

EIR

Executive Intelligence Review

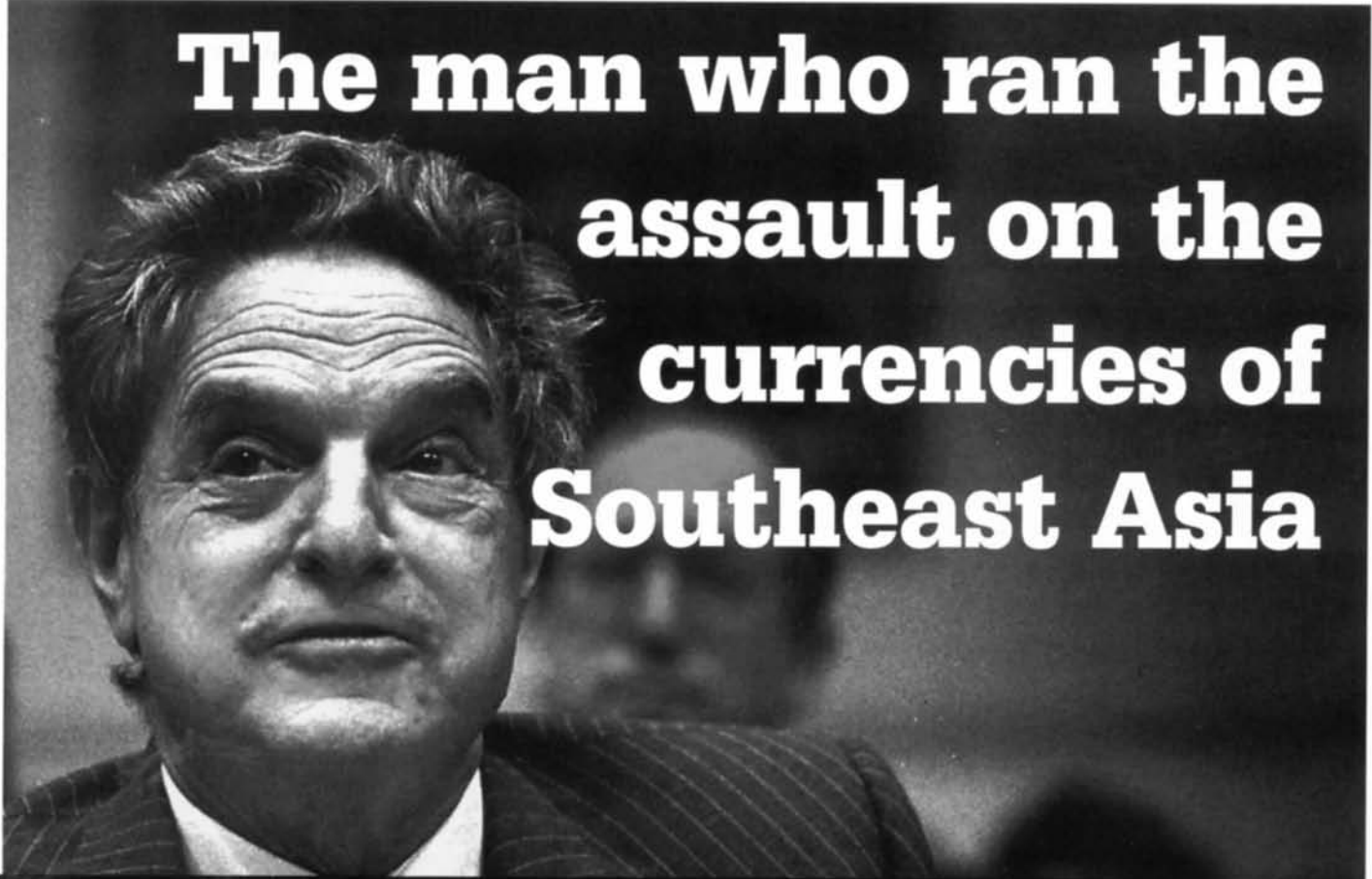
January 1, 1999 Vol. 26 No. 1

\$10.00

Butler faked Iraq report; Gore, Blair pushed war
1998 was the year that globalization finally died
It didn't begin with Monica Lewinsky

**Mobilize to stop the British
coup against the Presidency**





The man who ran the assault on the currencies of Southeast Asia

An EIR special report

'The true story of SOROS THE GOLEM

A profile of megaspeculator George Soros.'

- Lyndon LaRouche on Soros: "the gravedigger of international finance."
- Malaysia's Dr. Mahathir on Soros: "He's no Robin Hood. He takes from the poor and fills his own pockets."
- *Wall Street Journal* on LaRouche: "Mr. LaRouche has long been at odds with the U.S. political mainstream. . . . But his theories receive a warmer reception in Malaysia, where the 60-page *EIR* report on Soros has been passed among Malaysian editors, intellectuals and politicians."

\$100

The report may be ordered from
Executive Intelligence Review
at P.O. Box 17390, Washington, D.C.
20041-0390.

Order # EIR 97-001.

Founder and Contributing Editor:

Lyndon H. LaRouche, Jr.

