia had to go through over the last seven years, you cannot expect ordinary people to differentiate between the U.S. administration and the Republican networks.

Because, unfortunately, Gore is meddling with Chernomyrdin. And Berezovsky controls the media, so that even the Primakov government has a very hard time in getting out its own policies throughout the whole country. And the situation is very, very difficult, because in the meantime, the result of the success of the “great reform policy” in Russia, is that 1.5% of all Russians possess 60% of all wealth in the country.

So, under these circumstances, the fact that the Primakov government came in to try to retake control, to establish measures to solve the hunger situation for the winter, is absolutely heroic. And one can only fully agree with Maslyukov, who just gave an interview to *Kommersant-daily*, a vicious paper which normally plays the same role as *Spiegel* or *Business Week*, that of targetting politicians and conducting warfare.

So, Maslyukov said, “If not us, then no one,” making the point that this Primakov government *must* succeed. It is the last chance to ensure the survival of the economy and the country as a whole. And indeed, in the nearly two months that the Primakov government has been in there, they have taken extremely tough, prompt measures. And, as Taras Muranivsky was telling us yesterday, there is a good chance that the problems of hunger and power supply for the winter, can be brought under control. Now, there is an understanding by every sane force in the world, that the Primakov government must be successful.

In the meantime, as I showed you with the videoclip, we were in China, at the conference for the Eurasian Land-Bridge. And I can assure you that, in the many discussions that we did have with the Chinese, but also with some of the Russians who happened to be there at the same time, we had an incredibly important input. . . .

### **The APEC conference**

[The APEC conference in Malaysia marked an] extremely important inflection point, because Mahathir had asked Jiang Zemin to give a speech on how to get out of the international

financial crisis. Primakov was going there instead of Yeltsin, and, also, he was representing the approach of going back to protectionist measures. So it is very clear that had Clinton gone to this APEC summit with the idea of the speech that he gave at the CFR meeting, a unique combination could have come together: Jiang Zemin, Primakov, Mahathir, Clinton. And it is very obvious that with these people, Gore and Albright, going there, making the most horrible interference inside, and rude — so that the condemnation of what Gore did was unanimous. Even the *Neue Zürcher Zeitung*, *Frankfurter Allgemeine Zeitung* — they all agreed that you cannot do that, you just cannot go to a country and call for the subversion and the toppling of the government in this way.

So it is very, very clear that if Clinton had gone there, it would have changed the world. Because Clinton, with all his shortcomings, is a real human being. And he would have responded to the discussions, especially in this environment.

Now, Jiang Zemin gave a very important speech there. [See *EIR*, Nov. 27, p. 8.] He said in this speech, that globalization is presenting very serious challenges and risks, especially to the developing countries, which have to be concerned with how to ensure their economic security under these conditions. And he said that globalization is the same, or corresponds to the inequitable and irrational, old international economic order. And then he said something, which I said many times in speeches in the last 20 years; he said, “The ultimate solution to the problem, is to work for the establishment of a just and reasonable new world economic order, in the interests of the common development of all nations.” And he also demanded a new world financial order.

Now, Jiang Zemin will go this weekend to Moscow. He will be there from the 23rd to the 25th; then he will go to Japan. I expect, especially when he goes to Siberia, that he will make very important announcements. Then Primakov will go to India on Dec. 6. And it is very clear that a new dynamic is already shaping the world. It is the dynamic between China, Russia, Malaysia, India. And as Lyn [Lyndon LaRouche] was telling you yesterday, you know: Europe and the United States, if they don't change, they will soon become irrelevant. And I think that we are confronted with a situation where, either we are able to use this new emergence of the new constellation in the world to catalyze new forces into being in the United States to turn the situation around with Clinton, to get people who are not giving up European civilization and European culture; or else, we may be confronted with a situation where, in maybe 10 or 20 years from now, Europe may be just a little place nobody is really concerned with. And European culture may actually die. I think that that is quite possible.

### Schiller's republican model

The situation, as I've said, has many similarities to the situation in which Carnot found himself, and the German patriots at the beginning of the nineteenth century.

So, what was this situation? The hopes of the European

republicans to repeat the American Revolution, in Europe, through the beginning of the French Revolution, had been completely destroyed by that time, due to the British subversion of the French Revolution; that hope had been completely dismantled. The oligarchy was well-entrenched in all European courts. Germany was still divided into 300 little baronies of squabbling dukes and barons and princes.

Napoleon had just made himself Emperor, very clearly on the model of the Roman Empire. Napoleon, at that point, had an explicit plan to rule the world. He had detailed plans not only to conquer Russia, but to move on to occupy India, after that. So, it was the same kind of globalism which is really the modern form of the control of the financial oligarchy today, in terms of supranational institutions controlling backward regions. And Napoleon had no interest in nations being strong: He wanted Germany to be divided into all of these little provinces.

So, the issue that patriots of all countries — of France, of Germany, of other countries — were confronted with, was how to get rid of oligarchism.

Now, the towering mind of the whole period in Germany, who radiated with anti-oligarchical spirit, was Schiller. He, in all his writings — the beautiful poems, the tragedies, the historical writings, and aesthetical and other writings — defined the struggle against the tyranny of oligarchism. Now, as you know, Schiller grew up in Württemberg. And as a child, he had a very personal and direct impression of what oligarchism was. It was the Duke of Württemberg who really tortured his childhood by putting him in this Karl's Academy, which he really suffered tremendously from. He grew up by seeing firsthand the complete indifference with which, for example, the court would go out hunting, using dozens of horses, storming through the peasants' crops, destroying the whole year's harvest, without ever thinking of compensating them. He saw the complete moral degeneracy of the court life: the bad cultural tastes, the morbid social life. He saw the horrible example of the poet Schubart, who was put by the Duke of Württemberg, into a dungeon, just for criticizing the Duke, without a trial, sitting in a dark hole for more than 10 years.

So against that, Schiller, out of this very personal experience, put up the vision and the idea of republican freedom. And as you remember, in the beautiful “Ode to Joy,” there are such beautiful formulations like “*Männer Stolz vor Fürsten Thronen*,” “Manly pride before the thrones of kings,” the idea that each person had to be independent and proud and free, and that there was no such thing as nobility.

The beautiful image of a progressing state, where the government takes care of the well-being of the people, which he writes about in *Solon and Lycurgus*, contrasting the republican model of the state with the oligarchical model. The beautiful dialogue in *Don Carlos* between the Marquis of Posa and Philip II, in which the Marquis of Posa says, “Why are you not a king of a million kings? Why do you not allow all your citizens to be uplifted? Why do you have to rule over people who are miserable?”



*Gerhard David Scharnhorst was the German counterpart to France's Carnot. Like Carnot, he emphasized the training of civilian soldiers, and their officers, in scientific conceptions—rather than using the soldiers as cannon fodder, and having oligarchs as officers.*

Or the beautiful play *Wilhelm Tell*, where he denounces the despotism of Gessler.

So, you can actually take the entire work of Schiller, and you read all these beautiful poems, and dramas, and other writings; and you can actually see that it was these passionate conceptions, about how one can be both a patriot and also a citizen of the world, by opposing oligarchism.

Now, Schiller, as you know, became the most beloved Poet of Freedom in Germany. And when he wrote new plays—for example, when he wrote *The Virgin of Orléans*, after its first performance, people were so excited that they carried him around on their shoulders. People would hold their children up to look at him, because he moved the hearts of the people, and he was just the most important influence. Later, in the Liberation Wars, when the soldiers went into battle, they would take poems, and would cut out lines, and place them near their hearts, so that they would feel strength from his writings.

So, Schiller was in one sense *the* most important, because he gave the conceptions of what this fight was all about.

Then, another extremely important figure, obviously, was Scharnhorst, who in this same spirit, had the idea of training civilian soldiers, by taking away the command from the silly oligarchs; the idea that officers had to be trained on the highest level of science and military thinking; and not just some degenerate bums from the courts—princes and so forth—would be the officers, using the people as cannon fodder.



*Freiherr vom Stein, the main author of the Prussian reforms, and probably the best statesman Germany ever had.*

Then, obviously, Scharnhorst is the corresponding figure to Carnot in Germany.

Then, other figures you know, were vom Stein, the main author of the Prussian reforms—actually, in my view, the best statesman Germany ever had. And you can forget all these ridiculous governments of the postwar period. Alongside people like vom Stein and von Humboldt, they're like midgits; they're dwarves; they're not visible, at all.

When Napoleon, who had conquered large parts of Europe, attacked Russia in the beginning of 1812, what was the situation? Was this a war between France and Russia? No. The way to look at it (and, also referring to a question, which came up yesterday—what was the difference between Carnot and Napoleon?), the way to understand this period, is: It was a struggle between oligarchical institutions and republicans, who used—or tried to use—the follies of Napoleon, hoping that, out of the weaknesses of this despot, they could bring down oligarchism; and intervene in such a way, that the end result of this period would be a republican order.

### **Schiller and Ludwig von Wolzogen**

Now, I want to talk, in particular, about one person, who had more to do with the defeat of Napoleon than almost anybody else; I think that history has not sufficiently given him credit, and it's not surprising that the enemy is trying to hide, a little bit, the true development of such periods. This person is Ludwig von Wolzogen, who was the youngest child of Henrietta von Wolzogen, the courageous woman who helped Schiller, after he had to flee. She housed him in Bauerbach,

so that he could continue to write various of his plays.

Schiller had gone, together with the two older brothers — Wilhelm and August — of Ludwig von Wolzogen, to the Karl's Academy. So, Ludwig, the youngest brother, knew Schiller extremely well from this period. Also, he stayed in very close contact with Schiller, after 1792, when Schiller and his wife spent some time with him in Heilbronn. In 1794, when Wilhelm, the oldest of the Wolzogen brothers, married Caroline von Lengefeld, the von Wolzogens became the in-laws of Schiller, who was married to Charlotte von Lengefeld. Beyond being in-laws, they remained extremely close friends, until Schiller's death.

Ludwig von Wolzogen joined the court of the Count Hohenlohe, and there had the ability to use the very rich library of this Count, studying maps; but the influence which guided his studies was Schiller. Any time he visited him, Schiller would impress him very much, because Schiller was already very sick — Schiller had many different health problems — but he nevertheless worked with great effort, and produced incredibly creative works. So, Ludwig von Wolzogen was so inspired by that, that he would study more seriously military history, geography, and history in general. He spent a longer period with Schiller in 1798, and there, they studied together, especially the Thirty Years' War; which, as you know, Schiller wrote about not only in his historical writings, but he also used that study, then, to write the Wallenstein trilogy.

And, they especially discussed the idea of the circumstances of the death of Max Piccolomini: namely, what Schiller had to do in the drama to present that death, not in the typical image of war, where bullets are flying — but, he gave it the stylistic form of having Max Piccolomini die beneath the hooves of the horses from his own army, and created a much deeper impact in this way.

They also discussed the role of the outstanding commanders, like Wallenstein, and Gustav Adolf; and this, in the mind of Ludwig von Wolzogen, created the idea of the unique role of outstanding commanders for the outcome of the battle, and he used that later, in his thinking about Napoleon. He writes, in his memoirs, that these discussions gave his whole military thinking further inspiration. He was deeply impressed by Schiller's enormous creativity; and then, again, felt inspired to write his own military essays, some of which were improved stylistically by Schiller, and then were published. For example, one about the Battle of Turin and the Prince Eugene of Savoy, which gained him the membership of the military society which had been founded by Scharnhorst in Berlin.

Now in 1797, Ludwig became a second lieutenant, and moved into the quarters of General von Grävenitz, and he reports in his memoirs that he had much time to study there, because there was no military activity going on. And, he only felt disturbed, because every day this General Grävenitz would loudly recite Schiller's poems to his troops; he would do so with great emphasis, especially the "Lied an die Freunde" — the "Song to the Friends" — and so forth. So, you

can imagine what the environment was. And, when Ludwig would visit his brother Wilhelm in Weimar, people like Goethe, Wieland, Herder, and all the great people from the Weimar Classic, would be coming in and out.

So, that was the environment. It was the environment of the Weimar Classic, which formed the thinking of these Prussian reformers — of Wilhelm von Humboldt, of Wolzogen, of Scharnhorst, and others.

It was from that Schillerian standpoint, that von Wolzogen first met Napoleon personally, in 1805, when he came to Ludwigsburg, to manipulate the Duke of Württemberg to join the war against Austria. And, Napoleon was very skillful, by offering this Duke that he would become a king, that he would have a much larger country; so he succeeded. And Ludwig von Wolzogen was in a strange position, in that he was close to somebody whom he had to regard as his mortal enemy: He writes in his memoirs that he belonged to the few who had *always* seen Napoleon as *only* a despot, who would never bring fortune to the world, which was the propaganda spread by many of the Rheinbund [Confederation of the Rhine] princes.

In 1806, he met several times with Napoleon, alone, and one of his observations was that Napoleon was always carrying an armored vest, obviously fearing assassination attempts. He interrogated Ludwig von Wolzogen about the condition of the Württemberg army: Which generals had what capabilities? And, Wolzogen basically said, "Well, none. You should give them a French general, because they're all badly trained." In these discussions, Wolzogen found Napoleon intelligent, but that really strengthened his determination to fight against this person. He says, "I was his enemy, by birth and conviction."

Soon, he left the Duke of Württemberg; he wanted to go to the Prussian court, but this was not possible, because of the defeat of Jena and Auerstaedt in 1806. But, he decided to do everything in his power to defeat Napoleon.

## **Journey to St. Petersburg**

Therefore, what he did — since he couldn't go to Prussia at that point — he went to St. Petersburg, where he arrived in 1807. And there, he could stay in the house of General Major Pfuehl, who was not a great military genius, but he was, however, the major general closest to Tsar Alexander, who took lessons in military science from Pfuehl — and also, Wolzogen — so he got to know the Tsar very well, too. And, sometimes to know these people, and how they think, and so forth, is extremely important.

So, some time passed, with his studies of the Seven Years' War. Ludwig von Wolzogen was drawing battle plans of this war, and then, he wrote the very important memorandum about Napoleon and how to conduct war against him. This was the first scientific elaboration of the strategy that the Napoleonic army had to be lured into Russia; that Russia could only win through a system of retreat, encountered with the



*Napoleon Bonaparte. Ludwig von Wolzogen insisted, contrary to widely held belief, that Napoleon was not invincible; once one knew how his mind worked, one could work out a plan that would cause him to fail in his imperial ambitions.*

effect of space and time—space from the standpoint of expanse. This memorandum was later exactly the operation of the war by Pfuehl, Scharnhorst, Knesbeck, and others. What came together were several factors: the great talent of von Wolzogen to find solutions to theoretical problems—he was a mind capable of hypothetical thinking; his close knowledge of Schiller’s studies in space and time in the Thirty Years’ War, and how to use space and time as strategic power factors; and Schiller’s concept of resorting to ruses, to tricks, to out-flank the enemy, and, most of all, by Schiller’s ideas.

This memorandum about Napoleon, and how to conduct war against him, von Wolzogen wrote on Oct. 22, 1810, in St. Petersburg.

I’m now discussing this a little bit at length, because I want you to think along, in your own mind, about how this applies in the present situation. Because it is exactly that kind of thinking which you have to have, if we are to win this war.

Ludwig von Wolzogen starts by saying: “Napoleon will remain the conqueror as long as there is a spark of life within him. No state, no country, will be safe from him in all of

Europe. Even, all of Europe, with its 160 million inhabitants, will not be sufficient for his ambition. The hour will come, sooner or later, when the fight to prevail and for independence will be fought. Is it not wise to mobilize all forces to prepare this fight for life and death?” He immediately concluded that, despite the common view at that point that Napoleon was invincible, that he was *not* invincible, and that, once one had a key idea who he was, what his thinking was, one could map out a genial plan which would cause Napoleon to fail. He again used Schiller’s studies of Gustav Adolf’s fights against Wallenstein, and applied those considerations. He said, “The first step, therefore, has to be a cool, unprejudiced investigation of the strength of the enemy. If these are in sharp focus, the means to counter him are obvious.

“Napoleon’s greatest advantage is his talent. But, what is the decisive advantage which makes a genius so horrible in war, and gives the genial commander such great superiority? In no other art, is this advantage so decisive as in the art of war, and this is because nowhere else does the lightning speed of action, to accomplish the purpose necessary, exist in such a high degree. Everything in the art of the command of the army, is based on space and time, and he who thinks faster, naturally, can act faster; because, those who act without thinking, should never be in charge of the army.”

(Now, that would disqualify our present Defense Minister Scharping, right then and there.)

“Through the earlier thinking of the enemy, the series of combinations is changing, and so, whoever thinks more slowly, never arrives at a mature decision. This becomes especially obvious on the day of battle, when the time for thinking and calm reflection is nearly totally lacking, and where the talented strategist has a decisive superiority. In this moment, his actions are, in a way, determined by impulses: He does not conduct a painful series of conclusions to investigate the truth. The idea emerges suddenly in his soul, as Minerva jumped from the head of Jupiter, armored.”

Now, if you remember, this is exactly the formulation that Schiller uses in the *Aesthetical Letters*, that the idea—how the creative mind forms an adequate hypothesis—takes place suddenly: It’s not that you start in a moment of crisis to see, “Oh, what do I do now?” But you have studied before, you have accumulated the knowledge, and in the decisive moment, the new idea jumps out of your head. So, Wolzogen says: “It is this gift of nature, which lets the Alexanders, the Caesars, and the Fredericks, seek the battles and lets them be nearly certain of success, when they manage to engage their enemy.

“Neither in battle, neither in the cabinet, nor during marches” (“cabinet” meaning during normal government policy) “or operations, is this a priority so evident, that in the tumult of battle, seconds decide the fate of the people. Also, great results are only reached through victories, and one single battle is often sufficient to determine the expedition, and the fate of the nation.”

## How to defeat the Napoleons

Now, again, I want to apply that kind of thinking to the present world strategic situation, which is not one of diplomacy, or cabinet politics, or marches—not even “marches through the institutions”—but, it is a situation of war. To internalize how the financial oligarchy is thinking, and to think about ways to defeat them, how to defend the nation-state, is exactly *only* possible if you apply these lessons.

Ludwig writes in his memoirs, out of these observations: “The role of the superiority of the ideas of the commander, out of that follows a first rule: Never dare to wage a battle against Napoleon, unless you have a decisive advantage on your side. These decisive advantages consist of a large superiority of troops, which are sufficiently equipped with supplies, and which are in a good position. Their inner strength is advantageous, and a secure retreat in the case that victory cannot be achieved, must be there. Napoleon always appears with the greatest number of combatants, which can be supplied at a given moment. That makes it difficult to counter him with an even bigger number of combatants. That leads to the conception of confronting him with two armies, where the main army must be as strong as his—two armies, because it’s easier to supply them—and then, the second army has to be half of the strength of the main army. So that, without such a decisive superiority, one should not dare to engage him. And, that superiority has to be maintained throughout the whole campaign. Losses and subtractions from your own army have to be replaced all the time.

“Even that is not enough: One has to counter his art with science. And, this science consists of four elements: First, there has to be a well-chosen base of operations; second, there has to be an adequate direction of operational lines; third, the position of these has to be well chosen; and, fourth, the creation of fortified camps and fortresses, with capable commanders, must be selected.”

Ludwig then refers to the countless examples where well-defended fortresses gave the war the decisive direction.

Now, on the first point—the operational basis—he says, “This must be always bigger than that of the enemy, so that it cannot be encircled by him. And it must be in correspondence with the operational lines. The larger these are, the larger the base must be.

“The second rule in the battle against Napoleon, is to make the operational line as long as possible, which already follows out of the sentence ‘against the genial enemy, one wants to avoid the battle.’ That is, that against such an enemy, the defensive is preferred over the offensive.” But, we’re not talking about a passive defense, Wolzogen says, “but a defensive war based on motion. Therefore,” he says, “I regard, in this case, the operational lines more as lines of retreat, and demand that, in order to gain the necessary time for action, these lines should be as long as possible. This is all the more useful, because, given the nature of his supply system, he is unable to quickly give pursuit.” Because, you remember that,

the Napoleonic army was based on requisition, which is a nice word for looting the poor people who have the misfortune to be occupied by this army. So, they would just steal from the peasants, or the cities, wherever they were.

Wolzogen says this whole idea is not new, because one only has to study the history of the Thirty Years’ War to understand this principle. But, the difference, he says, is that “never before has a commander operated with such big armies, or so many theaters of war, and with such luck as Napoleon has”—again, always think about the present oligarchical system, when I’m saying these things.

“As obviously as this system has its advantages, so, it has its great weaknesses. There are countries in which this system cannot function, with only halfway sizable armies.” Ludwig says, “I have calculated that, if the population-density of a country is less than 800 citizens per square mile, then an army of 60,000, which is based on the requisition system, cannot be sustained, since the distance from which the food supplies have to be retrieved becomes too great. Second, with the requisition system, a large army can never remain together for long.” So, whoever studies Napoleon’s campaigns with any degree of attention, immediately realizes that one of his principles is, to mass the entire strength, carry out a big strike very quickly, and then divide up and separate the corps of the army, and then harvest the fruits of this great victory, as they basically fall into his lap.

Wolzogen says: “The unusual aspects of his marches disappear, and the admiration for the so-called superiority of Napoleon’s strategy, once one calculates them over the full duration of the entire campaign: In the beginning they are always conducted with seemingly supernatural speed (considering human strength), but then, there follow long intervals, and it is quite natural that excessive mobilizations of power are followed by relaxation. Once one recognizes this maxim of Napoleon, it is not difficult to find a countermeasure, especially with respect to long lines of retreat. One assumes the position, where one pretends, either to cover the land, or even to go farther ahead. In this position, one consumes all possible available food and fodder, and waits until the hostile army is at the point of concentrating for the attack. Then, suddenly, one moves back, three or four strong marches, moving closer to one’s own storage depots, which has the consequence for the enemy, that he has to divide up, while we can stay together, and consequently are in a position where we can strike one of his corps with full power.”

Thirdly, he goes into a long elaboration about the fortified positions along these operational lines, and then Ludwig demands that there should be an entirely elaborated theater of war, which means that the entire terrain of the theater of war is militarily studied and prepared. And, that a defensive system based on *motion* is designed; that, already, during peacetime, operations that will be necessary later, are prepared, so that the depots and arsenals are at the appropriate moment, in the right place where the future battle will take place. And, also,

that such factors as roads, rivers, canals, are considered from the standpoint of war.

Then, he demands that one has to have a General Staff who know the theater of war as intimately as their own apartments—like when you get up in the middle of the night, you find the bathroom without the light. You have to know the theater of war, as well as your own apartment, or like the farmer knows his field.

And, fourthly, that the necessary fortified camps and fortresses are at the appropriate points, which are, in a certain sense, the final stones in the whole system. These fortresses cannot be on the enemy's border, where they would be isolated outposts, in a very short period of time, but they have to be inside, or even, in the other direction, at the border of your defensible territory. Wolzogen says, "Their function is *not* to defend the territory. One has to totally abandon the idea to wish to defend territory or borders. Because, only through the annihilation of the hostile army, can one defend one's own country—whether 100 miles before our border, or 100 miles behind, or within its interior, it does not matter. The country is not secure before the hostile army is destroyed. There are fortresses only at the end-points of the envisioned operation lines, up to which the withdrawing army can pull back. Therefore, they have to be fortified camps, so that the army can be put up there, but this defense is essentially only to gain time, to force the enemy, through powerful diversions, to retreat. At that point, the second army has to come into place. And, the task of both armies is to successively retreat into previously selected positions; to hold up the enemy from fortified positions, which each time costs him lives and wears him down.

"Both armies, essentially, have to work in a division of labor, going for partisan strikes, and such an interlocking play of both armies will finally defeat even the genius of Napoleon. Because he will continuously be weakened and lose men, especially if this is done with skill and energy. His army will be weakened, so that, in the end, he lacks the means to realize his designs.

"In any case, his system is too extended, and it is becoming more so every day. To simultaneously rule, in such a despotic way, in Portugal, in Italy, on the Vistula, and other places, for which his forces are not adequate—especially since he never watches his means, and he always takes the next best ones, regardless of whether they will be destroyed for generations, or forever.

"The clever family farmer," says Wolzogen, "takes only as much out of his farm as he needs to produce fruits in the future. Napoleon not only takes the fruits, but he cuts down the tree, and does not even spare the roots."

So, therefore, this general system of ruin carries within it, the seed of its destruction, and will ruin it, in the end. The only question is: When is this point reached? Probably Napoleon thinks that it will be at the end of his life, or afterwards, but Wolzogen expresses hope that, if one engages him in that kind of protracted extension and prolonged system of attack

and retreat, that this can be brought about much earlier. And, he says, while this is happening, the armies that Napoleon does not command himself can be defeated; allies can be won over to abandon him; insurrections can break out. All of this is possible, because of the increasing hatred against his person, because, one should not forget that his rule only exists because of the belief in his invincibility; and it will break down, once that belief is gone.

Now, remember, "There is no alternative to globalization"; once the belief that this is true, is gone, globalization is finished.

So, Wolzogen says, "Two to three decisive defeats, and Napoleon's legions will flee beyond the Rhine. Germany will have a different shape, and France will tire of sacrificing its treasures and its sons to this despot." Then he concludes, and says, "These are roughly my thoughts, how the war against Napoleon must be fought."

Now, when he wrote this memorandum, it was first discussed between Tsar Alexander, Foreign Minister Count Rumyantsev, War Minister Count Arakcheyev, and General Pfuehl. It did not have immediate acceptance, because Rumyantsev didn't like this idea of war—he wanted to settle this whole problem through diplomacy. Arakcheyev, who was a typical Russian patriot, saw the very idea—to have the Russian army retreat and let Napoleon the conqueror come—he thought this was an insult to the national honor. But, the Tsar replaced him with General Barclay de Tolly, and ordered Ludwig von Wolzogen and General Pfuehl to travel to the western theater of the anticipated defensive war.

On June 29, 1811, Ludwig von Wolzogen started his reconnaissance trip, and wrote several memorandums on different parts of this theater. Later, his pupil, Count Eugen von Württemberg, wrote about his former teacher, that the basic principle of retreat with the final turning to the offensive was *the decisive change* in the history of Europe, and the precondition for the liberation of Germany from foreign chains.

Wolzogen became a member of the staff of Commander in Chief General Barclay, and, because he was a German, there were a lot of intrigues (Napoleon had already set up intrigues against him when he was still at the court of Württemberg, which he escaped, basically by leaving); now, he was even accused of high treason, and only through the intervention of vom Stein, did he escape the death penalty. So, to be a patriot under these conditions was not exactly a very easy thing.

### **Moscow: the turning point**

But then, when, on June 24, 1812, Napoleon crossed the Niemen River with the great army, without having declared war, von Wolzogen was completely vindicated, and a strategy of defensive war based on motion was implemented, because it was the only possible way to act. Immediately the Russian troops started to engage the Napoleonic forces in these kinds of battles that I described before. In August 1812, these battles



cost the French 20,000 dead and wounded. Then, in Smolensk, another major battle occurred, in which, again, thousands of people were wounded, already under very difficult conditions, lying in barracks, lacking food, medicine, and bandages. And many died who could have been saved if the supply had been there.

Napoleon at that point still had 150,000 men. And he demanded an immediate resupply of troops from the Rheinbundstaaten, and he ordered Paris to recruit 140,000 new men. So within one year, from France alone, 440,000 troops were recruited.

When Napoleon was only 56 miles outside of Moscow, he thought that he had—as you can see, this was not exactly a very happy march—he thought that he had at least two more months of decent weather, and that a decisive battle would eventually make him the ruler of Moscow. So, he did not really think much about the fact, that along the main road which this gigantic army was moving, there was plundering. Because those who arrived first, would just plunder; and then the people who arrived second and third, would often find nothing, and find burnt-out villages, which were burned down in anger by people not finding anything.

Then, on Sept. 7, there was a major battle, the battle of Borodino, in which there was horrible carnage on both sides. General Kutuzov reported it back to the Tsar in St. Petersburg as a victory, but it actually was not.

The Russian army was nearly halved. They lost in this one battle, 1,500 generals and staff officers, and 30,000 sergeants and soldiers were killed, wounded, or missing. How fiercely the Russians fought, one could see from the fact that the French could only capture 1,000 men. But the French also had tremendous losses: 12 generals and 10 lieutenant generals; 28,000 dead, wounded, and missing. Thousands remained without medical care and died. There was no means to transport them. Whoever could even crawl, sometimes on all fours, tried to follow the troops, or died on the way. Many were killed by angry villagers afterwards. The smell of death was breathtaking. The groaning of the wounded and dying was horrible. After days, one could see how those wounded men, who could not move, were eating the cadavers of dead horses.

So, 15,000 Russians retreated during the night. And the condition of the Russian army at that point was such that there was no possible idea of waging another battle before Moscow.

On Sept. 13, the retreating Russian army reached Moscow, and occupied the heights in front of the city, and set up fortifications. So at that point, the War Council deliberated on what to do. General Kutuzov decided to retreat beyond Moscow, and Count Rostopchin, the war governor of Moscow, advocated the destruction of Moscow, rather than leaving it in the hands of the enemy. So he ordered all inhabitants to leave Moscow within hours. More than 300,000 inhabitants of Moscow moved out, left the city, taking whatever belongings they could take, and less than 14,000 people remained, mainly foreigners or beggars and others.

Now, Governor Rostopchin ordered the firefighting equipment to be taken out of the city, preparing for things to come. At that point, General Miloradovich led the rearguard of the Russian army, with the order to hold up the French as long as possible. When Murat reached them as the vanguard of the French army, Miloradovich engaged them in long discussions, with the idea of gaining time. Murat suddenly became suspicious, and asked, “Is Moscow empty? Did the inhabitants leave?” In the meantime, only beggars, the sick, and many wounded remained in Moscow.

On Sept. 12 at 2:00 in the afternoon, Napoleon reached the hills in front of Moscow, and looked down. And, according to reports, he said, “Ah! Finally, there she is, the famous city!” It was high time. And then he studied the map of Moscow, and gave the orders for the positions the troops should take. But when he reached the Dragomilovsk Gate, he expected that a deputation from the city would come to greet him, and show him respect, because this had been his experience in all of Europe: Wherever he went, he was given the keys to the city, and the officials came bowing down, to show respect to the Emperor.

Not so here in Moscow. No human being appeared, and Napoleon waited for one hour, and then his temper boiled over, and he recognized what was going on. Then a French staff officer from the vanguard arrived, and reported the horrifying news that Moscow was completely empty. So, Napoleon moved in, and spent the first night in a private house. The next day, he moved into the Kremlin.

He had hoped that here in Moscow, he would find the limitless resources where his starved and exhausted troops could recover from this horrendous journey, and that he could enforce peace according to his conditions; that the troops would recover, the wounded could heal, and maybe in spring-time, he could make a new offensive, or even that Tsar Alexander would make peace immediately.

But that wish turned out to be a big illusion. Already in the first night, many places in the city started to burn. First a big bazaar, then a store, then a bank, then many houses. First, people thought that it was soldiers who were careless with their fires. But then it became obvious that there was a systematic plan behind it, especially since no firefighting equipment was to be found.

Soon the firestorms moved back and forth every time the wind changed. Napoleon stood for hours at the open window of the Kremlin and stared into the fire. His hopes for a secure, rich quarters for the winter were buried. The red sky over Moscow was visible from very far away, and filled the hearts of the Russian soldiers and peasants with feelings of hatred and vengeance against the French, whom they naturally saw as being responsible for Moscow being burned down.

In Moscow, there were incredible scenes: plundering, dying, murdering. Most destroyed, was the fodder for the horses, who suffered and wasted away to skeletons in a very short period of time. When Tsar Alexander got the news in St.

Petersburg, he was deeply shocked, both about the losses in the battle of Borodino, and the fire in Moscow. But it was especially Freiherr vom Stein, who strengthened his resolve to not make a peace agreement with Napoleon, but to continue the fight.

At that point, Rostopchin published an appeal to the Russian people, where he described the atrocities by the French, which infuriated the population to no end. And then everywhere, peasants and partisan groups attacked weak French outposts or transport units, or they would just shoot couriers out of their saddles.

The nervousness among the French troops grew by the day. In Moscow, the plunder continued. Wine and alcohol were found in large quantities, and it became impossible for the officers to prevent the troops from excesses in plundering.

### The Emperor's retreat

On Oct. 5, Napoleon sent an emissary to General Kutuzov to make peace offers. But Kutuzov only engaged him in negotiations to win time, knowing very well that the cold Russian winter would come. On Oct. 15, the first snow started to fall. On Oct. 17, Murat, whose troops stood as an avant-garde of the great army near Minkovo, was attacked by superior forces and defeated. And they lost 1,600 men and 40 cannon. This unexpected defeat demonstrated to Napoleon how vulnerable his position was. Napoleon at that point still had 100,000 troops left. But the cavalry had a severe lack of horses, and the artillery lacked supplies.

At that point, he started to study possible roads for the return. The northern one went through a very poor and thinly populated area. The middle one was the one by which the French army had come, along which the battles of Borodino and Smolensk had been fought, where everything was burned down and destroyed, and with the army needing to requisition supplies, it probably could not make it. And the third one was via Kaluga in the south, through a relatively rich area, which had not yet been touched by the war, and which, from the resupply standpoint, seemed to be the best. But this retreat route had to be opened up with a victorious battle against the Russians, who were blocking the road.

On Oct. 18, Napoleon decided that he could not stay in Moscow over the winter, and he began the retreat via the southern route. He put out the rumor that this would only be to engage the Russians in a battle, and then return to Moscow—but by that time, nobody believed him anymore.

So the forces which he moved out of Moscow—there were 4,000 cavalry without horses, so they stayed in Moscow; only 4,500 had good horses. There were 10,000 horsemen who could not be used for lack of horses. That represented a big weakness, especially since the Russians had an excellent and large cavalry. And now Napoleon had to pay the bill for having wrecked his cavalry through forced marches and reckless use in the battles of Smolensk and Borodino. Nevertheless, the army still carried 569 cannon, and 200 vehicles

of various kinds. The march out of Moscow did not exactly look like an army, but more like a crowd, because you had everybody who could walk or crawl, follow, because people who were either wounded, or civilians, or merchants, or foreigners, feared the revenge of the Russian people, if they stayed behind.

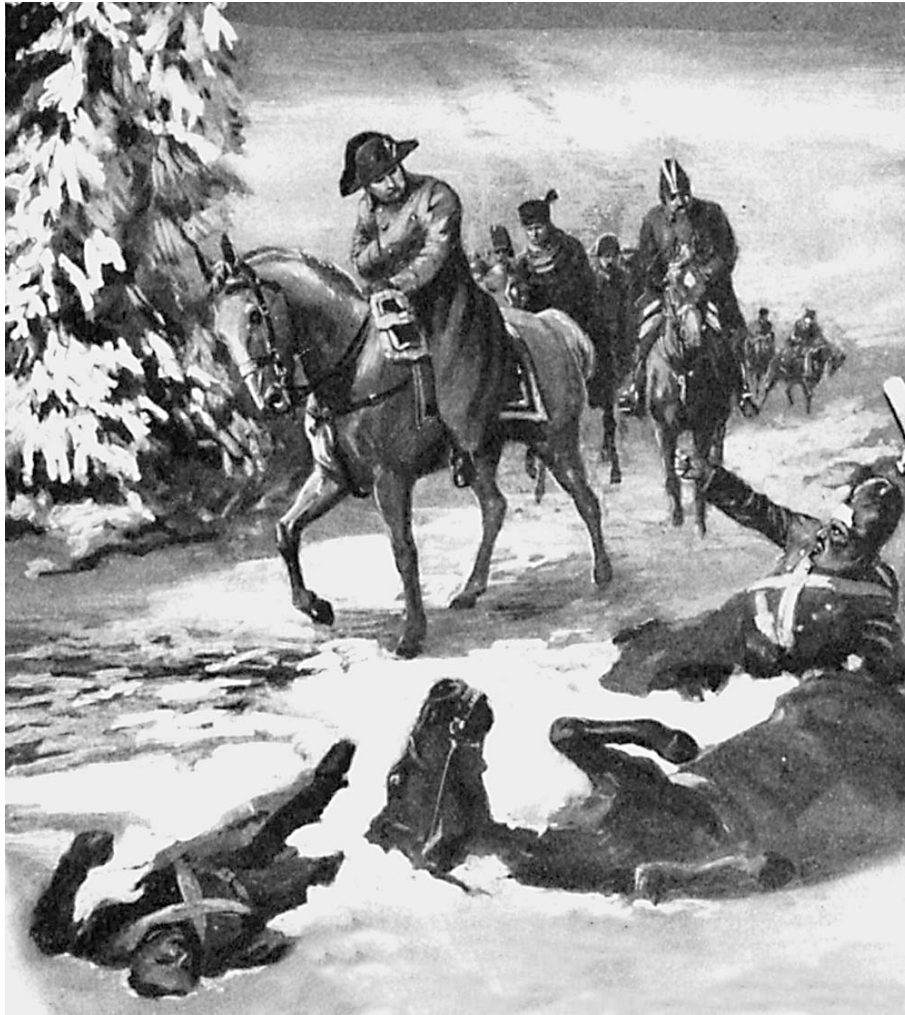
The mood among the Russian court and many of the officers, was completely depressed, because they doubted the salvation of their army. The Russian people were extremely upset. And General Pfuehl at that point did not dare to show himself in the streets, because he feared being lynched. But Ludwig von Wolzogen congratulated the Tsar for the now-inevitable defeat of the French. And vom Stein was the only other influence in the environment around the Tsar, who encouraged the continuation of this strategy.