Editorial Board: *Lyndon H. LaRouche, Jr.,
Muriel Mirak-Weissbach, Antony Papert, Gerald
Rose, Dennis Small, Edward Spannaus, Nancy
Spannaus, Jeffrey Steinberg, William Wertz*

Associate Editors: *Ronald Kokinda, Susan Welsh*
Managing Editor: *John Stigerson*
Science Editor: *Marjorie Mazel Hecht*
Special Projects: *Mark Burdman*
Book Editor: *Katherine Notley*
Advertising Director: *Marsha Freeman*
Circulation Manager: *Stanley Ezrol*

INTELLIGENCE DIRECTORS:

Asia and Africa: *Linda de Hoyos*
Counterintelligence: *Jeffrey Steinberg,
Paul Goldstein*

Economics: *Marcia Merry Baker,
William Engdahl*

History: *Anton Chaitkin*

Ibero-America: *Robyn Quijano, Dennis Small*

Law: *Edward Spannaus*

Russia and Eastern Europe:

Rachel Douglas, Konstantin George

United States: *Debra Freeman, Suzanne Rose*

INTERNATIONAL BUREAUS:

Bogotá: *José Restrepo*

Bonn: *George Gregory, Rainer Apel*

Buenos Aires: *Gerardo Terán*

Caracas: *David Ramonet*

Copenhagen: *Poul Rasmussen*

Houston: *Harley Schlanger*

Lima: *Sara Madueño*

Melbourne: *Robert Barwick*

Mexico City: *Hugo López Ochoa*

Milan: *Leonardo Servadio*

New Delhi: *Susan Maitra*

Paris: *Christine Bierre*

Rio de Janeiro: *Silvia Palacios*

Stockholm: *Michael Ericson*

United Nations, N.Y.C.: *Leni Rubinstein*

Washington, D.C.: *William Jones*

Wiesbaden: *Göran Haglund*

EIR (ISSN 0273-6314) is published weekly (50 issues) except for the second week of July, and the last week of December by EIR News Service Inc., 317 Pennsylvania Ave., S.E., 2nd Floor, Washington, DC 20003. (202) 544-7010. For subscriptions: (703) 777-9451. World Wide Web site: <http://www.larouchepub.com> e-mail: eirns@larouchepub.com

European Headquarters: Executive Intelligence Review Nachrichtenagentur GmbH, Postfach 2308, D-65013 Wiesbaden, Otto von Guericke Ring 3, D-65205 Wiesbaden, Federal Republic of Germany Tel: (6122) 9160. Homepage: <http://www.eirma.com> E-mail: eirma@eirma.com Executive Directors: Anno Hellenbroich, Michael Liebig

In Denmark: EIR, Post Box 2613, 2100 Copenhagen ØE, Tel. 35-43 60 40

In Mexico: EIR, Río Tiber No. 87, 5o piso, Colonia Cuauhtémoc, México, DF, CP 06500. Tel: 208-3016 y 533-26-43.

Japan subscription sales: O.T.O. Research Corporation, Takeuchi Bldg., 1-34-12 Takatanobaba, Shinjuku-Ku, Tokyo 160. Tel: (03) 3208-7821.

Copyright © 1999 EIR News Service. All rights reserved. Reproduction in whole or in part without permission strictly prohibited. Periodicals postage paid at Washington D.C., and at an additional mailing offices. Domestic subscriptions: 3 months—\$125, 6 months—\$225, 1 year—\$396, Single issue—\$10

Postmaster: Send all address changes to EIR, P.O. Box 17390, Washington, D.C. 20041-0390.

From the Associate Editor

With this issue, *EIR* enters its 26th year of publication. We could not be celebrating our 25th birthday at a time of greater historic importance. This nation and the world are at what Lyndon LaRouche has described as the “boundary layer” — the limit of a bankrupt financial system, which poses the necessity for a revolutionary policy transformation, lest the world plunge into a Dark Age worse than anything we can presently imagine.

Those who are looking for policy direction, in the tumultuous year to come, had better rally to LaRouche.

His authority, and the fighting qualities of the movement he founded, are well known. The mobilization we have launched to save the Presidency, and to give President Clinton the spine to do what is necessary, must now escalate. In the aftermath of the impeachment vote in the House of Representatives, and the British-inspired bombing of Iraq, mass organizing must now create what LaRouche has called a “Pearl Harbor effect,” changing the false axioms of our citizens and policymakers, the axioms that have led us into the crisis which *EIR* has been warning of, all these past 25 years.

In recent weeks, many of our readers have taken the first steps to begin organizing others, including selling the subscriptions to *EIR* and its sister publications, which are the lifeblood of this movement. Those efforts must now grow exponentially.

In last week’s issue, LaRouche forecast that “during the coming eight weeks or so immediately ahead, most of the world, including the U.S.A., will have been plunged into a deep economic depression, far deeper, far more menacing than what the U.S.A. experienced under President Herbert Hoover.” In this week’s *Feature*, our economics staff provides documentation of how close we are to that precipice. The only thing that can save both the U.S. Presidency, and the world economy, is to adopt LaRouche’s policies, notably the Eurasian Land-Bridge and a New Bretton Woods financial system. That is why LaRouche must be brought in immediately, as economic adviser to President Clinton.

Note to subscribers: In accord with our usual schedule, *EIR* is not produced during the last week of December. The next issue will be that dated Jan. 8, 1999.

Susan Welsh

EIR Contents

Interviews

6 Jozef Fraczek

Mr. Fraczek is a member of the Senate of Poland, and chairman of the Senate Agricultural Committee, from the Solidarity Electoral Action party.

20 Malcolm Ross

Dr. Ross is a research mineralogist with the U.S. Geological Survey. He has worked with Dr. Brooke Mossman and others who have been instrumental in disproving the myth that "one fiber of asbestos can kill."

Departments

12 Report from Bonn

The euro will crash like Icarus.

13 Australia Dossier

What Eurasian Land-Bridge?

72 Editorial

A plot to make Al Gore president?

Book Reviews

66 Does 'PBS' mean, 'Praise for the British System'?

Africans in America: America's Journey Through Slavery, by Charles Johnson, Patricia Smith, and the WGBH Series Research Team.

Science & Technology

16 Asbestos: The real danger is irrationality

The campaign to ban asbestos is based on anti-scientific hysteria. Research shows that small airborne amounts of this highly beneficial mineral are not dangerous at all.

18 Asbestos is not guilty!

By Dr. Paul and Natalie Lysenko.

20 Bringing sense to the asbestos issue

An interview with Malcolm Ross.

Photo and graphics credits:

Cover, pages 23, 46, 59, EIRNS/Stuart Lewis. Page 17, U.S. Geological Survey. Page 20, Courtesy of Dr. Malcolm Ross. Pages 24-29, 32, 37, 39, 40, EIRNS. Page 42, *Nauka v Sibiri*.

Economics

4 Oil collapse signals next phase of global depression

Compared to 1990, the muted response in the rise in the price of oil to today's bombing of Iraq, underscores the collapse in the physical economy. If OPEC nations begin to liquidate their holdings in G-7 markets, the "low inflation" oil price is set to trigger a new round of global financial meltdown.

6 The free market will not revive Polish agriculture

An interview with Jozef Fraczek.

8 Pope issues appeal on World Day of Peace

10 LaRouche: Governments must act to avert catastrophe

A message from Lyndon LaRouche to a conference of the Slovakian branch of the international Catholic organization *Justitia et Pax* (Justice and Peace), in Bratislava, Slovakia.

14 Business Briefs

Feature

22 1998 was the year that globalization finally died

Bankers think that the only hope they have of surviving, is a global bankers' dictatorship. But even were all the world's nations to surrender to the demands of the bankers, the bankers and their system is still doomed. What is killing them, is their belief that money, especially their money, is primary, and that all else must be sacrificed to protect monetary assets.

30 Greenspan sets off hyperinflationary time bomb

The objective financial problems, as daunting as they are, are not as determining in the situation as the subjective problem: Greenspan's disordered state of mind. He has embarked on a recklessness course of hyperinflation, to "save the system."

32 Don't regulate derivatives market, but eliminate it!

Testimony to the House Agriculture Committee on over-the-counter financial derivatives, by *EIR* banking columnist John Hoefle.

International

34 Butler faked Iraq report, as Gore, Blair pushed war

President Clinton's decision to launch air strikes against Iraq is an act of political suicide, launched under the tutelage of British Prime Minister Tony Blair and British asset, Vice President Al Gore.

36 China, India, and Russia must cooperate to ensure stability

There are many opportunities to further cooperation on the Eurasian Land-Bridge, as Russian President Yevgeni Primakov is about visit to India.

41 Russia's Glazyev briefs Indian press

42 Jiang Zemin speech run in Siberian newspaper

43 There is no 'third way' for Venezuela's President-elect Chávez

45 Korean peninsula faces war without a New Bretton Woods system

A group of GOP Congressmen are seeking to eliminate the 1994 agreement between the United States and North Korea, setting up a dangerous new strategic flashpoint.

47 Mexican press plays up Zepp-LaRouche visit

49 1998 in Review: Interventions by LaRouche and associates, to change the course of world history

54 International Intelligence

National



Rally on Capitol Hill against the impeachment of President Clinton, Dec. 17, 1998.

56 Thousands 'raise hell' to save Presidency, appoint LaRouche

Mass-based political actions to stop the destruction of the Presidency and the ongoing coup on behalf of Vice President Al Gore, crescendoed following a call by Lyndon LaRouche, who said, invoking the words of French Gen. Charles de Gaulle during a great moment of crisis for his nation, "Help me! Help me to save the honor and future of these United States!"

58 It didn't start with Monica: the five-year campaign to bring down President Clinton

64 Hyde's secret life of corruption and coverup

A few of the skeletons in the closet of House Judiciary Committee Chairman Henry Hyde, he man who is overseeing the assault against President Clinton.

69 Congressional Closeup

70 National News

Oil collapse signals next phase of global depression

by William Engdahl

On Dec. 16, when the United States and Great Britain announced their decision to bomb Iraq, the price of oil traded on the London and New York markets rose a mere 77¢, before falling back down hours later. By contrast, in late 1990, when the Bush administration was carrying out Operation Desert Shield against Iraq, oil prices soared from \$16 per barrel to more than \$36 per barrel in a matter of weeks. The stark difference between today's mute reaction and that of eight years ago, points to one of the most ominous indicators of the condition of the world economy today. The price of crude oil, the major energy source in the world economy, is undergoing its sharpest fall since 1986, with prices for North Sea Brent, the benchmark for world crude oil prices, briefly dropping to as low as \$9.17 a barrel during the week of Dec. 14.