Now, nobody wanted to stay in Moscow. Soldiers had looted the place, and they put their loot—all kinds of jewelry, furniture, and other things—on the horses, so the few horses left nearly collapsed under this burden. People would carry things which had no value for them, because they could not eat it, they could not warm themselves with it in the winter. But Napoleon at that time, already did not dare to forbid the soldiers to do that, because he felt that they might not listen to him, and might mutiny.

He also did not dare to take away the officers' nice carriages, which they had taken in Moscow. So the whole march was like an army, but also *lumpen*, merchants, looting people. So, not very flexible. Whenever this march reached a bridge or a curve in the road, there were incredible bottlenecks. There were 30,000 non-riders and civilians. Altogether, this group of people number 150,000 which moved into the desert of winter. One-third were non-riders; and in this inflexible way, it moved forward.

So Napoleon directly marched from Fominskoye, in order to reach Maloyaroslavets. But on Oct. 22, a heavy rain started, and the roads became washed out. At Maloyaroslavets, a Russian contingent under General Dokhturov engaged the French in a fierce battle of 18 hours. The Russians lost 8,000, the French 6,000. Kutuzov, for some reason, did not engage the French with all his forces, but moved back for three miles. But Napoleon didn't know that, and at the end of that day, he was sitting there in a desperate mood, because he did not know that he did not have to confront the entire strength of the Russian army.

The only way he thought he could bypass the Russians, was at Mozhaik, to reach the old road of the army on which they had come. Then the news arrived that Kutuzov had retreated three miles, and Napoleon at that point would only have had to run over the rearguard of General Miloradovich, and the road to Smolensk would have been open. But Napoleon stayed with his decision to go back to Mozhaik, and that decision proved to be the worst, because from that moment on, the retreat was becoming completely desperate. And from now on, without letup, they were chased until they were be-



into the passing carriages, but many were left behind, or tried to follow on their crutches. It came to absolutely disgusting scenes of murder and killing.

On Nov. 3, in Bezna, there was heavy fighting between the French rearguard and the Russian avant-garde. Four thousand French were killed, wounded, or captured. Then, from there on, the Russians remained closely on the heels of the French. The temperature sank to  $-12^{\circ}$  Celsius. On the night of Nov. 9, around one fire near a tent, 300 men were frozen overnight, because there were only tents in which to stay, because all the villages had been burned down.

When a half-frozen French, Italian, or German soldiers fell into the hands of regular Russian troops, they could be happy, because if the peasants got them, it was even worse, because they would rip off their clothes, and throw them into the cold, naked.

On Nov. 7, some Württemberg generals found a miserable little room to sleep in, and their soldiers gathered around a tent outside, around a fire. The next morning, one of these generals said, "I saw the most frightening thing of my life. All of our people are frozen to death."

When the army had left Moscow, it consisted of 110,000 men. And to these had been added 15,000 detached troops. Of these 125,000, some 50,000 were lost in four weeks; 30,000 had disappeared, and most lay dead in ice and snow, or were captured. What remained, did not look like troops, but more like vagabonds. When the army reached Smolensk, Napoleon spent five days in regrouping the army, and getting its strength back to 50,000, and departed on the 12th of November at Smolensk at  $-18^{\circ}$  Celsius.

Then, at the famous battle of Krasny, the French lost 20,000 prisoners of war, mostly displaced people, wounded, and 200 cannon. The dissolution of the great army had progressed so far, that thousands allowed themselves to be captured, just to save their lives.

Napoleon was lucky that General Kutuzov did not pursue him more forcefully, since he knew about the state of the dissolution of the army. But there were obviously complicat-

*It was not only the harsh Russian winter that defeated Napoleon's army—although this played a role in decimating the army which originally numbered one-half million—but rather the superior strategic conceptions of his adversaries.*

yond the Prussian borders. And they had to confront the horrible conditions of the harsh winter, and burnt-down villages and towns.

The army of one-half million, which had crossed the Niemen in June, was defeated through the strategy of defensive war based on motion. The burning down of villages, the destruction of all means of subsistence: that was what defeated Napoleon. And only the last 100,000 were killed by the winter. Napoleon tried to create the myth that it was the winter alone, but that was not the case at all.

The retreat was absolutely awful. In places like Mozhaisk, where they had to cross the dead bodies from 52 days earlier—dead bodies were lying everywhere. The same thing in Borodino: large numbers of corpses. And people reported that as far as the eye could see, there were dead men, dead horses, broken weapons. When they passed by the famous cloister of Kolotskoy, hordes of wounded and mutilated men tried to get

ing factors, like the dubious role of Austria, which left a vacuum, in which England could have moved on to the continent. So there were other considerations than strictly those of the battlefield.

Then, at the famous next crossing of the Berezina at Studenka, Napoleon again lost 30,000—dead, captured, and wounded. Nevertheless, the fact that the French could bring 40,000 men over the river, was a relative success, because Clausewitz's estimate was, never was it easier to force an army to capitulate than here. But, Napoleon still being arrogant in front of his marshals, told them, "You see, it's possible to escape even from right underneath the beard of the enemy." One decade after the crossing of the Berezina, a Prussian engineer passed by that location. And still, there were mountains of helmets, weapons, epaulettes, bullets, splinters, bones of human beings and horses.

When the individual refugees first reached Vilna, they told everyone about the horrible conditions at the crossing of the Berezina. People at first did not believe it, and these first people were arrested as liars. But soon there could be no doubt, as the remains of the army as *lumpen*, arrived in Vilna.

In Vilna, because of the large mass of people, there was a tremendous food shortage, with vicious fights. In hospitals, people died with frozen arms, legs just rotting away. And when the remains of this army left Vilna, and they reached the steep hill of Ponari, the roads were completely covered with ice, and the last poor, starved horses were unable to climb upward. So Murat and the marshals had to leave the carriages, and make their way sideways through the woods. The rest were lost. So, of 612,000 men which had started the Russian campaign in June, 500,000 remained in Russia.

### **The war moves west**

Now, under the influence of vom Stein, Tsar Alexander decided to pursue Napoleon westward. On Dec. 30, 1812, Clausewitz convinced General Jorck at Tauroggen that now was the ideal moment for Prussia to turn against Napoleon. And then the text of this famous convention was brought to King Friedrich Wilhelm III.

On Feb. 28, 1813, Russia and Prussia made the alliance of Kalisch. And on March 17, King Friedrich III wrote the appeal "To My People," which was not really what was in his heart, but he reluctantly followed the patriotic enthusiasm of the population.

But, one more time, Napoleon was able to recruit a more numerous army, and defeated Prussia in the battle of Gross-greschen, on May 2, 1813.

And here, Schiller played a role, because von Wolzogen reports in his memoirs, that on the eve of the battle of Gross-greschen, he studied the description by Schiller of the battle of Lutzen in the Thirty Years' War.

The allies were forced to retreat to Silesia. Then came the great fall offensive of 1813, and the decisive turnaround in the great battle of Leipzig, the people's battle of Leipzig

from Oct. 16-19. This not only meant the end of the Rheinbund, but in 1814, the allies continued the war into France. Napoleon was banned to Elba. And in 1815, while the Congress of Vienna negotiated, Napoleon returned one more time. He beat Blücher at Ligny on June 16, but finally was beaten by the two armies of Blücher and Wellington at Waterloo on June 18, 1815; and finally was banned for good to St. Helena. Now, that is exactly the fate I have in mind for the oligarchs today.

Obviously, the result was not a republican victory, because as you know, the Congress of Vienna was a big setback. Despite the fact that the Prussian reformers, who were represented by vom Stein and von Humboldt to negotiate a unified Germany based on a constitution, had the correct idea—that after all, Germany had won the war, and there could be the formation of a German nation-state—the oligarchies of the entire European courts conspired against that, and instead, the Holy Alliance began a tremendous period of restoration.

### **Republican principles in the New World**

But how did the war continue? Was it ended with this? No. It continued especially when Lincoln revived the spirit of the American Revolution. And there, it was especially the role of republican Germans—the so-called Latin farmers—who helped to bring Lincoln to power, and had a very decisive role also in the famous Emancipation Proclamation, which abandoned that which had been the flaw in the American Constitution, namely, that the American Constitution at the beginning only applied to white people.

And one can say proudly that many of the Germans who fled from the restoration of the Holy Alliance, then played a role in supporting Lincoln in this battle.

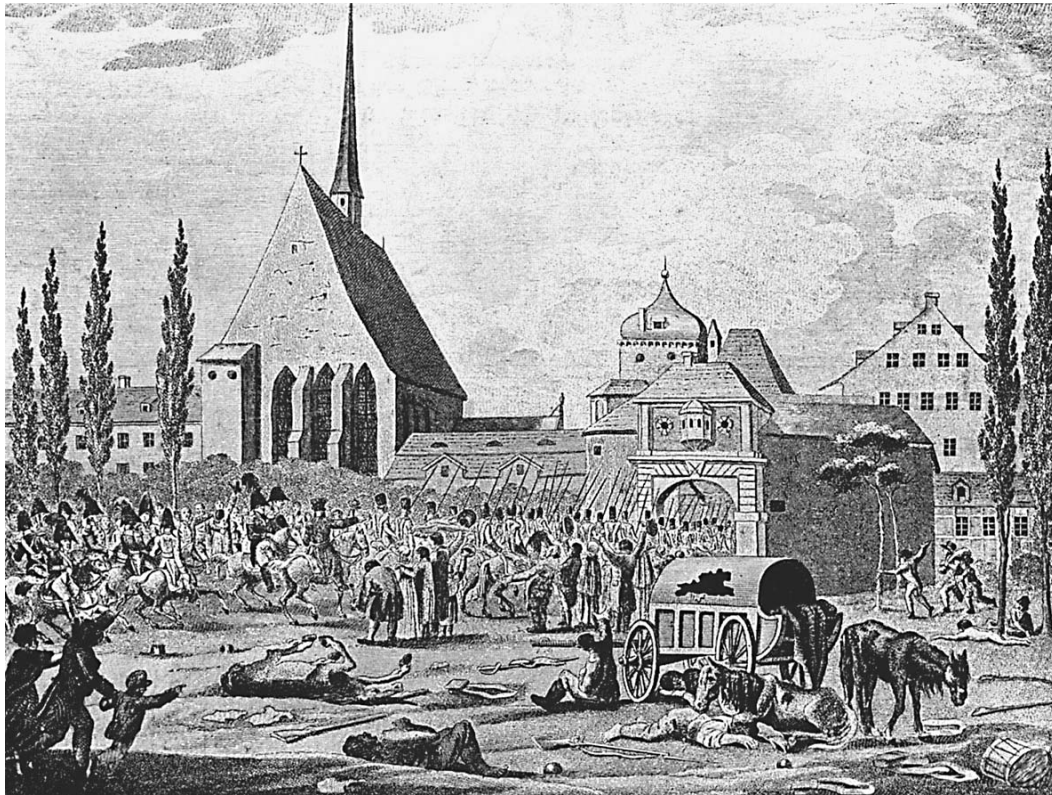
Then, it continued through the fight of republican networks in the United States, Germany, China, Japan, in transforming society into modern industrial states, thereby laying the basis to continue the struggle for the eventual final defeat of oligarchism.

### **The subjective factor in history**

So, what is the lesson of the comparison of the war against Napoleon, and the way to fight globalism today? Well, yes, one can look at a lot of things in this way. One has to wage similar battles, sometimes—a defensive war of retreat based on motion—choosing weak flanks, moving here and there.

But that is not the reason why I told you this story. Because it is the *subjective point* which is crucial. The reason why I presented to you the design of the Russian campaign, and then the actual implementation of it, is not because it is a scheme one can follow in an objective manner. It's not a prescription which should be followed battle by battle, in this way.

But the point is that it makes obvious that history, the success or failure of history, is shaped by people like Schiller, who inspire people to come up with new ideas, by people like



A scene from the battle of Leipzig in 1813, a turning point in the war against Napoleon.

Carnot, by people like von Wolzogen. And I can say in all modesty, that we are on the scene today, to fulfill exactly that function.

Because in all historical periods you need people who conceptualize how to conduct the war. And therefore, for this reason alone, we have to be put in a position of power. This is the reason why we are running a campaign, for Lyn to become Clinton's economic adviser, and knowing how these historical processes function, one can actually see and study. If you look at the role of Schiller, of von Wolzogen, the Humboldts, the Prussian reformers, all working together in a division of labor, actually only a handful of people, but being there at the right moment, having the right ideas, the right strategies, the right conceptions at the right moment.

Wilhelm von Humboldt, in the famous statement about the *Geistesgang* of Schiller, the mental development of Schiller, accounts how it is not only the written language, the written documents, which report what Schiller did. He says that is only a small part: But it is the thousands and thousands of discussions Schiller had with contemporaries, inspiring them, changing the way they were thinking about themselves, which shaped this period.

So, the idea of defeating Napoleon by drawing him into Russia, was the outcome—and one can actually say that Schiller, in a certain way reached out from the grave, and defeated Napoleon in this way. This was not so easy, because as I said, the resistance against this plan was enormous. And

it had to be done with forces who all had to go against their basic instincts and what they perceived as their interests, to follow and take guidance from a higher interest.

Now, this defines our role, and Lyn's role, in particular, today. Because who is qualified today, in this war to save human civilization? It's not because we say we are so great. But if you look at the horrible failure of all the leading governments of the West, one can say very clearly, that if you leave these governments to themselves, it means certain doom for our nations. Take the German government, for example, with their famous *Ausstieg aus der Atomenergie*, "Withdrawal from Nuclear Energy": It's not an exit from nuclear energy, it's an exit from civilization, that they represent.

Therefore, if you look at the defeat of Napoleon, one can actually see how that can be done, and that it takes this principle of motion and leadership, to defeat the enemy. So therefore, if you think like Schiller, the enemy can be defeated.

Ludwig von Wolzogen wrote in his memoirs, "Whatever system one may adopt, it always will be essential to know ahead of time what one wants to do, and then carry out this plan in a rigorous way. Nothing is more dangerous in war, than to lose time with debates"—or dialogues, as Clinton would say—"at a moment you should act."

So, I want you to think like a brilliant military strategist, and then the enemy can be defeated. Or even better, I want you to think like *both* poets and brilliant military strategists, because then humanity can win.

## Jiang in Russia: a speech that can change history

by Mary Burdman

The visit of Chinese President Jiang Zemin to Russia on Nov. 22-25, and above all Jiang's extraordinary speech to Russian scientists at Novosibirsk's Science City, Akademgorodok, on Nov. 24, constitutes a strategic revolution, whose global implications extend far beyond the sphere of China-Russia relations per se.

In remarks made to a seminar on the situation in eastern Europe and Russia, held in Wiesbaden, Germany on the eve of the Chinese leader's speech, American economist and statesman Lyndon LaRouche had stressed the crucial importance of Jiang Zemin's decision to visit not just Moscow, but also Novosibirsk. This showed the Chinese leadership's understanding of the fact, that mobilizing the enormous scientific and technological potentials of Russia—concentrated particularly in Russia's "closed" science cities—is the secret to the future of Eurasia and even to the survival of human civilization. After reading the published text of Jiang Zemin's speech, LaRouche expressed his delight and satisfaction, exclaiming: "This was a brilliant, carefully prepared intervention; laying out the principles of a policy. It is exactly what was needed. . . . It creates a whole new situation worldwide." Now it is necessary to make the policy work. LaRouche stressed the special importance of quickly bringing India, together with Russia and China, into the new scientific-technological partnership signalled by Jiang Zemin, for the development of Eurasia as a whole.

### Science and technology are a shining beacon

Addressing Russian scientists at the Novosibirsk House of Science "as a colleague," Jiang Zemin stated his conviction that the progress of human civilization has proven the importance of science and technology as a "driving force for economic development and social progress. None of the achieve-

ments mankind has scored in understanding and taking advantage of nature would have been possible without scientific and technological advancement," Jiang said. "Human wisdom is inexhaustible. Science and technology are a shining beacon of this wisdom."

Jiang stressed Russia's role as a world scientific and technological power, and the outstanding contributions of Russian scientists. "Even today," he said, "Russia leads the world in many key scientific and technological areas."

Jiang Zemin, who delivered his speech in Russian, without an interpreter, was interrupted more than a dozen times by enthusiastic applause from his audience. He said he had "long heard about the Science City of Novosibirsk," but he wanted to come to see directly for himself. Jiang said he was "deeply impressed" by the Russian scientific research capabilities and the explorative, inquiring atmosphere.

In an appreciation of the importance of science, unfortunately extremely rare among current world political leaders, Jiang said that the scientific and technological developments of the 20th century have created precious development opportunities, but also pose serious challenges to nations. "In order to meet the challenge of rapid scientific and technological progress and the fast-rising knowledge economy, we must keep on creating and innovating. Creativity is the soul of a nation and an inexhaustible source of a country's prosperity. The key to creation and innovation lies in human resources, whose development depends on education."

China's education and science "have a glorious history," he said, and now, following the conclusion of Deng Xiaoping that "science and technology constitute a primary productive force," China's leaders are emphasizing the importance of education and science and technology for the nation's development. The Chinese Academy of Sciences, whose President,

Academician Lu Yongxiang, accompanied Jiang and was presented to the Russian audience, is to play the leading role in developing a program for “national knowledge innovation.” Jiang noted the developing cooperation between Russian scientific institutions and China, and stated his conviction, that the difficulties Russian science now faces, are temporary, and can be overcome.