Not everyone is alarmed by the falling price for the world's most important commodity. Financial markets and governments in the European Union and United States have hailed the low levels of commodity price inflation as a tribute to the correctness of central bank "anti-inflation" policies. A closer look at the background for the oil price collapse gives anything but grounds for euphoria.

The price per barrel of world oil in recent days has touched low levels not seen since 1976, with the 1998 average crude price likely to be near \$13 per barrel. By comparison, the price for North Sea Brent, the world benchmark crude, was some \$22 per barrel in September 1997; it is now just above \$9 per barrel, a drop of some 60%, with no bottom in sight.

OPEC is in fiscal crisis

The effect of the collapse on members of the Organization of Petroleum Exporting Countries (OPEC) has been devastating. Various OPEC Persian Gulf countries are only able to

sell their oil today at anywhere from \$5-10 per barrel, depending on the quality. OPEC oil revenues for 1998 will be down by more than \$50 billion. This has a direct impact on new orders in Europe, Japan, and North America for capital goods such as machine tools and industrial equipment which had been imported by OPEC. The Federal Association of German Machine Builders (VDMA) reports that export orders for the past three months are down, year-to-year, by 21%, and that exports to Middle East oil countries are among the hardest hit.

On Dec. 17, only hours after the initial bombings of Iraq, an emergency meeting of the oil ministers of Saudi Arabia, Venezuela, and non-OPEC producer Mexico took place in Madrid. The meeting, the third such emergency summit among the Big Three producers since March, reportedly was divided on what steps to take to deal with the growing crisis. Despite an unprecedented voluntary production cutback by OPEC and several non-OPEC countries of some 2.3 million barrels per day this year to date, the International Energy Agency estimates that world demand for oil dropped another 650,000 barrels per day in the fourth quarter of this year.

"If 1998 has been the bad year for Asia," remarked Walid Khadduri, editor of the *Middle East Economic Survey*, which monitors Middle East oil, "then 1999 will be remembered as the bad year for OPEC. I see no end to the crisis in sight. Take the imponderables for 1999 which will determine world oil price: Will Asian demand begin to recover next year? Will the U.S. and European economies go into recession? Will the abnormally mild winter weather in North America and Europe keep oil demand low? All Gulf oil producers except the U.A.E. [United Arab Emirates] now face fiscal emergency." Oil exports make up 50-90% of Persian Gulf countries' total state revenues. Iran earlier in December was forced

to ask foreign creditor banks to restructure some of their foreign loans.

Perhaps most alarming, is the potential impact of the current oil collapse on the world's largest producer, Saudi Arabia. While more attention has been focussed on oil export earnings collapse in Mexico, Venezuela, and Russia in recent months, the situation in the Saudi Kingdom has become worrisome to oil insiders and knowledgeable financial market institutions, especially in the City of London.

According to the London Centre for Global Energy Studies, Saudi Arabia's national debt is now at 100% of its Gross Domestic Product, or more than \$160 billion. The center estimates that the annual Saudi budget deficit will top 11% of GDP, or almost \$15 billion this year, three times worse than that forecast last January. A recent report in a London paper, that Saudi Arabia's government had asked to borrow \$5 billion from its wealthy neighbor Abu Dhabi, to finance its soaring revenue deficit, was hotly denied by the government, but the grim reality that a fiscal time bomb exists in the finances of the world's largest oil producer is undeniable.

"The Gulf producing countries, starting with Saudi Arabia, need to implement thorough structural reform, or they're facing real trouble," said the *Middle East Economic Survey's* Khadduri. "The Saudi economy is a total welfare state with the entire economy dependent on state subsidies, from agriculture to industry. This system must be ended, but the political stability of the House of Saud is built on the system of subsidies, and change therefore comes very slowly."

Already several major oil-producing nations have been forced to turn to the International Monetary Fund (IMF) for emergency financial support, including Algeria, Venezuela, and Indonesia. Nigeria is believed the next likely candidate for the IMF's bad medicine, and probably not too much later, the Persian Gulf states.

Harbinger of global depression

More than any other single economic indicator, the deflation of oil prices since the onset of the Asia crisis in summer 1997, serves as a harbinger of the collapse of global economic growth. Asia, including China, had been the largest growth market for oil consumption for most of the 1990s, until the Asian financial collapse brought the demand to a halt.

The oil crisis is made worse because of the buildup of oil inventory around the world as cargoes go unsold. Inventory stands near record levels and many parts of Europe and North America report no further available space for oil storage. The unusually warm November-December weather in North America caused severe problems for heating oil demand, depressing prices more. As well, the United Nations in November approved an increase of Iraqi oil exports in the food-for-oil agreement to a level of 1.8 million barrels per day. That is unlikely to be affected by the ongoing attack on Iraqi targets. Oil analysts estimate that even under ideal conditions of a miracle recovery of Asian economic growth, it would take

more than one full year to draw down the high inventory.

The U.S. Department of Energy's Energy Information Administration just issued a report projecting a gloomy oil price outlook. "World oil prices are expected to be affected well into the next decade by the recent economic crisis in East Asian countries, with prices for 2000 forecast to be as much as \$5 per barrel lower than projected one year ago," the report states. The EIA does not expect world oil prices to recover until 2007 under current trends.

City of London worries

Very soon, as the crisis in oil revenues worsens, the attention will shift from what is now seen by the Group of Seven (G-7) central bankers as a contained "OPEC crisis," to alarm at a likely trigger for the next explosion of the global financial crisis.