China and Russia, Jiang said, are influential countries, which should trust each other and cooperate both for their own mutual benefit, and to “meet all challenges that mankind faces in the struggle for survival and development, and promote world peace, stability, and prosperity.”

During the visit to the Akademgorodok, the science village on the outskirts of Novosibirsk, Jiang Zemin also toured the Budker Institute of Nuclear Physics, visited a workshop for construction of nuclear technology, and met with his host, Novosibirsk Governor Vitali Mukha. Mukha was to give Jiang proposals to build a Siberia-China “energy bridge,” to set up a Chinese consulate in Novosibirsk, and deliver locally produced An-38 planes to Beijing.

The official China *People's Daily* gave prominent coverage to the Novosibirsk visit, also presenting to its readers the history of Novosibirsk, a key center for the development of Siberia, located at the crossroads of the Trans-Siberian railroad and the Ob River. *People's Daily* told how the Science City Akademgorodok, had been built up beginning 1957, as a powerhouse of scientific and technological progress in areas such as advanced nuclear physics, chemistry, biology, geophysics with laboratories, research institutes, design and construction workshops, experimental factories and advanced production facilities, living and recreation areas, hospitals, schools, and facilities for higher education. *People's Daily* emphasized how Akademgorodok combined the highest level of fundamental research, together with design and production capabilities. Indeed, Akademgorodok exemplifies many of the kinds of capabilities which were built up in dozens of “closed cities” which were built up in the former Soviet Union, and which formed the hard core of the U.S.S.R.'s military-scientific-technological base. Akademgorodok itself played an important role in nuclear fusion, plasma and particle beam research, and in many other areas. *People's Daily* remarked, that the architectural and natural environment of Akademgorodok, with its “Mathematics Road,” “Physics Road,” “Chemistry Road,” and so forth, evoked an “elevated” and even “romantic” feeling for the value of science and scientific progress in the mind of the visitor.

### **The world needs a revolution in leadership**

The global strategic background of Jiang Zemin's visit to Moscow and Novosibirsk was characterized most powerfully by Lyndon LaRouche, in remarks made to the Wiesbaden seminar. LaRouche placed the new developments in Chinese-Russian relations within the context of the worldwide financial and economic crisis. The problem is, he said, how to

meet the demands of all of the peoples of Eurasia, under the conditions, in which the potential relative population density has fallen far below the existing levels of the population, planet-wide.

“The only possibility, lies in a rapid explosion of scientific and technological progress, which has to be based, at the same time, on a large infrastructural base,” LaRouche stated. The primary focus of investment must be into infrastructure, including food production, energy production, transport, and large-scale water management. However, such investment itself, will work only if it, in turn, is the foundation for a technological revolution.

However, in the United States and Germany, and the West in general, the net level of technological progress is already almost negative. The world cannot survive, on the basis of extending existing relations, or existing ideas of practice among nations. The only thing which will enable this planet to survive, is a revolution, LaRouche said—a revolution of leadership.

Such a revolution does not, and will not, come from the impulse of popular demands. Real human progress has always been achieved at the initiative of true leaders.

Present-day China has seen such a breakthrough in leadership. China was dying under Maoism, but has come to life in the past 20 years, following the policies initiated by Deng Xiaoping. The quality of China's leadership has been demonstrated most clearly by their response to the disastrous floods this past summer. No other government on this planet, LaRouche said, faced with a similar catastrophe, would have responded with even approximately as much sanity and good as the government of China did, with its own internal resources, to these floods.

The central issue in China is the leadership, and how that leadership, with their understanding of the culture and the people, is able to make things change. China cannot meet the requirements of its population, now approaching 1.3 billion people, in the territory it has, without a scientific and technological revolution, in infrastructure and productive technology. But, with Europe almost bankrupt technologically, and the United States becoming bankrupt technologically, the question is: Where do you have the resources on a planet-wide scale, to launch a technological revolution?

This is what exists inside Russia, LaRouche stated. However, for Russia to launch a technological revolution, it must do what the Soviets almost never did. The Soviet system failed because it was never able to bring technological progress to the ordinary, civilian economy. It was only in the military-scientific-industrial complex, that Russia was able to establish strategic world significance. This capability was concentrated in the “closed cities,” and related centers such as Novosibirsk.

The term “closed cities” has a double meaning: It has a strategic-military significance, but these cities were also closed to Russia as a whole, and the capabilities of the closed industries, never reached Russian civilian production in gen-

eral. It was to address this problem, which was the core of LaRouche's unique approach to what became known in 1983 as the Strategic Defense Initiative (SDI). In meetings with his Soviet interlocutor in February 1983, LaRouche warned that if the Soviet Union did not accept, and act on the necessity to apply this kind of scientific capability to the Russian economy as a whole, that economy would disintegrate within five years. In the post-Stalin period, apart from a few developments such as the launching of Sputnik, Russia had never succeeded in addressing the problem of effectively developing the productive powers of labor in general.

The only possibility to change this, LaRouche said, was his proposal to engage the Soviet economy in a gigantic, high-technology scientific "spill-over" program, which would also involve the Soviet economy participating in the spread of scientific and technology to the world. Only that could transform, and revolutionize, and save the Soviet economy. But Russia was doomed, because the Soviet leadership rejected the proposal for joint development of the SDI, and Yuri Andropov's policies, led to Mikhail Gorbachov and the current devastation of Russia.

Russia was doomed internally, by its own leadership and by the dichotomy of two Russias—one, the ordinary people, who were not developed, and second, the small, very effective elite, concentrated in the military-scientific-industrial complex. This elite, however, was capable of doing miracles, in terms of strategic capabilities.

Russia retains today the legacy of its originally small-scale, but deep, scientific history. Russian people can name the names, of the great artists and scientists of the pre-Soviet period. The military-industrial complex, with its closed cities, of the Soviet system, reflected that tradition under stress.

As the Schiller Institute has emphasized to the leadership of China, without a mobilization of scientific and technological progress—such as LaRouche had proposed under the SDI, and the rapid expansion of a scientific machine-tool-design sector—we cannot provide the rate of technological progress required to reverse existing rates of technological attrition. This part of Russia, typified by the closed cities, is an essential component of the global survival of humanity.

The future belongs, LaRouche said, to those leaderships which are capable of grasping this conception, of such a global, planetary revolution.

The condition of the world is such, LaRouche said, that unless U.S. President Clinton accepts LaRouche's policy guidance, during 1999, western Europe and the United States, as well as Canada, Australia, and New Zealand, will plunge into a Dark Age—an economic and social catastrophe from which they would not recover for generations. Under these conditions, there is a bare, though uncertain, possibility that, given the quality of the leadership of China, and in cooperation of some nations in Eurasia including Russia, there might be a continuation of civilization, in that part of the world.

We are at a point of inflection, LaRouche said. We can

save humanity, but it must be done by an act of global leadership and will. There is an element of that in China. China does have a world leadership conception, in the sense of China's role in that. Jiang Zemin's trip to Moscow and Novosibirsk reflects precisely, a conception of China reaching out and trying to find partners, on the basis of national sovereignty, to work with China to save civilization and thus to save China.

LaRouche also addressed the issue of leadership for Russia. Russia needs a revolutionary quality of leadership, one which looks at the entire planet, and at the hell with which all humanity is threatened, and provides the ideas necessary to put humanity on the road to survival and success. Russian Prime Minister Yevgeni Primakov is an excellent administrator, but not a revolutionary leader. By himself, he cannot save Russia. But Primakov can accept new ideas, and carry them out.

All of the ideas which have been generally believed in almost all countries up until now, are bankrupt, LaRouche said. What matters are the human minds, which, when faced with the fact that everything they believe is doomed, are willing to change. Then you have a truly revolutionary situation. Perhaps, if you have the leaders who can respond to that situation, you can bring about change. The visit of Jiang Zemin to Moscow, and to Novosibirsk, is a signal; if that signal works, then we have a policy.

### **A summit amid great difficulties**

The situation inside Russia, remains extremely difficult and dangerous. Jiang Zemin's visit to Moscow itself was marred by the hospitalization of Russian President Boris Yeltsin, and the murder of Parliamentarian Galina Starovoitova—a leader, with Yegor Gaidar, of the Russia's Democratic Choice party, who was shot to death on Nov. 21, on the eve of the Chinese President's arrival. There are many indications that this murder is being used in an effort to destabilize the government of Prime Minister Primakov. These events tended to dominate the Russian media during the Chinese President's visit. Apparently, a 15-minute interview President Jiang gave to a major Russian television network was not broadcast, and other press coverage of his visit was limited. Russian analysts who understand the importance of Russian-Chinese relations, had expressed the concern that the media, virtually under the complete control of Russia's "financial oligarchs," would prevent Jiang Zemin's access to the broad population. Indeed, that same media have also systematically blacked out news of the financial crisis in the West, for obvious reasons.

The Presidential summit did proceed, on Nov. 23, at the Central Clinical Hospital near Moscow, where Yeltsin is confined because of pneumonia. The next day, the two governments issued a joint statement on "Russian-Chinese Relations on the Threshold of the 21st Century."

The communiqué stated that the two sides had reached agreements on the long-term strategic prospects for further



promoting bilateral cooperation. The two leaders discussed how to further strengthen cooperation in international affairs, reiterating that they have “identical or similar positions on situations in the Balkans, the Persian Gulf region and the Asia-Pacific region, the effects of the Asian financial crisis, the situation in South Asia, the reform of the UN Security Council and other pressing international issues.”

Jiang Zemin also met with Prime Minister Primakov; Yegor Stroyev, chairman of the Federation Council, the upper house of Parliament; and Gennadi Seleznyov, the Speaker of the State Duma, the lower house of Parliament. In his meeting with Primakov, Jiang stated that China recognizes the importance of economic cooperation and trade with Russia. The potential exists to expand this cooperation, Jiang said, and the two nations’ governments should create a good environment for cooperation between Chinese and Russian enterprises. Jiang told Seleznyov, who had just visited China in October, that cooperation between the two countries will continue to develop, despite the world situation, and that this is in not only their own national interests, but also in the interests of regional and global peace and development. Seleznyov praised China’s achievements over the past two decades, and said Russia could learn from China’s reform experience, although not copy it mechanically.

The two Presidents also announced the completion of the field work for the demarcation of the western section of their mutual border. Now, for the first time, both the eastern and western sections of their border have been demarcated accurately. Jiang Zemin invited Yeltsin to China for a second “informal” summit next year, and Yeltsin accepted. Chinese Prime Minister Zhu Rongji is to visit Russia in the coming spring, to promote Russian-Chinese economic, trade, and technological cooperation

Non-governmental relations are also to be expanded, and the Sino-Russian Committee for Friendship, Peace, and Development is to play a “vital role” in this, the *China Daily* reported on Nov. 24.

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## Documentation

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# Jiang Zemin on Russian science

*The following is the full text of the speech delivered on Nov. 24 by visiting Chinese President Jiang Zemin to the scientific and technological community in the Science City of Novosibirsk, Russia, as reported by People’s Daily. Subheads have been added.*

Respected President Dobretsov, Distinguished Scientists, Ladies and Gentlemen,

I have long heard about the Science City of Novosibirsk. But seeing is believing. During the visit, I have been deeply impressed by your scientific research capabilities and the explorative atmosphere. I worked with a scientific and technological department for years. In this sense, we are colleagues. It always gives one great pleasure to meet colleagues.

Russia is a scientific and technological power in the world. Russian scientists have made outstanding contributions to the progress of human civilization. Lomonosov, Mendeleev, Pavlov, Tsiolkovsky, Popov, among others, left their names in the world history of science and technology. Even today, Russia leads the world in many key scientific and technological areas.

The Science City of Novosibirsk is a scientific base known for its research strength. In both the basic sciences like mathematics, physics, biology, and chemistry, and applied sciences like comprehensive utilization of energy, environmental protection, and nuclear technology, you in Russia have produced a wealth of achievements in scientific research up to world standards, as well as a number of world-famous scientists such as Lavrentiev, Kantorovich, and Dubinin. It is rare for a city of only 1.7 million people to boast as many as about 100 research institutes for different purposes, 20 institutes of tertiary education, and tens of thousands of people specialized in scientific research.

The progress of human civilization has more and more convincingly proved that science and technology constitute a primary productive force and an important driving force for economic development and social progress. None of the achievements mankind has scored in understanding and taking advantage of nature would have been possible without scientific and technological advancement. Human wisdom is inexhaustible. Science and technology are a shining beacon of this wisdom. A great many scientists, one after another, have kept scaling new heights in science and technology after overcoming numerous obstacles through arduous efforts.

The 20th century is one full of unprecedentedly splendid achievements in science and technology and full development of scientific rationality. Never before has mankind produced as many scientific results and material wealth as in this century. The birth of the theory of relativity and the quantum theory early this century, the breakthrough in the semiconductor technology in the 1950s, and the discovery of the double spiral structure of DNA have set off a round of geometrical development of science and technology in the world. Since the middle of this century, major progress has been made in the studies of atomic energy, space technology, microelectronics, information technology, bio-engineering, and new materials, which has greatly increased the human cognitive power of nature and society. Knowledge economy has started to take shape, and new industries have kept emerging. Man-

kind is experiencing a global scientific and technological revolution.

### **The frontiers of science**

Recently, there have been some major new orientational developments in the advancement of science and technology in the world. The focus of research in the science of matters has been shifted to the study of the properties of matter and their interaction under extreme conditions, thus laying a new ground for the creation of new materials, new energy, and clean and efficient technologies. Bio-engineering, which is centered on molecular biology, promises a fresh major breakthrough, which will open up a completely new prospect for agriculture, medicine, and human health. Information technology is finding its way into a wide range of applied fields and evolving many new industries, through integration with other sciences, technologies, economy, and culture. Progress in the cognitive science, psychology, and behavioral science has given new impetus to scientific and technological, educational, social, and economic development. Space science has helped people deepen their understanding of the origin of space and its evolution, providing a new panoramic picture of the structure of different forms of matter and their interaction. Geo-science has increasingly become a multi-discipline science, enabling man to acquire new capabilities in the exploration, protection, and rational utilization of natural resources and ecological environment. Scientific and technological development, with its overlapping, frontier, and diversified nature and the ever-faster production, dissemination, and application of scientific and technological knowledge have given rise to enormous socio-economic progress, promising a bright future for human civilization.

The new scientific and technological revolution has presented people of all countries with precious development opportunities and also serious challenges. A country or nation would lag behind and land itself in an extremely passive position, unless it were to closely keep abreast with scientific and technological progress and upgrade its scientific and technological level in the light of its national development texture.

### **The importance of education**

In order to meet the challenge of rapid scientific and technological progress and the fast-rising knowledge economy, we must keep on creating and innovating. Creativity is the soul of a nation and an inexhaustible source of a country's prosperity. The key to creation and innovation lies in human resources, whose development depends on education. Only a well-developed education can sustain scientific and technological progress and economic development. Scientific and technological strength and the educational level of a nation have always been an important yardstick for measuring the overall national strength and the civilization of a society. Like indispensable wheels, they propel a country to prosperity.

China is one of the cradles of world civilization. Its educa-

tion and science both have a glorious history. The ancient Chinese science and technology symbolized by the four famous inventions—paper-making, gunpowder, printing, and the compass—had once tremendously influenced the development process of human civilization and profoundly changed the face of world civilization.

Since the founding of New China, especially over the past 20 years of reform and opening-up, the Chinese government has always attached great importance to the development of science, technology, and education. The well-known conclusion that “science and technology constitute a primary productive force,” drawn by Comrade Deng Xiaoping, is now becoming an important idea guiding China's development. We have given a prominent position to the strategy of economic development through science-technology and education, and a sustainable development strategy, when drawing up the blueprint for the modernization drive. Recently we have decided that the Chinese Academy of Sciences should take the lead in introducing a pilot program of instituting a national knowledge innovation system. That is, to identify new objectives of scientific and technological development, readjust the existing operational mechanism, strive for more and greater scientific and technological innovations, and put in place an innovation system for China in view of the need of a development strategy for China of the next century and the prospects of the world frontier sciences. In the 21st century, we will achieve a take-off in science and education so that China's modernization drive will be able to advance steadily along the path of development, through scientific and technological progress and through improved quality of human resources.

China pays close attention to enhanced exchanges and cooperation with the international scientific, technological, and educational communities, and has made an effort to learn from and draw on the useful experience of other countries in developing science, technology, and education. It is gratifying to see the smooth development of the scientific and technological exchanges and cooperation between China and Russia. The Siberia Science Center has established friendly ties and cooperation with many Chinese research institutes. The new Siberia Nuclear Physics Institute and Catalytic Institute have conducted fruitful cooperation with their counterparts in China. With strong scientific and technological capabilities, Russia has a huge potential for development. The difficulties now encountered by the Russian scientific and technological community are temporary ones, which could very well be overcome by the Russian people with endeavor. The scientific and technological strength is also growing in China, where there is a big market for scientific and technological products. All this promises a broad prospect for scientific and technological cooperation between China and Russia. In view of the above, I have specially included in my delegation Academician Lu Yongxiang, president of the Chinese Academy of Sciences, and I would like to introduce him to you.

## Improving cooperation

To advance scientific research and technological progress, it is necessary to deepen our understanding of the objective world and to scientifically utilize, transform, and protect nature so as to create better working and living conditions for mankind. I sincerely hope that the scientific and technological departments of our two countries will cooperate more closely and work for greater results to the benefit of our two peoples and the people of the world as a whole.

Both China and Russia are influential countries in the world. Now our bilateral friendly ties and cooperation have been developing satisfactorily, which is in the fundamental interests of the two peoples and is also conducive to world peace and development. During the visit, President Yeltsin and I have charted a course for the cross-century development of China-Russia relations. We share the view that in the coming century, China and Russia should continue to observe the principles of non-alignment, non-confrontation, and non-directing against any third country. The two countries should treat each other as equals, trust each other, conduct mutually beneficial cooperation, and work together to meet all challenges that mankind faces in the struggle for survival and development, and promote world peace, stability, and prosperity.

The history of China-Russia relations tells us that our two big countries, as close neighbors, are destined to live in amity with each other, understand and respect each other, support each other's stability and development, understand each other's conditions, and accommodate each other's concerns. China wishes to be Russia's good neighbor, good partner, and good friend forever, on the basis of equality and mutual benefit in the interest of common prosperity. This is the most fundamental and most important connotation of the strategic partnership of cooperation oriented toward the 21st century that our two countries are to develop.