As the oil price continues to fall, concern is growing in leading financial centers, above all in the City of London, that wealthy OPEC states could be forced to begin liquidating their vast overseas investments. Gulf states today still hold \$800 billion of liquid investment outside the Persian Gulf, most in stocks and bonds of the G-7 economies, according to the estimate of the Saudi Federation of Gulf Cooperation Council Chambers of Commerce. Saudi Arabia alone holds some \$500 billion of that. Much of the Arab OPEC funds, private as well as government, are invested through City of London financial channels.

Already back in July, when the condition of the world economy appeared far less alarming than today, the Bank of England and the British Foreign Office and Treasury were so alarmed at the pressures on Middle East oil countries because of the falling oil price, that they convened a top-level closed-door meeting at St. James Palace in London. Bank of England governor Eddie George and former Foreign Minister Sir Douglas Hurd presided over a discussion among the hand-picked finance ministers and diplomats of the Arab OPEC states. The title of the talks was indicative: "London: The World's Financial Centre: Partner of the Middle East."

According to first-hand Arab reports, the leading financial institutions of the City of London privately are terrified that the oil crisis will cause a wholesale liquidation of OPEC Arab investments in City of London banks and financial securities. That, in turn, would lead to a meltdown in United Kingdom government bond markets and stocks, and would likely spread to U.S., Swiss, and other preferred Arab investment havens.

As the oil crisis continues to worsen in parallel with the deepening depression over the coming months, the likelihood is that the huge OPEC investments in G-7 markets will begin to be sold off. At that point, the impact of the "low inflation" oil price will indeed trigger a new round of global financial meltdown. That is the point at which the benefits of price deflation for financial markets will turn into a Frankenstein monster.



The free market will not revive Polish agriculture

Mr. Fraczek is a member of the Senate of Poland, and chairman of the Senate Agricultural Committee, from the Solidarity Electoral Action (AWS) party. He was interviewed by Anna Kaczor Wei in November.

EIR: Please tell us what Polish agriculture looks like after eight years of International Monetary Fund (IMF) shock therapy?

Fraczek: Let's start from 1989, from the shock therapy which we got thanks to Mr. [Leszek] Balcerowicz. We have done a detailed analysis of each sector of agriculture. It reflects what has happened in Poland. For many people the results of this analysis are surprising, and that is because certain facts and information have not been reaching the public. The mass media are not interested in telling the truth, and the reality is far from the big success that they are talking about.

From the data we have collected concerning 1988-96, it is clear that there has been an average 30% collapse in agricultural production in all areas, but there are some areas where the drop has reached 80%. An average consumer does not see this, and does not want to see, because due to more liberal import rules, the shelves in shops are full, often with imported goods. All our critical remarks about this matter are treated like the complaints of malcontents.

Which sectors have been most destroyed? Those which worked to supply the big processing industries, like the sugar industry, or the tobacco and spirit industries—traditional agricultural regions producing for those industries suffered most. Agriculture suffered not only because of Balcerowicz's reforms, but also because of the ideas of Minister of Privatization Jan Lewandowski, who was promoting mass privatization, which meant the sell-out of property to big supranational corporations. We see the results of this in the brewing industry. Poland has good conditions for hop and barley production. Today, although the production and consumption of beer in Poland is growing, foreign companies which have bought Polish breweries are doing very well, while domestic hop and barley production has almost died out. This happened because big corporations bring their own semi-products to produce beer, mainly from Germany. Meanwhile, the typical agricultural regions of Poland, for example, east of the Vistula River, where there are good climate and soil for hop and barley, are in a deep crisis.

We also see another worrisome phenomenon. Most of those supranational foreign corporations (the daily *Polityka* published a list of the 500 biggest corporations active in Poland) show losses on their books. Although their production in Poland is growing, as well as income, yet, they keep declaring losses—also after the last year. How is this possible? Food-processing enterprises are often buying semi-finished products from their own branches, say, somewhere in Africa, and in this way they transfer overseas the profit made in Poland. We have no possibility of controlling the transfer of capital organized in such a way, but the robust prices for those semi-finished products or raw materials suggest that this is a way to transfer capital out of Poland and avoid paying taxes.

Balcerowicz's policy is definitely contributing to this poor state of agriculture. His shock therapy has its impact on producers also today, because he is obsessed, as Finance Minister, with anti-inflation policies, and does not hesitate to introduce imported goods on the Polish market, at dumping prices, below production costs, in order to show that prices are declining.

Prices for sugar and other foodstuffs are declining, but at the same time food-processing companies are losing their capability to accumulate capital. They do not invest, and we see the disintegration of production potential in agriculture, in whole branches, say, the sugar industry or fruit-processing industry. Poland used to be a big exporter of strawberries to western Europe. Today, strawberry production has been almost brought to a halt, even though the processing industry had good technology, and was experimenting [with new techniques]. Today, the formerly two biggest fruit-processing corporations, Hortex and Alinia, in Rzeszow, are doing something completely different.

There is also another very shocking parameter concerning agriculture, namely, the area lying fallow is growing. Land is an unwanted commodity in Poland nowadays. In 1988-96, the area fallow increased between 36 to 50 times, in various parts of the country. In the Rzeszow province, where I come from, the parameter is the lowest, and it is 36 times more. In 1988, it was 1,000 hectares; today, 36,000 hectares. The worst situation is in the western provinces, where there used to be a lot of big state farms.