China firmly pursues an independent foreign policy of peace and has always stood for settlement of disputes between countries through dialogue and friendly consultation. A developed and progressive China will not pose a threat to anyone. Even when China becomes prosperous and powerful in the future, it will never seek hegemony. This is the basic state policy we will continue to follow unswervingly.

Friends, the Chinese and Russian peoples are great peoples. They are both hardworking, talented, and creative. Both countries have a good tradition of giving priority to education and science. I am sure that in the next century our two peoples will make greater contributions to the development of world science and technology.

I sincerely wish all of you, scientists and friends present here, fresh achievements in the lofty cause of science and technology!

I wish you good health and a happy life!

Thank you.

# Relief agencies call for peace in Sudan

by Linda de Hoyos

International relief agencies issued a call on Oct. 26 for the United Nations to take immediate action to bring about a peace that would end the 15-year-long war in southern Sudan. "Famine, death, and despair are becoming constant spectres, haunting the Sudan. Peace is the only hope for progress and to prevent further humanitarian catastrophe," the agencies stated.

Joining in the appeal to the Security Council were Doctors Without Borders International, Care International, Save the Children Fund, and Oxfam.

The call comes at the point that southern Sudan, afflicted by a war between the Sudanese People's Liberation Army of John Garang and the Sudan government in Khartoum, now threatens the annihilation of the people of southern Sudan. The relief agencies warn that "Sudanese society is now so weakened, that if the conflict continues, further humanitarian disasters are inevitable."

This assessment is made at the point that already, 4 million southern Sudanese are displaced, 3 million of whom are living in camps in Khartoum; 1.5 million are conservatively estimated to have died in the war over the last 15 years; and another 1.5 million are currently starving, completely dependent upon the United Nation's Operation Lifeline food relief program, whose deliveries are often disrupted by the war.

A cease-fire was agreed upon in Bahr-el Ghazal province, where millions were faced with imminent death by starvation this summer, to facilitate Operation Lifeline delivery. The three-month cease-fire was renewed in October, but will run out again in January. In an October briefing document, Doctors Without Borders emphasizes: "If short-term and long-term steps are not taken to extend the cease-fire and eventually end the conflict in Sudan, the modalities of humanitarian assistance may soon become a moot discussion. The Sudanese population cannot afford another month, let alone another decade of conflict, and conflict-induced famine."

## Specific steps sought

The relief agencies call upon the international community, organized in the United Nations Security Council, to:

“• Recognize their responsibilities for the support of the development of peace in the Sudan;

“• Collaborate to build sufficient international consensus to generate a forceful and positive lobby for peace—as there is no possible military solution;

“• Support to a local solution to the conflict (fully incorporating all members of Sudanese society and the regional powers/states);

“• Commit to supporting the implementation of a peace agreement;

“• Commit to longer-term assistance to ensure equitable re-construction of the basis of Sudanese society, in order to increase the motivation of local leaders to seek peace.”

### ‘No-go’ from the United States

Despite the unimaginable suffering of the Sudanese people, peace is not the policy coming from either the United States or Great Britain, two powers on the UN Permanent Security Council. Britain was the only country, other than Uganda, to heartily endorse the Aug. 20 air attack carried out by the United States against the Al-Shifa pharmaceutical plant.

U.S. charges that the plant was a disguised chemical weapons production plant are widely viewed now as false. But, the attack resulted in a disruption of diplomatic relations between the two countries.

On Nov. 5, President Bill Clinton further upheld trade sanctions against Sudan, continuing to refer to Sudan as a “national security threat.”

Meanwhile, on the ground, as *EIR* has documented, Roger Winter of the U.S. Committee for Refugees, reputedly the chief mentor of Assistant Secretary of State for African Affairs Susan Rice, is actively seeking ways to keep the war going, through channeling of support and supplies to Garang’s Sudanese People’s Liberation Army in collaboration with the mercenary army of Yoweri Museveni’s Uganda.

Winter is not acting as a “lone ranger.” Recent efforts by U.S. Special Envoy to the Horn of Africa Anthony Lake to mediate the war between Eritrea and Ethiopia are reported to have as a purpose a re-cobbling of the coalition against Sudan, in which Eritrea and Ethiopia combine to attack Sudan from the east, a front far closer to Khartoum than the southern front of attack from Uganda and Garang.

This extended effort to militarily bring down the Khartoum government—there were major military invasions in September 1995, January 1997, and September 1998—has met only with failure.

In the meantime, Doctors Without Borders notes: “There is virtually no infrastructure left in southern Sudan: paved roads can be counted on two hands, few schools exist, hospitals and clinics cannot offer even minimal health care. The mortality and health consequences of the war are staggering.”

### Diseases return

The organization further notes that “*due to insecurity and displacement, fatal diseases which were once controllable now threaten the existence of entire communities*” (emphasis in original).

**Kala Azar:** “Visceral Leishmaniasis has been recorded as endemic in Sudan since 1904. The war created conditions in which all vector-control programming ceased, and the decimation of cattle populations (due to absence of grazing) led to a regrowth of the acacia forests in Upper Nile. The regrowth of the forests led to a massive increase in the sand fly population, which carries the disease. The war also led to increased movement of people carrying the disease to other areas, including Western Upper Nile. The terrible famines of the 1980s created a weakened population—never before exposed to the disease and therefore with lower resistance. All of the above factors created an outbreak of catastrophic proportions. Surveys by MSF [Doctors Without Borders] estimated that some communities lost up to 50% of their population.”

**Tuberculosis:** “Initial surveys [in the 1950s] indicated the prevalence of TB was 50 out of every 100,000 people. . . . Currently MSF faces large numbers of TB patients seeking treatment in all of the locations where we work. Due to the level of security required for the lengthy TB treatment (6-7 months), there is currently no viable treatment option for the insecure settings of many areas of South Sudan.”

**Guinea worm:** “Given a reasonable level of health infrastructure, the control of guinea worm is relatively simple. However, in south Sudan, there is a massive concentration of guinea worm cases due to the war and lack of access to health services. In 1994, Sudan suffered one-third of the world’s guinea worm cases. Today, over 80% of the world’s guinea worm cases are in Sudan.”

**Trypanosomiasis** (sleeping sickness): “Parts of South Sudan, particularly areas of Western Equatoria, have long been known to be endemic for sleeping sickness. Untreated sleeping sickness is fatal. A sleeping sickness prevalence rate of less than 2% of the screened population is considered to be an epidemic. In the past, the prevalence of the disease was limited by vector-control programs and a Sleeping Sickness Control Program which provided treatment. These programs ended in 1990, due to the spread of the conflict. In 1988, mass screening of the entire population in the villages at that time revealed cases of sleeping sickness in only 50% of the villages screened. In 1997, cases of sleeping sickness were detected in 100% of the villages screened (OLS).”

Thus, the war has brought starvation, disease, and displacement to the people of southern Sudan—not to mention death from killing and abductions of children and men as “recruitment tactics.”

Since the war is not being prosecuted in the interests of the people of southern Sudan, the question has to be raised: Who *is* benefitting and how?

# Schiller Institute meets in Germany; LaRouche calls for end to IMF system

by Our Wiesbaden Bureau

In his keynote address to a conference of the Schiller Institute in Bad Schwalbach, Germany, on Nov. 21, Lyndon H. LaRouche, Jr. declared that if there is no prompt reversal of economic policy, Europe and the United States are doomed—although China and other Asian nations might survive. LaRouche's speech, titled "The Challenge of Economic Leadership," was delivered to an audience of about 400 people from western Europe, Russia, Georgia, Armenia, Ukraine, Hungary, Poland, Slovakia, Slovenia, Croatia, Macedonia, Kosova, Rwanda, Uganda, Nigeria, Ethiopia, Togo, Congo, as well as diplomats from the Chinese embassy to Germany. Representatives of the LaRouche movement in the United States were also in attendance.

The conference was titled "History as a Principle of Action." In two days of intensive work, the participants discussed the power of *great ideas* in determining world history, particularly in times of crisis—from the great voyages of discovery of the Classical Greek and Hellenistic periods; to the leadership provided in times of turbulence by Germany's great poet Friedrich Schiller, the Prussian reformers, and France's scientist and military genius Lazare Carnot; to the role of LaRouche and those international political forces allied with him, in providing such leadership today, at a time when qualified leadership is otherwise sorely lacking.

In his speech, LaRouche underlined that what the world is faced with, in the coming weeks, rather than months, is a great catastrophe, a collapse of the International Monetary Fund's bankrupt financial system. Such a collapse would have social and political consequences that have no precedent in human history—not even in the Great Depression of the 1930s. This catastrophe will come, unless a total change of policies occurs now, and Asia will not even be hit worst, nor will the Ibero-American nations—Europe, the United States, Canada, Australia, and New Zealand will be hit worst, and Japan, which is the biggest global threat, far greater than Brazil. Up to now, the level of leadership which has been shown in China, and in Russia, recently, cannot be met in Europe or the United States, where the populations have not shown the ability to elect governments capable of dealing with this type of crisis.

Unlike cyclical depression crises of the past, this crisis will hit the entire globe at the same time, and the leading institutions of this system, like the Group of Seven, which have pursued an insane policy since the 1962-1964 period,

will disintegrate, and so will the nations that have practiced this policy.

It all started in September 1946, when Bertrand Russell designed the age of nuclear terror, which was intended to promote world government. In 1946, he wrote that people would rather sacrifice their national sovereignty, and accept world government, than experience nuclear terror of the type demonstrated in 1945, in Hiroshima and Nagasaki. That atomic bombing was a crime of war, a totally unjustified crime against humanity that should have been put on trial at Nuremberg. Japan was already defeated, close to capitulation, and the atomic bombs did nothing to shorten the war; they were just an act of terror, with hidden motives. Russell proposed that nations should be forced to their knees by nuclear terror, and he had an accomplice in that, in the Soviet Union's Nikita Khrushchov, who collaborated with him during 1955-62, from the time of that 1955 London conference which featured four senior Khrushchov envoys who supported Russell's design. In 1962, this project culminated in the Cuban Missile Crisis, when Russell, Khrushchov, and John J. McCloy worked hand in hand to get a new policy implemented: running the world by a supranational apparatus, through arms control and disarmament.

In 1963, John F. Kennedy was assassinated. Next, the two German governments of Konrad Adenauer and Ludwig Erhardt were overthrown; there were attempts to kill France's President Charles de Gaulle as well; he was thrown out in 1968-69. This was the end of sovereign governments in the West.

In Germany, LaRouche said, the Brandt educational "reforms," which introduced the counterculture, set off a process of rapid destruction of whatever had existed there before, in terms of science and industrial policy. Brandt was a personal protégé of McCloy, and he brought in the entire Frankfurt School, who installed the New Age in Germany, rejecting big industry, big government, national sovereignty, and science. The purpose was to destroy *reason*, and replace it with existentialism. Before that destruction, there were the big names of German industry, like AEG, and powerful machine-tool production capacities; today, Germany is a good example of how the Western nations have been destroyed from within by the New Age.

The present crisis is worse than the one in 1929; it is not



Lyndon H. LaRouche, Jr.



Nancy Spannaus



Taras Muranivsky

an economic cyclical crisis, it is an existential collapse of an entire system. The 1967 pound crisis, the dollar crises of 1968 and 1971, the collapse of the old Bretton Woods system, which still allowed long-term credits for investments, marked the beginning of this last phase of the destruction. The big developing-sector debt originated there; it is synthetic debt, not real.

The real economy needs long-term public investments in science, education, and basic infrastructure, LaRouche said. The last year when the United States had real economic growth was 1971. Production declined, and monetary and financial aggregates expanded massively. Today, U.S. cities are rat-holes, per-capita income is less than before 1971, and average workingmen have two or three jobs, which are less efficient and more poorly paid. There is what is called public health management—which is cutting pensions and health care, as a modern version of what Hitler did: killing people in masses, by cutting off the necessities of life. Today, they call it a “balanced budget.” In former times, there were investments in production; today, there are financial activities around expectations of revenues from gambling, like collecting credit card debt, the expected revenue from which is being turned into yet another unreal basis of operations, which only does one thing: expand monetary and financial aggregates massively, building a pile of \$100 trillion. None of that will ever be returned, it is non-existent, and 1998 has already shown a 20-30% collapse of that paper money.

LaRouche described how he was provoked by the information theory hoax of Norbert Wiener, whose inventions he confronted with real economic theory, which is based on Leibniz, namely, that ideas cause changes in man’s relationship to nature, thereby increasing the powers of production.

What man actually does, is a willful response to a paradox. The machine-tool principle is the paradigm for ideas that increase the powers of man in production. A crucial experiment proves a new principle, it is a willful intervention by man to find solutions to paradoxes, to revolutionize production. This

is what children must be taught: re-experience crucial experiments of mankind, and not learn facts. Learning is not knowledge; it is typical of the Internet generation, which is learning much, but knows nothing. Children should rather *learn nothing*, but *know everything*. The human species is capable of identifying the transition processes between paradoxes: Man can be creative; no animal or beast can do that.

The state must invest in good education, to increase the power and productivity of labor by creating a mentally active working population that helps to introduce new technologies. This is an education designed in the way that Friedrich Schiller and Wilhelm von Humboldt once did it. There must be state investments in the development of infrastructure, a science-driver economy. The United States had that during the wartime mobilization, which created the most productive industry on this globe in this century, and the most efficient armed forces. It is the model case of every successful economic approach taken in human history; this is what must be done today.

But the counterculture is opposing such an approach; it is destroying the Western nations from within, imposing a kind of neo-colonialism on their own economies that goes even beyond the usual neo-colonialism. Labor is made even more inefficient; it produces less, earns less, wastes more time in a disintegrated transport system by commuting between de-urbanized housing areas and the workplace, and workers must hold three or more jobs to survive. This kind of system will explode in a shock rather than in a process of gradual collapse. The historical example for that is the period between 1240 and the Great Plague of 1348, which killed half of the European population, when Venice and its Lombard banking methods took control. Fortunately, from Dante’s effort on, we had the Great Renaissance in the fifteenth century, which then revitalized Europe.

Looking around in the world of politics today, he said, we find only the Chinese government showing a quality that one looks for in vain in all the other governments. This means that



*Elisabeth Hellenbroich*



*Jacques Cheminade*



*Dino de Paoli*

China may survive the collapse—but not even that is granted. If there is no reversal of the insane policies, Europe, the United States, Australia, and so on, are doomed. The policies can be reversed, the crisis can be overcome, because the essential resource, the human mind, is there. That resource must be tapped, in the way outlined above, and an order must be created around the globe that is suited for human beings.

### **The way out of the crisis**

The Nov. 21 keynote panel also included remarks by the editor-in-chief of the American weekly *New Federalist*, **Nancy Spannaus**, and by **Dr. Taras Muranivsky**, president of the Schiller Institute for Science and Culture in Russia.

Spannaus's speech was titled "Why Lyndon LaRouche Must Play the Leading Role in Defining the Strategy for Getting the World Out of the Financial Crisis." She reported that the United States is going through a "third American Revolution," led by the LaRouche movement.

Spannaus highlighted the "reverse paradigm shift" now under way, in revolt against Federal government efforts to tear apart the Social Security system, against the genocide of the so-called health maintenance organizations (HMOs), and against the tyranny of the Department of the Justice and the British-inspired assault on the U.S. Presidency.

The LaRouche movement catalyzed a nationwide movement, she reported, that successfully pressed the U.S. Congress to pass the McDade-Murtha "Citizens Protection Act of 1998," setting penalties for Justice Department misdeeds. Next, the LaRouche movement launched an initiative called Americans to Save the Presidency, which held 100 town meetings all across the United States in September. This broke the back of the Kenneth Starr-led impeachment drive, drove Newt Gingrich out of the Speaker's chair and out of Congress, and will destroy the "Al Gore" Democrats who have tried to wreck the Clinton Presidency from the inside.

Professor Muranivsky spoke on the theme of "The Grim Perspective of the Coming Russian Winter. How to Solve the

Looming Hunger Crisis and the Financial Disaster of Russia." He emphasized that Russia will *not* be destroyed by famine and destitution, because he and others will fight it. He said that because of LaRouche, the words "free market" and "globalization" are now "curse words" in Russia, and, for the first time since the collapse of communism in 1991, there is a government that is taking care of the people of the nation. Prime Minister Primakov, he said, will embark on a tour of industrial and population centers across Russia, accompanied by key economics advisers, he reported.

### **The case of Lazare Carnot**

The afternoon panel on Nov. 21 was devoted to "The Case of Military Leader, Scientist, and Poet Lazare Carnot. On the Excellency of Leadership in Times of Turbulence." **Elisabeth Hellenbroich** of the European Executive Committee of the International Caucus of Labor Committees introduced the panel, describing Carnot as an historic paradox: Carnot, the great military leader of France, the "Organizer of Victory," was also the exemplar of moral leadership. Carnot, who organized the armies of France during 1794-97, was a great patriot, who loved the nation-state. He was also a great statesman, scientist, and poet and man of culture—of all European culture. Carnot was betrayed by the traitors to France, and the implications of this betrayal are still to be seen in France today. He was the arch-enemy of Robespierre, and was the only one among the French leaders to really oppose Napoleon's making himself Emperor. Carnot was forced into exile from France, in 1816. He then went to Prussia, where he had a great influence on the Prussian reformers.

The first panelist was **Andreas Ranke**, author of a study on "Schlieffen, Carnot, and the Theory of the Flank" (*EIR*, Feb. 6, 1998). Drawing on newly discovered archival material, he reported that Carnot, after being forced into exile by traitors in France, became a lieutenant general in the Prussian Army for the remainder of his life. Carnot was betrayed by British interests who wanted to restore the rotten Bourbons to



*Muriel Mirak-Weissbach*



*Gabriele Liebig*



*Helga Zepp-LaRouche*

the French throne, after Napoleon was ousted, despite the fact that a whole network of French patriots, with support among the Prussian reformers, wanted to put Carnot into power to save France.

There are historic indications that Carnot was accepted as a general in the Prussian Army, although the direct evidence was destroyed in World War II. When his body was finally returned to France, in 1889, some 100,000 people turned out on the streets — of Magdeburg, not Paris. There was a military parade, and German officers accompanied his body. This was the first visit of German officers to France since the Franco-Prussian War.

In the next presentation, **Dino de Paoli**, author of numerous works on science and mathematics, and a study of “Lazare Carnot’s Grand Strategy for Political Victory” (*EIR*, Sept. 20, 1996), discussed the topic of “Carnot’s Theory of Technology as the Basis for the Science of Physical Economy.”