This year we saw a lot of protests organized by farmers against cheap grain imports, mainly from the Hungarian

We have to end all this talk that this “Invisible Hand” of the market will fix everything. If LaRouche’s program is accepted by President Clinton, or at least some elements of his program, this will definitely have an effect on our country, on the way people evaluate things.

Plain. They have very good climate conditions for this kind of production there, and the cost of production is 50% lower than in Poland. It is not only a matter of climate. Energy and fuel prices are very high in Poland [for example, 5¢ per kilowatt-hour as compared to 2¢ in the United States]. It is also very difficult to get credit, both for investment and turnover, and it is very expensive. So, the costs of production are high. If you let cheap grain from the Hungarian Plain into the Polish market, Polish farmers will discontinue production, they will think it does not make sense. If the cost of production in Poland is 51 zlotys per hundredweight [roughly, \$14.60 per 100 pounds], and the grain which reaches Polish borders is from 18 to 30 zlotys per hundredweight, how can you even start to balance that difference? Should we perhaps just tell farmers to stop growing grains, because that’s what the free market demands from them?

Such a situation leads to the degradation of the productive potential in Poland, and it is tragic, that most of the press describes the present situation as a success because they only look at the prices in shops, which are kept artificially low by cheap food imports. But this will not continue forever. We will see a tragic end of this, when domestic production collapses, when infrastructure collapses, there will be problems with unemployed people: Where are they going to go? To fill up slums around the big cities? And, I do not believe that this cheap food is going to flow into Poland forever.

EIR: There seems to be a growing number of people in Poland openly criticizing the policies of the IMF, the World Bank, and the European Union—just to mention Deputy Jan Lopuszanski’s speech during a November budget debate in the Sejm (lower house of Parliament) [see last week’s *EIR*]. Does this mean that there is a chance that at least some elements of Lyndon LaRouche’s proposal for national economies, which he outlined in his paper “What Each Among All Nations Must Do Now” [see *EIR*, Oct. 9], could also be used in Poland, as has happened in Malaysia to a certain extent?

Fraczek: There is a very important debate going on in Poland right now, first of all, about so-called liberal economic reforms. The debate has focussed everybody’s attention on the relationship between a national community, and wealth, which is necessary to achieve certain economic goals. This is an important debate, because IMF directives to privatize everything—and this kind of privatization means that prop-

erty is sold to supranational, foreign corporations—can be suicidal in our circumstances. There is a lot of pressure on us to privatize our whole energy system. Supranational corporations propose that we abandon coal, and base our entire energy system on gas imported from the Yamal Peninsula, which will lead to the collapse of coal mining, and all the industries supplying coal mining, which employ more people than the coal mining itself. All the engineers specializing in this field will become useless, while we should be working on new technologies for coal extraction and processing.

Concerning LaRouche’s program and his proposals in the area of national finances and budget, I can say that I agree with him, but is it possible to implement such a program in Poland now? It seems to me that it would not be possible—not yet, not at the moment; however, there is a growing understanding of these kinds of matters and the necessity to change economic policies, because, since 1989, nothing has been done in terms of infrastructure building. When it comes to infrastructure, everything we have today in Poland was built during the time of [First Secretary of the Polish Communist Party, 1970-80, Edward] Gierek, that is, in the 1970s; even the highways they want to build now, were designed at that time. So, these are also old ideas, and as of today, they have not found the financial resources with which to construct them, because during the intervening years, the discussion about these kinds of projects has been accompanied by a strong belief that the “Invisible Hand” of the market will take care of that. So, we sold cement factories, and the state budget does not include any means for such investments for today or tomorrow. The authors of the budget wait for the Invisible Hand of the market!

The situation is tragic, for example, in the area of river regulation and water management. There is no money allocated to regulate the Oder River, to build dikes and levees, and this is why we have such damaging floods. Because of the influence of ecological demagoguery, there has been a decision made that the Oder is to be a freely flowing, muddy river—while the Germans are building a canal for transportation purposes. If we want to help our coal miners, we should regulate the Oder, but again, there is supposedly no money for this.

The situation in big cities is also catastrophic because of the lack of infrastructure, but Finance Minister Balcerowicz is trying to eliminate the budget deficit, so he claims that there are no means to build infrastructure.

This is why I think that not everybody is aware that it is a necessity to go back to national economic policies, which were applied in Poland for a certain time between the two world wars, and which now Mr. LaRouche proposes. But I do not think that we will have to wait for long to see a change that would make it possible. The necessity to invest in infrastructure is becoming more and more evident. One can import food from other countries, but not the whole road, not infrastructure! This has to be created by each country individually. This fact will trigger the change in the understanding of the economic reality.

EIR: The political movement working with Mr. LaRouche is trying to change the approach to economic policies inside the United States, which has been hit very hard by the global financial collapse. To induce such a change, we have started an international campaign to seek support for an Appeal to President Clinton, calling on the American President to appoint LaRouche as an economic adviser to his administration. What do you think about the idea that the Clinton administration should implement LaRouche's economic program, or that President Clinton should appoint LaRouche as his adviser?

Fraczek: Here in Poland, we watch the situation in the United States from a certain distance. I think people here are following events mainly in two countries, the United States and Germany. All the decisions made by President Clinton, also in the field of economy—including to what extent he would, for example, accept LaRouche's program—are echoed in many countries of the world, including in Poland. We are also following German politics, and we can see a certain change in the attitude of the new Chancellor. While [Helmut] Kohl used to express his concern about everybody during his foreign trips—he would console everybody, etc.—now [Gerhard] Schröder says, that he lacks an imagination such that would allow him to forecast when Poland will join the European Union. This is a sign that everybody should start thinking realistically, and with a visionary approach. We have to end all this talk that everything will fall into place somehow, and this Invisible Hand of the market will fix everything. Every nation has to evaluate its real situation.

What will happen in the United States? It is difficult to judge from our perspective. If the solutions go in the positive direction, and LaRouche's program is accepted by President Clinton, or at least some elements of his program, this will definitely have an effect on our country, on the way people evaluate things. Because today, all the globalists point to the United States as a country where great economic success was possible thanks to the free market—free and unbridled market. This is how it is seen—although this knowledge may come from nothing other than movies, about a brave cowboy or a farmer who fights Indians on the prairies, and the government is only creating obstacles for him.

Pope issues appeal on World Day of Peace

The following are excerpts from the "Message of His Holiness Pope John Paul II for the Celebration of the World Day of Peace," Jan. 1, 1999. Footnotes have been omitted. The full text was released by the Vatican Information Service.

1. Respect for human rights: the secret of true peace

In my first Encyclical, *Redemptor Hominis*, addressed almost twenty years ago to all men and women of good will, I stressed the importance of respect for human rights. Peace flourishes when these rights are fully respected, but when they are violated what comes is war, which causes other still graver violations.

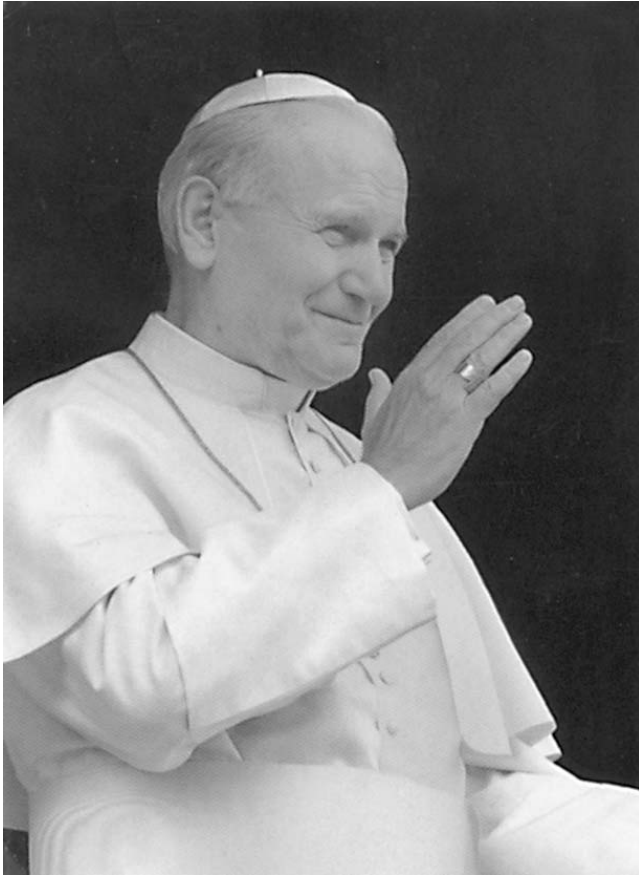
At the beginning of a new year, the last before the Great Jubilee, I would like to dwell once more on this crucially important theme with all of you, the men and women of every part of the world, with you, the political leaders and religious guides of peoples, with you, who love peace and wish to consolidate it in the world.

Looking towards the World Day of Peace, let me state the conviction which I very much want to share with you: When the promotion of the dignity of the person is the guiding principle, and when the search for the common good is the overriding commitment, then solid and lasting foundations for building peace are laid. But when human rights are ignored or scorned, and when the pursuit of individual interests unjustly prevails over the common good, then the seeds of instability, rebellion and violence are inevitably sown.

2. Respect for human dignity, the heritage of humanity

The dignity of the human person is a transcendent value, always recognized as such by those who sincerely search for the truth. Indeed, the whole of human history should be interpreted in the light of this certainty. Every person, created in the image and likeness of God (cf. Gen 1:26-28) and therefore radically oriented towards the Creator, is constantly in relationship with those possessed of the same dignity. To promote the good of the individual is thus to serve the common good, which is that point where rights and duties converge and reinforce one another.

The history of our time has shown in a tragic way the danger which results from forgetting the truth about the human person. Before our eyes we have the results of ideologies such as Marxism, Nazism and Fascism, and also of myths like racial superiority, nationalism and ethnic exclusivism. No



Pope John Paul II's World Peace Day message for Jan. 1, 1999, calls for debt relief for the poorest nations, and upholds the dignity of all men, against rapacious consumerism and globalization.

less pernicious, though not always as obvious, are the effects of materialistic consumerism, in which the exaltation of the individual and the selfish satisfaction of personal aspirations become the ultimate goal of life. In this outlook, the negative effects on others are considered completely irrelevant. Instead it must be said again that no affront to human dignity can be ignored, whatever its source, whatever actual form it takes and wherever it occurs.