Today’s physics books, de Paoli said, do not even mention Carnot’s contribution to thermodynamics, for the very simple reason that Carnot’s work, inspired by Gottfried Leibniz, ran totally counter to Newton’s mechanics. His conceptions led directly to the science of physical economy. This concept, which Lyndon LaRouche has been one of the few to use afterwards, was actually used frequently at that time. Carnot was a member in Germany of the Association of Physical Economy, based in Königsberg. Run by Jacobi, it focussed on economy, mathematics, and physics.

De Paoli defined physical economy as the study of the relationship between potential population density, the free energy needed to ensure the existence of that population, and the study of the means (the mechanics) to generate such free energy.

The next panelist was **Jacques Cheminade**, former candidate for the Presidency of France, and the author of “Time to Destroy the Mythology of Bonapartism” (*EIR*, Oct. 17, 1996). He spoke on “Lazare Carnot, the Leadership of the Citizen Against the ‘Honor’ of the Courtier.”

Carnot, known as the “Organizer of Victory” and a great scientist, fought to establish France as a better republic in a total war against the oligarchs of his time. In him, no contradiction existed between his passion for France and the cause of civilization, said Cheminade. It is by becoming the father of the generations to come, that the cause of your nation and that of civilization become one. This is one of the essential ideas Carnot develops: A wise man works for posterity: “He is the friend of men to be born” and he is a “citizen of all places and contemporary of all times.” We thus arrive at opposite ends from the chauvinistic, romantic Bonapartism of each against all, and the “globalization” of today.

Carnot developed beautiful ideas in the midst of the most violent situation imaginable. France was invaded from all sides: Alsace and the northern flank; Spain threatened the south; Bordeaux, Caen, and Lyon were in insurrection. Carnot, with a few men, took over, and in 17 months, from 1793 to 1795, the impossible was accomplished and France was victorious. How? Carnot changed the rules of the game, changed the administration and the army, and the minds of the people. The entire nation, and Paris in particular, were reorganized to help in the war effort. Today, in our effort to transform a world in crisis, we can draw inspiration from Carnot’s revolutionary work.

### **Real history, as science**

The second day of the conference, Nov. 22, began with the keynote speech by Helga Zepp-LaRouche, “Friedrich Schiller and the Liberation Wars,” published as the *Feature* in this issue.

Lyndon LaRouche opened the afternoon panel, with a discussion of “What Is Real History, As Science? All Modern Science Is Based on Eratosthenes’ Work on Determining the Shape of the Earth.”

Pointing to the world map, he showed the probable route of the journey in 232 B.C., in which a flotilla of ships from Cyrenaica in Egypt (today Libya), associated with followers



of Eratosthenes of Alexandria, tried to circumnavigate the Earth, arriving at a place today belonging to Indonesia, then crossing the Pacific Ocean to finally reach the western coast of the Americas. Here, chief navigator Maui left evidence of his journey, with inscriptions and drawings left in caves. On their return, the mission shipwrecked, and the remainders of the mission helped to form Polynesia and taught the Polynesian people how to sail. (See *EIR*, Nov. 20, 1998, for a report on this research.)

About 1720 years later, said LaRouche, another such effort was started, this time by Christopher Columbus, based on a map of the Earth given to him by Paolo Toscanelli. Yet no civilization undertook the effort of a trans-oceanic trip between the missions of Maui and Columbus. What does this tell us about the civilizations in between? Obviously, there was a collapse of civilization, from about the murder of Archimedes until the beginning of the Italian Golden Renaissance. In between, European civilization was inferior to that of Egypt in 300 B.C., the time of Maui and Eratosthenes.

The history of man is very old, perhaps 1 or 2 million years. Artifacts revealing cognitive characteristics of mankind date back at least 600,000 years. As the glaciation vanished following the last period of extensive glaciation, maritime cultures emerged. The civilizations after 6,000 B.C. actually are offshoots of such maritime cultures.

It was not until the Classical Greek period, that another crucial contribution was made to the development of mankind. The Classical Greek culture was based on the principle of metaphor, instead of the symbolic culture prevailing before. This idea of metaphor, of paradox, of crucial experiments, as developed by Classical Greek art, was the precondition for discovering new principles. The “passion for truth” and the “passion for justice,” as described by Plato, are addressed in all examples of Classical Greek art. To develop such a quality in men, you have to understand how the human mind works, instead of just studying dead nature like stones. That is called “Classical art.” This is the characteristic of Socratic civilization. Eratosthenes, the great astronomer, geographer, poet, and statesman, was a representative of this civilization, as was Archimedes.

What came afterwards, the Roman Empire, marked the destruction of civilization. The method of Eratosthenes, the method of Plato, fell out of use. It was only by the European Renaissance, that this method was revived. Therefore, it took 1720 years after Maui, for Columbus to set off on his trans-Atlantic voyage. In the time between, civilization degenerated, morally and intellectually, “and we have not yet fully corrected this error yet.”

The first panelist to elaborate this picture was **Gabriele Liebig**, discussing “Homer’s *Odyssey*, Long-Distance Seafaring and the Principle of Colonization.”

The *Odyssey*, she cautioned, is not a log-book of a specific historical voyage of an historical king Odysseus. Odysseus may have existed, and those voyages certainly took place. But

the real question is: What did Homer want to say, and what could he know about long-distance sea-voyages in about 800 B.C.?

Since Homer is, in certain locations, geographically very precise, while in other parts quite ambiguous—deliberately so—there arose already in antiquity a major fight over the *Odyssey*, concerning the most dangerous, most dramatic part of the journey: whether Homer places this in the external sea, the Atlantic Ocean, beyond the “pillars of Hercules” (Straits of Gibraltar), or whether he places the whole trip exclusively in the internal sea, the Mediterranean, not going further West than Sicily and the Italian west coast.

Eratosthenes was one of those who held the opinion that Odysseus did sail out into the Atlantic, even though he was very critical of those who took every word of the *Odyssey* absolutely literally. He considered Homer the “founder of geography,” because of his precise descriptions of the known world. However, Eratosthenes sees the need to revolutionize traditional geography, and on the basis of his geometrical-astronomical achievements, he is able to establish a much more precise method of map-drawing, in which places are defined by their position in terms of longitude and latitude.

Analyzing the text of Homer’s work, Liebig concluded that, just as Homer inspired the Greek colonizers Eratosthenes and Maui, so Eratosthenes inspired Toscanelli and Columbus, Humboldt and Schiller rediscovered and rehabilitated Columbus, and today, all these isochronic friends of ours are inspiring us!

The final speech of the conference was by **Muriel Mirak-Weissbach**, on “Wilhelm von Humboldt’s Study of the Kawi Language” (see *EIR*, Nov. 20, 1998). Humboldt’s studies of the languages of the Pacific are highly relevant to the issue of global maritime navigation, reported upon by other speakers at the conference. Von Humboldt’s most famous work was on the Kawi language, one of the Malayan-Polynesian group; this book was not translated, and is hard to find even in German. But the introduction, entitled “On Language: the Diversity of Human Language-Structure and Its Influence on the Mental Development of Mankind,” was translated. This piece was von Humboldt’s crowning achievement in the theory of language. The language group he examined in the main corpus of the work, was the Malayan-Polynesian group.

He proves, first, that the languages of the Pacific form a group: “If we consider their dwelling-place, their mode of government, their history, and above all, their language, the peoples of Malayan race stand in a stranger connection with races of different culture than perhaps any other people on earth. They inhabit merely islands and archipelagoes, which are spread so far and wide, however, as to furnish irrefutable testimony of their early skill as navigators.”

Humboldt studied these languages, Weissbach concluded, to be able to see more clearly the working of the human mind—not as an instrument of power, as the colonial interests did.

# International Intelligence

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## **Former British agents embarrass MI5, MI6**

The French court of appeals announced on Nov. 18, that it was rejecting Britain request for the extradition of former MI5 agent David Shayler. Shayler had been arrested in Paris some months ago, after Britain charged him with violating the Official Secrets Act. However, in rejecting the extradition request, the French court found that "under French law," the activities for which Shayler is wanted "have the character of a political offense." Shayler, who was with MI5 during 1991-96, left the service because of vehement disagreements with the policies of Her Majesty, and he has been publicly exposing those policies ever since.

By contrast, on Nov. 9, Australia refused permission for ex-MI6 agent Richard Tomlinson—a native of New Zealand—to enter the country. Tomlinson was an MI6 operative during 1991-95, and spent six months in jail in 1997 for allegedly breaking the Official Secrets Act. Over the past year, Tomlinson has exposed extremely sensitive aspects of MI6 operations, including an MI6 role in the assassination of Princess Diana, and economic espionage against European nations. He was scheduled to be on board the Swissair Flight 111, which crashed on Sept. 2, killing all on board.

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## **Indonesian Parliament meets amid turmoil**

The Nov. 13 special session of the People's Consultative Assembly, the subject of student attacks in Jakarta, unanimously passed 11 of 12 decrees overhauling election procedures in Indonesia, including ratifying the requirements for registering new political parties, dozens of which have been created since May 1998. For the first time in 30 years, a decree was passed, backing a plan for parliamentary elections in May or June 1999, as the precursor to new Presidential elections.

The most contentious decree called for only a gradual reduction of the 75 seats currently held by the military, to 55 of the 500

seats. The Muslim United Development Party, one of the three legal parties under former President Suharto, staged an unprecedented walkout over the military quota of seats, joining with student demands for an immediate end to the military's political role. Former President Suharto was named in a decree calling for a crackdown on corruption, collusion, and nepotism, falling short of student demands for him to be tried.

Nearby the Parliament building, raging battles exploded, as students and thousands of unemployed Jakarta youth engaged in open clashes, throwing Molotov cocktails, rocks, and bottles at military troops guarding the parliamentary session. At least eight people died in the clashes, but officials confirmed that troops were issued only rubber bullets, and no live ammunition.

On Nov. 20, religious leaders met at the home of Muslim leader Abdurrahman Wahid, and drafted a statement urgently calling for national reconciliation. The participants came from the Muslim, Catholic, Protestant, Hindu, Buddhist, and Confucian communities. Wahid told the group. "We gather here to strengthen solidarity and tolerance among religious communities, especially among their leaders. . . . There has been a trend that religions are used by certain factions to sow hatred in an attempt to maintain power and to persuade other factions to join them."

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## **Propose S. Africa work with Egypt and Nigeria**

South Africa should seek a partnership with Egypt and Nigeria, wrote Francis Kornegay, coordinator of the National Policy Institute of South Africa, in the Nov. 11 issue of the *Johannesburg Sowetan*. Citing the division of the South African Development Community over the war in the Congo, Kornegay said: "In this regard, South Africa's warming relations with Nigeria and Egypt may point the way forward, not just with respect to the Congo, but in terms of the Central African cauldron that includes the ongoing civil war in the Sudan which has now become linked to the Congolese hostilities. Pretoria cannot assume sole leadership

for untangling such a complex set of interlocking hostilities, which is where relations with Nigeria and Egypt could prove critical. . . .

"A South African-Nigeria-Egypt intervention in the Congo-centered Central African crisis could take the form of joint sponsorship of a UN-backed OAU [Organization of African Unity] commission on peace and security in greater Central Africa. The commission could be mandated to oversee negotiated political settlements in Congo and in the Sudan linked to a regional peace treaty guaranteeing inter-state security, human rights, and the promotion of economic cooperation."

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## **War in Sierra Leone continues unabated**

Foday Sankoh, the leader of the Revolutionary United Front (RUF), has been condemned to death for treason in Freetown, Sierra Leone, by the government of Ahmade Tejan Kabbah. RUF deputy leader Sam Bockari responded: "I am a ruthless commander. . . . I am ready to damage but I am waiting until something happens to Sankoh. When I take Freetown, I shall clear every living thing and building. To my God, I'll fight. I'll kill and kill, and the more they tell me to stop, the more I'll kill."

The RUF was strongly behind the military junta government that overthrew the government of Ahmade Tejan Kabbah last year. Nigerian forces restored Kabbah to power. The RUF was an allied force of Charles Taylor, the insurgent in Liberia, and now President there, who had invaded Liberia from Ivory Coast.

Bockari told the local newspaper *For Di People*, that the RUF had no intention of laying down its arms, and is already vowing revenge for the execution of 24 officers and soldiers for treason for being part of the RUF junta. There has been a steady escalation of the war in Sierra Leone ever since the announcement of the death sentences.

Although the Kabbah government has the official support of Britain, other sections of British intelligence have traditionally supported Sankoh. This includes: the BBC,

**ISRAEL'S** Supreme Court rejected a request on Nov. 16 by lawyers for Jonathan Pollard, to make Israel's release of Palestinian prisoners under the Wye agreement contingent on Pollard's release from U.S. prison, where he is serving a life sentence for espionage on Israel's behalf.

**UGANDAN MADMAN** Yoweri Museveni has directed that homeowners who do not dig pit latrines be arrested, on the grounds that lack of proper latrines encourages spread of disease. "If a person with an unregistered gun can be arrested, whereas this can just kill one person at a go, why not you who is bent on destroying a whole village through dysentery?" the President asked at a public rally. He added that his economic liberalization policies had helped fight poverty, but blamed Ugandans for still being poor, "because of lack of awareness."

**THE HOUSE OF LORDS** Science and Technology Committee released a 70-page report on Nov. 10, calling for cannabis (e.g., marijuana) to be made available to "relieve pain," according to the London *Observer*.

**A SUDANESE DIPLOMAT** in London, asked by a journalist to comment on the Iraq crisis, said, "Why don't the UN inspectors come to Khartoum? We've invited them several times, to go and inspect the Al-Shifa pharmaceutical factory, to see if they can find any weapons production facilities. But, for some reason, they do not seem to be interested."

**CAMBODIA** is working out an agreement between the Cambodian People's Party of Second Prime Minister Hun Sen and Prince Norodom Ranariddh's Funcinpec, to seat a new government three months after the elections, which had more than 90% voter participation. In talks brokered by King Norodom Sihanouk, the two parties agreed on Nov. 13 to a coalition arrangement under which Hun Sen will be the only Prime Minister, and Prince Ranariddh will become president of the National Assembly.

which aided the RUF in its military operations and ran propaganda for it, as it did for Liberia's Charles Taylor; the International Alert of Lord Avebury; and Bob Astles, the British controller of Uganda butcher Idi Amin. Sankoh's defense attorney is British lawyer Charles Buckley.

## **Arabic daily covers call to 'dump Blair'**

Inspired by the Schiller Institute's international day of action on Nov. 17 which focused on the treacherous geopolitical role of British Prime Minister Tony Blair, the London-based Arabic daily *Al-Arab International* published a commentary by Hussein Al-Nadeem, identified as a "writer for *EIR*."

"The old proverb stating that 'some frogs might croak louder than a bull, but they can never pull a plough,' passes for the current state of the world's politics more than ever. Tony Blair's ravings and threats to strike Iraq have increased recently. . . . What Blair is expressing is the policy of 'British brain, American brawn' of his predecessor Churchill. No one should miss the fact that the source of the accelerating campaign against Iraq is Zionist-Anglo-American. Britain and Israel have done everything they can to urge Clinton to strike against Iraq.

"However, the disastrous effects of a confrontation with Iraq, as was the case in the bombing of the Al-Shifa medicine factory in Sudan, always redounds on America and its President alone, while Britain goes through the back-door to harvest the benefits of 'American folly.' . . .

"On the international economic and financial side, the Iraqi crisis came when Clinton was preparing to attend the APEC summit in Malaysia, which was hoped would be a forum for proposals which could save the nations of the world from a real catastrophe, of which the American economist Lyndon LaRouche recently warned on the pages of *Al-Arab International*. . . .

"But, Clinton sent Vice President Al Gore and Madeleine Albright. . . . Al Gore is also one of the enthusiasts for the Third Way ideology which the Anglo-American financial oligarchy is trying to market to the

world through Tony Blair, who is trying to impose it on Clinton as an alternative for LaRouche's and [Malaysian Prime Minister] Mahathir's proposals for solving the global financial crisis."

Al-Nadeem summarizes Blair's Third Way, and concludes: "The members of the Schiller Institute . . . carried out campaigns and rallies in many American cities and in the major capitals of Europe, Ibero-America, and Australia in the past two weeks to demand from Clinton not to fall into the trap of suicidal policy of the Zionist-Anglo-American in striking Iraq, and also to demand that Clinton appoint LaRouche as his economic adviser in order to create a new, just world economic order, in cooperation with nations like China and Russia on LaRouche's conditions instead of working with the British and Israel."

## **Mossad nabbed in Cyprus for spying on Brits**

The arrest early in November of two Mossad agents in Cyprus dealt another blow to Israel's once-vaunted spy service, an Israeli intelligence-linked source told *EIR*. The arrest of Yigal Damari, 49, described as one of the most senior Mossad officers to be arrested on an overseas mission, was a major embarrassment for the agency. Earlier this year, the Mossad flubbed a failed assassination attempt against a Hamas leader in Amman, Jordan, and later failed a kidnapping attempt in Switzerland.

According to the source, the arrested Mossad operatives were not spying on Greek Cypriot military sites, but were attempting to gather information from Britain's GCHQ, the equivalent of the U.S. National Security Agency. GCHQ has several important listening posts on Cyprus, which are the primary source of electronic intelligence on the Middle East. The source said the Israelis were desperate to find out what the United States and the British were up to in Iraq. Israel had, the source said, been shut out of access to electronic data relating to the buildup against Iraq, because the Clinton administration does not trust the Netanyahu-Sharon combine.

## Department of Injustice, under attack, lashes out

by Rochelle Ascher

In recent weeks, the corrupt permanent bureaucracy of the U.S. Department of Justice (DOJ) has suffered a series of damaging setbacks, which it is attempting to counter, in part, by launching a new round of "Operation Fruehmensch" frame-ups of prominent African-American elected officials.

The DOJ failed in its summer offensive to defeat the McDade-Murtha "Citizens Protection Act of 1998." A crucial component of the act, which would force Federal prosecutors to comply with state laws governing their own ethical conduct, was included in the budget bill that passed Congress in October and was signed into law by President Clinton. Furthermore, as the result of the Nov. 3 elections, which were in part a referendum against DOJ tyranny, the department's Congressional champion, Speaker of the House Newt Gingrich, is leaving Congress before the end of the year. Capitol Hill sources tell *EIR* that it is almost certain that an updated version of the Citizens Protection Act will be introduced into the 106th Congress, and hearings on Justice Department criminality are expected to be held.

The outcry against Independent Counsel Kenneth Starr's witch-hunt against President Clinton has also placed a public spotlight on the crimes of the DOJ. Career Federal prosecutors run Starr's office, and have used the full complement of dirty tricks and criminal misconduct to go after the President. Some of those criminal tricks, including withholding of exculpatory evidence, entrapment, and witness tampering, are now the subject of investigation by a Federal grand jury, a court-appointed Special Master, and several Democrats on the House Judiciary Committee.

On Nov. 24, Rep. Zoe Lofgren (D-Calif.) wrote Starr, demanding that he provide sworn written answers to questions she posed during Starr's Nov. 19 appearance before the House Judiciary Committee. These questions relate to indications that Starr's office knew as early as November

1997 about the existence of the Linda Tripp-Monica Lewinsky taped phone conversations, which implies collusion between Starr's team and the Paula Jones lawyers in an effort to entrap the President of United States in perjury.

There is also growing support for an exposé of the DOJ's frame-up of Lyndon LaRouche. Tens of thousands of people have signed petitions calling on President Clinton to bring LaRouche in as his economic adviser, and demanding that the President exonerate LaRouche for the Bush-era railroad prosecution, conviction, and jailing.

On Nov. 22, the Pittsburgh *Post-Gazette* began a ten-part series by investigative reporter Bill Moushey, cataloguing the results of a several-year investigation into Justice Department criminal misconduct. Moushey reviewed more than 1,500 cases of DOJ abuses, filed with the Justice Department's internal watch-dog agency, the Office of Professional Responsibility (OPR). In the overwhelming majority of those cases, prosecutors literally got away with murder, cover-ups, frame-ups, and collusion with drug traffickers. The series, entitled "Win At All Costs," is to run through the middle of December and will appear in several major regional newspapers, adding to the public clamor for action against the DOJ corruption and tyranny.

This spotlight makes the DOJ highly vulnerable, and the possibility of Congressional hearings on DOJ abuse and the exoneration of LaRouche far more likely. So, immediately following the Nov. 3 elections, the DOJ struck back.

### 'Operation Fruehmensch' in Cleveland

On Nov. 20, after a seven-day jury trial, State Sen. Jeffrey Johnson, chairman of the Ohio Legislative Black Caucus, was convicted on three counts of a four-count indictment under the Hobbs Act. Johnson will be sentenced on Feb. 5, and is facing up to 20 years in prison.

The long list of abuses in the Johnson case are exactly the types of abuse cited by Reps. Joseph McDade (R-Pa.) and John Murtha (D-Pa.) in their introduction of the Citizens Protection Act this past spring.

First, the “investigation” of Johnson was run by a convicted felon, a grocery store owner named Aly Hamed, who pled guilty to \$2.5 million in illegal food stamp trafficking and \$125,000 in tax evasion. In exchange for *no jail time*, Hamed became an FBI informant, secretly taping conversations with Johnson for two years, offering him money, bribes, and trips to Cancún, Mexico. The case against Johnson, run by the DOJ Public Integrity Section, involved accusations that Johnson extorted \$10,000 in campaign contributions and \$7,000 in personal loans from grocers who sought his aid in obtaining state licenses to sell alcohol and lottery tickets, cash vouchers in a government nutrition program, and to issue food stamps.

As is typical for the DOJ, their informant was forced to admit to being on cocaine throughout the sting (he failed a court-ordered drug test). Furthermore, he continued to commit crimes under DOJ supervision, and was under investigation by both the IRS and U.S. Department of Agriculture for illegal trafficking in food stamps. When these agencies attempted to indict him, they were told by the DOJ that they themselves would face criminal charges for obstruction of justice! The only other witness against Johnson was another convicted felon, a former county prosecutor and criminal defense attorney, who was also promised leniency in his sentencing for food-stamp fraud, in exchange for his testimony.

The timing of the case was also typical for the DOJ in their targeting of African-American elected officials. The investigation ended in 1996, but the DOJ chose to wait until two years later, indicting Johnson just two weeks after he had announced his campaign for U.S. Congress, and was the acknowledged front-runner for the seat vacated by retiring 30-year Congressional Black Caucus member Louis Stokes. Johnson is the highest-ranking black elected official in the state, and one of the most vocal leaders in the legislature. He represents the poorest Senate district in Ohio. As his attorney pointed out, “Prosecutors failed to bring forward a single law-abiding citizen from the 330,000 residents of Johnson’s district to accuse him of demanding so much as a dime in return for the exercise of his influence as a Senator.”

### ‘Lost Trust’ indictments reinstated

Then, just three days later, a three-judge panel of the U.S. Fourth Circuit Court of Appeals ruled that U.S. District Court Judge Falcon Hawkins had ventured too far when he dismissed the indictments against the five defendants in the “Operation Lost Trust” DOJ sting. The panel reinstated the indictments; the defendants immediately appealed to a full hearing of the Fourth Circuit.

“Lost Trust” entrapped more than 28, mostly African-American, legislators, and wrecked the power of the Legisla-

tive Black Caucus in South Carolina. Again, the key government witness was a criminal and a drug addict, himself a former legislator and lobbyist who was promised immunity, no jail time for his drug-trafficking conviction, and large sums of money, by the prosecutors. In the course of the trial, the DOJ was found to have committed so many abuses that Judge Hawkins wrote a 67-page ruling, tossing out the entire indictment. “The breadth and scope of the government’s misconduct [and] the involvement of the FBI during this entire incident was and is shocking to this court” said Hawkins. “Most offensive to this court, however, is that the government sat silent when it knew its silence would not only fail the efforts of the defendants to fully develop the defense to which they were entitled but would misrepresent facts to both the grand jury and the trial jury and mislead the court to such an extent as to affect its rulings. As reluctant as this court is to call it such, this silence in several instances was subornation of perjury.”

The Appeals Court’s reinstatement of the indictments was not out of character. This is the same Appeals Court that had repeatedly denied motions on the part of Lyndon LaRouche and his co-defendants, in defiance of overwhelming fact and law. In the “Lost Trust” case, the court recklessly overturned the verdict of a well-respected trial judge who spent more than five years hearing the case and wrote a landmark decision tossing out the indictments “with prejudice”—something almost never done.

### Public outrage

Members of the Cleveland Area Metropolitan Ministers formed an alliance during the trial to assert Johnson’s innocence, and raise money for his legal defense. At a Nov. 24 rally, organized by Rev. John Walker of Lane Metropolitan CME Church, Johnson warned the crowd: “They chose me in 1993; they will choose you in 1999.” He said he was “the latest, but not the last” in a string of African-American politicians to be indicted.

Stanley Tolliver, the most veteran civil rights attorney in the city, remarked on the Johnson verdict: “This is nothing more than a continued conspiracy against black elected officials. It is disgusting that a notorious person like Hamed could be used as a witness against an upstanding young Senator like Jeff Johnson. Jeff is facing *more* time for something he didn’t do than Hamed is facing for millions of dollars of *admitted* crimes.”

A cornered and wounded rat is desperate—but vulnerable. It is time for citizens to end the abuses of the DOJ, and see that the LaRouche case—characterized by former Attorney General Ramsey Clark as “representing a broader range of deliberate cunning and systematic misconduct over a longer period of time utilizing the power of the Federal government than any other prosecution by the U.S. government in my time or to my knowledge”—is heard, and that LaRouche is exonerated.

## House GOP makes leadership changes

The House Republican caucus elected some new leaders for the 106th Congress, during three days of meetings that began on Nov. 18. As expected, Appropriations Committee Chairman Bob Livingston (R-La.) was anointed as the next Speaker after all challengers, including Ways and Means Committee Chairman Bill Archer (R-Tex.), withdrew. Dick Armey (R-Tex.) survived strong challenges from Steve Largent (R-Okla.) and Jennifer Dunn (R-Wash.), and will remain Majority Leader, although it took three ballots before a final result was announced.

Among those who did not survive challenges were Conference Chairman John Boehner (R-Ohio), who was defeated by J.C. Watts (R-Okla.); and John Linder (R-Ga.), who was replaced by Tom Davis (R-Va.) as head of the National Republican Campaign Committee (NRCC).

The one incumbent who came out the strongest was Majority Whip Tom DeLay (R-Tex.). He aided Davis's takeover of the NRCC, supplying him one of his top staffers to assist his campaign. In return, DeLay received assurances that he would be allowed more input into leadership decisions, including a bigger budget and staff, and greater clout inside the NRCC, which raises funds and recruits candidates for Congressional elections. DeLay is also expected to receive more authority over the "K Street Strategy," the GOP's operation to purge Democrats from the heads of lobbying firms and trade associations.

The leadership changes and retirements also have resulted in committee changes. C.W. "Bill" Young (R-Fla.) will replace Livingston as chairman of the Appropriations Committee, Larry Combest (R-Tex.) will take over for

the retiring Bob Smith (R-Ore.) as head of the Agriculture panel, and David Dreier (R-Calif.) will replace Gerald Solomon (R-N.Y.), who is retiring, as chairman of the Rules Committee.

## Democrats plan few changes in House

House Democrats had their organizational meetings on Nov. 16 and 17, and, as expected, made few changes. Minority Leader Richard Gephardt (D-Mo.) and Minority Whip David Bonior (D-Mich.) were unchallenged, and Martin Frost (D-Tex.) was elected Democratic Caucus chairman over Rosa DeLauro (D-Conn.) to replace Vic Fazio (D-Calif.), who is retiring.

Frost has received much of the credit for the Democrats gaining 12 seats in the last two elections because of his work as head of the Democratic Congressional Campaign Committee during the last four years. The only other contested race was for caucus vice-chair, in which Bob Menendez (D-N.J.) defeated Calvin Dooley (D-Calif.). That position was previously held by Barbara Kennelly (D-Conn.), who retired to run for governor of Connecticut.

While Gephardt and other Democratic leaders have pledged to reach out to Republicans to get their agenda passed, they are already headed for their first confrontation with the GOP leadership on committee ratios, which have not changed since 1995. On Nov. 20, Steny Hoyer (D-Md.) threatened that the Democrats would "shut down the House" if they did not get ratios that reflect the gains Democrats have made in the last two elections. Gephardt told *Roll Call* that Speaker-elect Bob Livingston (R-La.) would not budge from his offer of seven seats across all committees, because of re-

sistance from his party's committee chairmen. Democrats say an additional 43 seats across all committees would more closely approximate the 51-49 ratio of seats in the House chamber.

## Competing agendas set stage for 106th Congress

Conciliation was the order of the day when the House caucuses of both parties spoke about their legislative agendas during their organizational meetings. But, the agendas which leaders of both parties discussed with reporters are very much along the lines of the 105th Congress: Republicans intend to continue to pursue tax and budget cuts, welfare reform, and free trade. Democrats have already promised that the first bill they will introduce is the Patients' Health Care Bill of Rights. They also intend to continue to push for campaign finance reform and anti-teen-smoking legislation.

The first bill Republicans intend to introduce will be one that takes the Social Security trust fund off-budget. Speaker-elect Bob Livingston (R-La.) was at pains to explain to NBC's Tim Russert on Nov. 22, why this would not increase the budget deficit. Republicans can go ahead with tax cuts, Livingston said—even though taking Social Security off-budget would mean that the current \$70 million budget surplus would be turned into a \$29 billion deficit—because the Congressional Budget Office has "consistently over the last five to ten years been too conservative when estimating the amount of surpluses." As for tax cuts, Livingston said that he would like to do them "incrementally," suggesting that it would be easier to get President Clinton to sign a number of smaller tax cuts as opposed to one big one.

On Nov. 21, House Ways and Means Committee Chairman Bill Archer (R-Tex.) indicated that the GOP leadership has a "strong commitment" to pass a budget resolution and a budget reconciliation bill in 1999, which they failed to do in 1998. Archer said his desire was to "move as far as we can on a bipartisan basis" in order to get things done.

Democrats are welcoming this new cooperative attitude from the GOP leadership, but Minority Leader Richard Gephardt (D-Mo.) warned that if they try to pass legislation with only Republican votes, they will finish the 106th Congress "without anything to show for two years effort — no legislation passed, no budget gets passed."

## **H**agel challenges McConnell for NRSC post

Sen. Chuck Hagel (R-Neb.) announced on Nov. 24 that he will be challenging Mitch McConnell (R-Ky.) for head of the National Republican Senatorial Committee (NRSC), the campaign fundraising committee for Senate Republicans. So far, Hagel's challenge is the only open sign among Senate Republicans of any dissatisfaction with the current leadership in the aftermath of the November elections. Leadership elections for both Senate Democrats and Republicans are set for Dec. 1.

Hagel kept his remarks positive and refrained from attacks on McConnell or any other member of the leadership. He did make it clear, however, that were he selected to run the NRSC, "You would find a rather remarkable change in the culture and the philosophy about this committee." Hagel said that he would not allow NRSC funds to be used for negative campaign ads.

"I personally am offended," he said, "by all the nonsense that we've seen this year and all the previous years on how we demonize each other." He said the reason why he decided to seek the post was because "I think I could do this in a very good way, a very meaningful way that could make a difference."

McConnell is famous for his uncompromising opposition to any sort of campaign reform, and Hagel said that, while he opposed the specific form of the McCain-Feingold legislation from earlier this year, "I think you've got to have a lot more accountability for soft money than you do now." He indicated that soft money is useful for things like "building turnout, building infrastructure," but his priority would be on raising hard money, which can be used directly by candidates.

## **G**OP asks Social Security plan from White House

On Nov. 20, House Ways and Means Committee Chairman Bill Archer (R-Tex.) demanded that President Clinton submit to Congress "a specific plan to save Social Security." He warned that without a such as plan from Clinton, "this very difficult job will become much, much harder and some even say it could be impossible."

Archer's remarks came the day after a contentious hearing of his committee, in which Treasury Assistant Secretary for Economic Policy David Wilcox spent two hours defending the administration against charges that the White house is moving too slowly on developing a plan to reform Social Security. Wilcox argued that it is still too early to decide how to change the program or how to proceed.

## **B**arr ally says troops would disobey President

Bob Barr (R-Ga.), a member of the House Judiciary Committee and a former Federal prosecutor and CIA official, on Nov. 17 held a press briefing in Washington, D.C. to demand that President Bill Clinton be impeached. At the briefing, speakers built a climate for insubordination against the Commander-in-Chief by members of the Armed Forces.

Army nuclear weapons specialist Gen. Albion Knight (ret.) played up the "discontent among the troops" against the President, as a reason to proceed with his impeachment. "There comes a point in which our Armed services find it impossible to serve a Commander-in-Chief of the nature of the one that we have," Knight said, according to Federal News Service reports. "We are concerned, as members of the Armed Forces, that a foreign power [China], which we do consider an enemy, has bought the government of the United States." Knight is an activist in the British-Israelite circles of Gen. Ralph Haines. In close coordination with the British Crown and the Church of England, General Knight told *EIR* last year that he manages the Church Information Center, which, he says, "feeds information to . . . an intelligence network in the Anglican world."

Other speakers at the Barr rally included Howard Phillips, co-leader with General Knight of the Taxpayers Party and the Conservative Caucus; and Morton Blackwell, executive director of the secretive Council for National Policy (an umbrella for the pro-British faction of the self-styled right-wing underground, including newsletters, etc.), the hard-core Christian Right, the Heritage Foundation, and mercenary leaders.

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# National News

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## DiGenova: Israeli spy Pollard must stay in jail

On Nov. 17, Joseph DiGenova, who had prosecuted the espionage case against Jonathan Jay Pollard in 1985, told a seminar at the Center for Policy Analysis on Palestine that Pollard should stay in prison. In about 30 minutes, he demolished any argument that Pollard's crimes were less serious than other famous spy cases because he was spying for a U.S. ally.

Among the points he made were: Our allies frequently have interests that are significantly different from ours. They would like to have better intelligence so they can stop us from doing what they don't like. And, an ally may decide to trade stolen intelligence to an opponent of the United States, in exchange for something the ally wants.

DiGenova declared that Pollard "has nothing to do with peace," and "to link him to an important process [such as Middle East peace] is an insult to those conducting the negotiations and to those who have died on both sides."

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## Billington files appeal with Supreme Court

Michael Billington, who has been a political prisoner in Virginia for more than seven years, filed a petition on Nov. 17 with the U.S. Supreme Court, asking the Court to throw out his conviction on state charges of securities violations, because his lawyer went berserk on the eve of trial, and tried to have Billington declared mentally incompetent for wanting to prove his innocence before a jury. At issue, is whether the Constitutional right to a loyal attorney, and the right to testify on one's own behalf, extends to political associates of Lyndon H. LaRouche, Jr., like Billington. Billington is serving an outrageous 77-year sentence.

Billington had hired the late Brian Gettings to represent him, with the understanding that Gettings would present Billington's

case to a jury. A few days before the trial, Gettings had a closed-door meeting with the Judge, Clifford R. Weckstein, and prosecutor John Russell, where Gettings was pressured to have Billington waive his right to a jury trial. Weckstein threatened that he would not reduce any sentence meted out by a jury. Russell's handwritten notes, made public years after the trial, revealed that Gettings broke the attorney-client privilege, giving the judge and prosecutor privileged, and sometimes false, information about Billington's case. When Gettings conveyed this threat, Billington refused to buckle, insisting that he wanted to prove his innocence.

Gettings then tried to have Billington declared mentally incompetent, charging that he was being "directed" by others, including LaRouche, for insisting on a jury trial. After a psychiatrist found Billington perfectly sane, Gettings tried to force him to undergo another psychiatric examination by a center tied into the FBI and Virginia Attorney General's office, i.e., the very apparatus that had done the footwork for the "Get LaRouche" operations.

With Gettings, the judge, and the prosecutor all working together, Billington asked for another lawyer to represent him; Weckstein refused. At trial, prosecution witnesses were coached to lie, false evidence was presented, Russell frequently made false representations in court, and massive amounts of exculpatory evidence was withheld. Finally, because of Gettings's disloyalty, Billington was unable to testify in his own defense.

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## Thousands of children go hungry in Massachusetts

A 70-page report made public on Nov. 16 by U.S. Rep. Joseph P. Kennedy II (D-Mass.), indicates the depth of the economic depression in the United States. The report, put together by Project Bread, will be formally released on Dec. 1. Statewide, there are 60,000 children who go hungry every day and 15,000 children who are chronically malnourished, according to the findings of the year-long study by doctors and

hunger specialists.

Some 63% of emergency food programs told researchers that the demand for food aid rose in 1997; 35% of clients are children; 27% of clients have a job. The study's interviews indicate that many families strapped with low wages, high rents, and mounting bills sacrifice food to meet other demands.

Worse, on Dec. 1, some 7,000 families are slated to lose welfare benefits, as part of the 1996 federal welfare bill. Nationwide, 6 million adults and children have been cut from welfare, according to Manpower Demonstration Research Corp., which tracks welfare statistics.

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## Scaife lawyer attacks LaRouche defense

Mark Levin, the president of the Richard Mellon Scaife-bankrolled Landmark Legal Foundation, took a swipe at Lyndon LaRouche in the Nov. 18 *Washington Times*, in a review of James Carville's new book *And the Horse He Rode In On—The People v. Kenneth Starr*. Levin calls Carville's book a "demagogic diatribe" which, he says, "insists that Mr. Clinton's legal and ethical problems are not of his own making, but are the creations of his 'enemies,' which include philanthropists Richard Mellon Scaife and Peter Smith, the Rev. Pat Robertson and the Rev. Jerry Falwell, Paula Corbin Jones, Sens. Jesse Helms and Lauch Faircloth . . . David Hale, the *American Spectator*, Landmark Legal Foundation, and scores of others in and out of government."

"The only person missing in his anti-Clinton conspiracy," Levin continues, "seems to be the Queen of England. This is the stuff of Lyndon LaRouche, is it not?"

Last Jan. 30, Levin attacked LaRouche and *New Federalist* weekly newspaper for saying that Landmark Legal Foundation had paid Kenneth Starr to write an *amicus curiae* brief for Paula Jones. (It turns out that Starr didn't have to be paid by Landmark to prepare the *amicus* brief; Starr was doing it for free.) Levin whipped out his laundry list about whether Bill Clinton had committed perjury, obstructed justice, etc. He concluded: "The longer journalists chase Mrs.



## Briefly

**JAMES CARVILLE** told CNN that the Republicans had “forgotten the rule of holes.” He said that the Republicans’ assault on the Presidency has gotten them “in a jam, they don’t know how to get out. . . . And the rule of holes stated thusly is: ‘When you’ve dug yourself in a hole, the first thing you do is, stop digging.’”

**DEVIANT DEMOCRAT** Paul McHale (Pa.) has led a fight to award Teddy Roosevelt with the Congressional Medal of Honor for his charge up San Juan Hill during the Spanish-American war. But, as the *Wall Street Journal* of Nov. 13 points out: “A decade-long effort by Congress to honor forgotten black war heroes has culminated in a strange result: Theodore Roosevelt . . . may soon receive the Medal of Honor—for a battle some historians say was won by black soldiers.”

**THE ANTI-DEFAMATION** League was ordered by a California Appeals Court on Nov. 17 to disclose documents it obtained illegally or used for illegal purposes. In 1994, San Francisco police discovered that the ADL had been spying on some 10,000 Americans, including allies of Lyndon LaRouche, and turning illegally obtained police records over to Israel and South Africa.

**THE ‘TENNESSEE** Tribune,’ a black weekly in Nashville, ran the headline “Call for Clinton to Appoint LaRouche Economic Adviser Gaining Media Attention,” as its editorial page lead in the Oct. 29-Nov. 4 issue.

**JOHN KENNEDY’S** assassination has had new light thrown on it by the release in early November of nearly a half-million pages of records, newly compiled by the Assassination Records Review Board, to the National Archives. The board’s staff reported that in examinations of the brain allegedly removed from President Kennedy’s body, two different brains may have been used, implying that the substitute brain was the one that proved the “lone assassin” theory against Oswald.

Clinton’s and Lyndon LaRouche’s nonexistent right-wing conspiracy, the longer these questions will remain unanswered.”

### Social Security changes would cut black males

The new AFL-CIO website on Social Security points out that the average life expectancy of African-American males is 66.1 years, as compared to 73.8 years for white men. Since every major proposal to privatize the system would raise the age at which full benefits can be collected to 70, most African-American males will never collect full benefits.

The AFL-CIO is highlighting the Social Security privatization fight because it was a major issue in the Nov. 3 mid-term elections and will be a major focus of the 106th Congress. Hearings began on Nov. 20 in Congress on the raft of legislation now pending. President Clinton is going to host a White House conference on Social Security on Dec. 8-9, at which privatization is expected to be on the agenda, together with other proposals.

### Expose Scaife funding of ABA security committee

At the mid-November annual conference of the American Bar Association, the new chair of the Standing Committee on Law and National Security took the unusual step of publicly acknowledging Richard Mellon Scaife’s funding of the committee. Elizabeth Rindskopf, the committee chair (and former General Counsel to both the National Security Agency and the CIA), cited “a generous grant from the Scaife Foundation” in her welcoming remarks.

Also at the conference was Jerome Shestack, the immediate past president of the ABA, who has been publicly critical of Kenneth Starr and his ties to Scaife. Shestack is now the official liaison from the ABA to the Standing Committee. *EIR* asked Shestack about the Scaife financing. “I am con-

cerned,” he replied, adding that he does not like a lot of the things done by the Scaife Foundation; he indicated that he will make some inquiries about the Scaife involvement. *EIR* also asked Rindskopf if she had any concerns about Scaife, in light of his activities against the President. “Absolutely not,” she repeated, three times for emphasis.

The Standing Committee was founded in 1962 by a group which included Morris Liebman, Lewis Powell, Dan McMichael, and Frank Barnett (the latter was associated with the Smith Richardson Foundation and the Scaife-funded National Strategy Information Center of New York.) As *EIR* has reported, Executive Order 12333, which enabled the “Get LaRouche” task force, as well as George Bush’s dirty Contra war, was a project of the Standing Committee.

### Health experts call for universal health coverage

On Nov. 17, the American Public Health Association held a press conference to call on Congress to pass the Patients’ Bill of Rights that Congressional Democrats were blocked from bringing to the floor during the 105th Congress. APHA President Dr. Quentin Young specifically identified the entry into health care of venture capital during the Reagan years as the source of the problem in for-profit managed care. He called for-profit managed care a “tragic failure” that has not only failed to cut costs, but has also seen the number of uninsured people climb from 37 million in 1993 to 43.9 million today.

Executive Director Dr. Mohamed Akhter called this an issue of “human dignity.” He said that the underlying principle is that the physician will do his best to bring the patient back to health. “If you insert anything else into that relationship, you break the 5,000-year-old covenant between the patient and the physician.”

However, both Dr. Young and Dr. Akhter admitted that the legislation only helps those who already have health insurance. “The real solution,” Dr. Akhter said, “is universal coverage.”

### *A whole world of trouble*

Even as President Clinton has successfully steered the United States away from a politically disastrous military action against Iraq, he finds himself faced with a world of trouble, largely courtesy of the British and their Israeli hirelings. From the Korean peninsula, to the steppes of Central Asia, to the Indian subcontinent, to the eastern Mediterranean Sea, the President is being confronted with a seemingly endless string of hot-spots-in-the-making, any one of which could explode into a crisis on a par with the Iraqi showdown.

As a result of the Iraq crisis, Clinton cancelled his participation in the Asia-Pacific Economic Cooperation forum heads of state meeting in Malaysia in mid-November. Vice President Al Gore, who attended in his stead, sabotaged U.S. relations with the very Asian nations that ought to be America's closest allies in forming a new, just global monetary system. The President also missed the opportunity to meet with Russian Prime Minister Yevgeni Primakov, another key partner in any effort to achieve political and economic security.

Indeed, one of the chief motives for the current round of Anglo-Israeli instigated regional crises, is to isolate President Clinton from China, Russia, India, Japan, and other countries anxious for a positive American role in formulating what Treasury Secretary Robert Rubin has called "the new global financial architecture for the 21st century."

What are some of these hot-spots?

- Central Asia: The region from Afghanistan and Pakistan to Turkey is beset with instability. A conflict is brewing between the United States and the Taliban, which controls most of Afghanistan, over the status of accused terrorist Osama Bin Laden. The Saudi expatriate is accused of ordering the bombings of the U.S. embassies in Kenya and Tanzania, and of helping to bankroll the World Trade Center bombing and the car-bomb attacks against two U.S. military facilities in Saudi Arabia. The Taliban announced in late November that they had investigated Bin Laden and given him a clean bill. This is a ticking time bomb.

In Pakistan, Prime Minister Nawaz Sharif has declared a state of emergency because of communal vio-

lence in Karachi. He comes to Washington this month to meet President Clinton, at a point that Pakistan is on the verge of economic disintegration.

- The Near East: Turkey is in a diplomatic row with Italy over Italy's refusal to extradite Abdullah Ocalan, the head of the Kurdish Workers Party (PKK), a group on the Clinton administration's list of 30 banned terrorist organizations (Bin Laden's "Afghansi" group is on the same list). Ocalan was recently arrested in Rome, and he requested political asylum. The arrest occurred just days before the Turkish government collapsed. With elections set for Dec. 14, the PKK issue is a source of tremendous political tension; since the arrest, the PKK has already been linked to a terror bombing in Egypt, suggesting that a new wave of irregular warfare targeting the Near East, may already be under way.

Israeli internal security officials have candidly admitted that they fear a major terrorist incident against the Al Aqsa mosque in Jerusalem on the Temple Mount. This Islamic holy site has been a long-standing target of both Christian evangelical fanatics and a resurgent Jewish radical underground, who insist that the mosque must be levelled to allow for the reconstruction of the Temple of Solomon. The Temple Mount "issue" was cooked up at the Quatuor Coronati Lodge of the Grand Mother Lodge of English Freemasonry, precisely to put the Middle East on a constant geopolitical "hair-trigger." The Temple Mount Faithful, the most visible of the Jewish pro-terrorist groups, has received, for the first time, the blessing of the Netanyahu-Sharon government. Any successful attack on the Al Aqsa mosque would likely trigger a religious war that would drown the region in blood, and end, for the foreseeable future, any hope of peace and development in the Holy Land.

- Asia: The United States is hoping to avoid a new "Korea conflict" over allegations of North Korean violations of the nuclear reactor deal. Several years back, President Clinton averted a fiasco by offering the North Koreans light-water nuclear reactors. The idea of such a "high-tech" solution to an otherwise insoluble geopolitical trap sent London strategists climbing up walls to "Get Clinton."

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Thursdays—10:30 p.m.

## ARIZONA

- PHOENIX—Access Ch. 22  
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- TUCSON—TCI Ch. 63  
Thursdays—12 Noon

## ARKANSAS

- CABOT—Ch. 15  
Daily—8 p.m.
- LITTLE ROCK—Comcast Ch. 18  
Tue. or Sat.: 1 a.m., or  
Saturdays—6 a.m.

## CALIFORNIA

- CONCORD—Ch. 25  
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Jones—Ch. 16  
Sundays—9 p.m.
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- TUJUNGA—Ch. 19  
Fridays—5 p.m.

## COLORADO

- DENVER—DCTV Ch. 57  
Saturdays—1 p.m.

## 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  
Sun., Dec. 13: 10 p.m.  
Sun., Dec. 20: 4 p.m.  
Sun., Dec. 27: 8 p.m.
- SPRINGFIELD—Ch. 4  
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  
Tuesdays—5 p.m.

## KANSAS

- SALINA—CATV Ch. 6\*

## KENTUCKY

- LOUISVILLE—Ch. 70/18  
Fridays—2 p.m.

## LOUISIANA

- ORLEANS—Cox Ch. 8  
Mon.—1 a.m.; Wed.—7 a.m.  
Thu.—11 p.m.; 12 Midnight  
Sun.—4 a.m.
- OUACHITA PARRISH—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.
- PRINCE GEORGES—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
- WORCESTER—WCCA Ch. 13\*

## MICHIGAN

- CANTON TOWNSHIP  
MediaOne Ch. 18: Thu.—6 p.m.
- DEARBORN HEIGHTS  
MediaOne Ch. 18: Thu.—6 p.m.
- GRAND RAPIDS—GRTV Ch. 50  
Fridays—1:30 p.m.
- PLYMOUTH  
MediaOne Ch. 18: Thu.—6 p.m.

## MINNESOTA

- DULUTH—PACT Ch. 24  
Thu.—10 p.m.; Sat.—12 Noon
- MINNEAPOLIS—MTN Ch. 32  
Wednesdays—8:30 p.m.
- MINNEAPOLIS (NW burbs)  
NW Community TV Ch. 35  
Fri.: 4 a.m., 10 a.m., 4 p.m.
- NEW ULM—Paragon Ch. 12  
Fridays—7 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 burbs)\*  
Suburban Community Ch. 15

## MISSOURI

- ST. LOUIS—Ch. 22  
Wednesdays—5 p.m.

## NEVADA

- CARSON CITY—Ch. 10  
Fri., 10 pm; Sat., 3 pm

- RENO/SPARKS  
M-One Ch. 30; TCI Ch. 16  
Wednesdays—5 p.m.

## NEW JERSEY

- MONTVALE/MAHWAH—Ch. 27  
Wednesdays—5:30 p.m.

## NEW YORK

- AMSTERDAM—TCI Ch. 16  
Fridays—7 p.m.
- BROOKHAVEN (E. Suffolk)  
Cablevision Ch. 1/99  
Wednesdays—9:30 p.m.
- BROOKLYN—BCAT  
Time/Warner Ch. 35  
Cablevision Ch. 68  
Sundays—9 a.m.
- CORTLANDT/PEEKSKILL  
MediaOne Ch. 32/6  
Wednesdays—3 p.m.
- 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—Pegasys Ch. 57  
Mon.—8 pm; Thu.—9:30 pm  
Saturdays—4 p.m.
- JOHNSTOWN—Ch. 7  
Tuesdays—4 p.m.
- MANHATTAN—MNN Ch. 34\*
- NASSAU—Ch. 80  
Wednesdays—7 p.m.
- OSSINING—Ch. 19/16  
Wednesdays—3 p.m.
- Poughkeepsie—Ch. 28  
1st & 2nd Fridays—4 p.m.
- RIVERHEAD—Peconic Ch. 27  
Thursdays—12 Midnight
- ROCHESTER—GRC Ch. 15  
Fri.—11 p.m.; Sun.—11 a.m.
- ROCKLAND—T/W 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, LI.—Ch. 25  
2nd & 4th Mondays—10 p.m.
- SYRACUSE—T/W Ch. 3  
Fridays—4 p.m.
- SYRACUSE (burbs)  
T/W Ch. 12—Sat.: 9 p.m.
- UTICA—Harron Ch. 3  
Thursdays—6 p.m.
- WATERTOWN—T/W Ch. 2  
Tues: between Noon & 5 p.m.
- WEBSTER—WCA-TV Ch. 12  
Wednesdays—8:30 p.m.
- WEST SENECA—Ch. 68  
Thursdays—10:30 p.m.
- YONKERS—Ch. 37  
Saturdays—3:30 p.m.

- YORKTOWN—Ch. 34  
Thursdays—3 p.m.

## NORTH DAKOTA

- BISMARCK—Ch. 12  
Tuesdays—6 p.m.

## OHIO

- COLUMBUS—Ch. 21  
Fri., Nov. 27: 1 p.m.
- OBERLIN—Ch. 9  
Tuesdays—7 p.m.

## OREGON

- CORVALLIS/ALBANY  
Public Access Ch. 99  
Tuesdays—1 p.m.
- PORTLAND—Access  
Thursdays—6 p.m. (Ch. 27)  
Thursdays—3 p.m. (Ch. 33)

## TEXAS

- AUSTIN—ACT Ch. 10\*
- EL PASO—Paragon Ch. 15  
Wednesdays—5 p.m.
- HOUSTON—Access Houston  
Mon., Dec. 7: 7-9 p.m.  
Wed., Dec. 9: 5-6 p.m.  
Thu., Dec. 10: 4-5 p.m.  
Mon., Dec. 14: 6-7 p.m.  
Wed., Dec. 16: 4-6 p.m.

## UTAH

- GLENWOOD, Etc.—SCAT-TV  
Channels 26, 29, 37, 38, 98  
Sundays—about 9 p.m.

## VIRGINIA

- ARLINGTON—ACT Ch. 33  
Sun.—1 pm; Mon.—6:30 pm  
Wednesdays—12 Noon
- CHESTERFIELD—Ch. 6  
Tuesdays—5 p.m.
- FAIRFAX—FCAC Ch. 10  
Tuesdays—12 Noon  
Thu.—7 p.m.; Sat.—10 a.m.
- LOUDOUN—Cablevision Ch. 59  
Thursdays—7:30 p.m. & 10 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  
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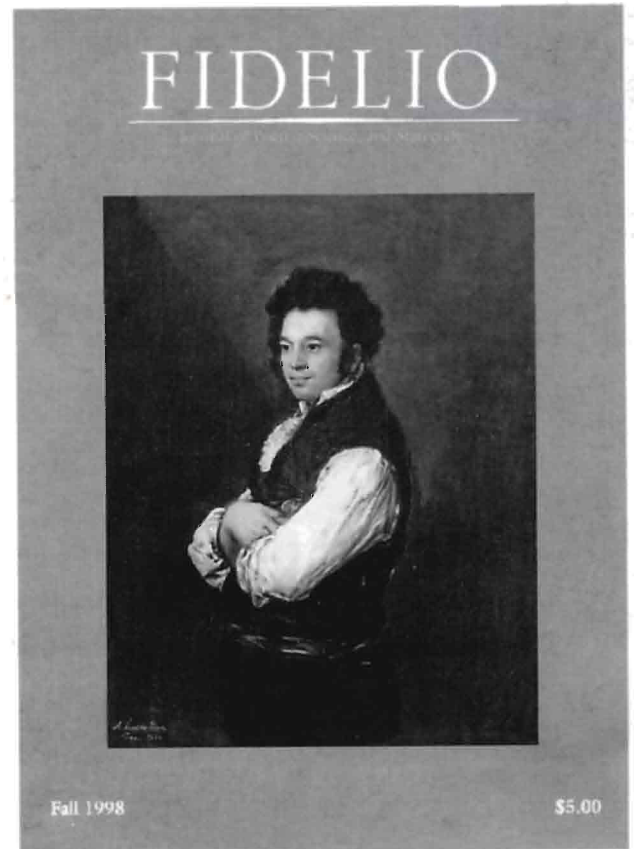
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