3. The universality and indivisibility of human rights

Human rights are traditionally grouped into two broad categories, including on the one hand civil and political rights and on the other economic, social and cultural rights. Both categories, although to different degrees, are guaranteed by international agreements. All human rights are in fact closely connected, being the expression of different dimensions of a single subject, the human person. The integral promotion of every category of human rights is the true guarantee of full respect for each individual right. . . .

With these fundamental presuppositions clearly in mind, I would now like to identify certain specific rights which

appear to be particularly exposed to more or less open violation today.

4. The right to life

The first of these is the basic right to life. Human life is sacred and inviolable from conception to its natural end. "Thou shalt not kill" is the divine commandment which states the limit beyond which it is never licit to go. "The deliberate decision to deprive an innocent human being of life is always morally evil."

The right to life is inviolable. This involves a positive choice, a choice for life. The development of a culture of this kind embraces all the circumstances of life and ensures the promotion of human dignity in every situation. A genuine culture of life, just as it guarantees to the unborn the right to come into the world, in the same way protects the newly born, especially girls, from the crime of infanticide. Equally, it assures the handicapped that they can fully develop their capacities, and ensures adequate care for the sick and the elderly. . . .

5. Religious freedom, the heart of human rights

Religion expresses the deepest aspirations of the human person, shapes people's vision of the world and affects their relationships with others: Basically it offers the answer to the question of the true meaning of life, both personal and communal. Religious freedom therefore constitutes the very heart of human rights. Its inviolability is such that individuals must be recognized as having the right even to change their religion, if their conscience so demands. People are obliged to follow their conscience in all circumstances and cannot be forced to act against it. Precisely for this reason, no one can be compelled to accept a particular religion, whatever the circumstances or motives. . . .

6. The right to participate

All citizens have the right to participate in the life of their community: This is a conviction which is generally shared today. But this right means nothing when the democratic process breaks down because of corruption and favouritism, which not only obstruct legitimate sharing in the exercise of power but also prevent people from benefitting equally from community assets and services, to which everyone has a right. Even elections can be manipulated in order to ensure the victory of certain parties or persons. This is an affront to democracy and has serious consequences, because citizens have not only the right but also the responsibility to participate: When they are prevented from exercising this responsibility, they lose hope of playing any effective role and succumb to an attitude of passive indifference. The development of a sound democratic system then becomes practically impossible.

In recent times various measures have been adopted to ensure legitimate elections in States which are struggling to move from a totalitarian form of government to a democratic

LaRouche: Governments must act to avert catastrophe

*The following statement by Lyndon LaRouche was delivered to a conference of the Slovakian branch of the international Catholic organization *Justitia et Pax* (Justice and Peace), in Bratislava, Slovakia, on Dec. 10, which celebrated the 50th anniversary of the signing of the UN Declaration of Human Rights:*

In the coming weeks the world will experience the disintegration of the international financial and monetary systems in their present form. The fact of the matter is, that a point has now been reached, that the rate of growth of monetary emission, which has been deployed in an effort to temporarily stabilize the collapsing financial markets, is unprecedented in recent times. At the same time, there has been an accelerated collapse, especially in the last six-seven months, in some of the key hard commodities production, employment, and international trade sectors. The collapse of international petroleum prices, which have been a disaster for the countries which heavily depend on them, are an indicator of the general collapse.

Under these conditions, proposals for a so-called new-Keynesian alternative are already totally discredited be-

fore they even begin to be implemented. Either governments will continue the lunatic policy of simple monetary inflation, as seen since early October, and then we will see the monetary system will blow out in a hyperinflationary bubble, or, if the Central Banks avoid this, we will see during the coming weeks a depression much worse than in the 1930s. We have reached the boundary conditions of these two possible trends.

Only sweeping and radical changes in the international financial system can prevent a collapse in the coming weeks and months ahead. We are at the outer limits of follies.

Governments have to abandon these policies now or the world will go into something beyond the imagination of most people in this century. This is not something for the distant future, but for the immediate weeks ahead. In this situation, a great mass of the people in the world will die from effects such as the IMF-conditionality, which have had a mass-murderous effect, as now everybody clearly sees, on the most vulnerable countries and poorest sections of the world. These policies have to be scrapped.

Under these conditions, a humanitarian response from both a moral and economic standpoint has to be a change toward a just new world economic order. Therefore, *Justitia et Pax* should appeal to the governments, to urgently take measures to prevent a catastrophe.

—Lyndon H. LaRouche, Jr.

one. However useful and effective these may be in emergencies, such initiatives cannot dispense from the effort to create in the citizens a basis of shared convictions, thanks to which manipulation of the democratic process would be rejected once and for all.

In the context of the international community, nations and peoples have the right to share in the decisions which often profoundly modify their way of life. The technical details of certain economic problems give rise to the tendency to restrict the discussions about them to limited circles, with the consequent danger that political and financial power is concentrated in a small number of governments and special interest groups. The pursuit of the national and international common good requires the effective exercise, even in the economic sphere, of the right of all people to share in the decisions which affect them. . . .

8. The right to self-fulfillment

Every human being has innate abilities waiting to be developed. At stake here is the full actualization of one's own person and the appropriate insertion into one's social environment. In order that this may take place, it is necessary above all

to provide adequate education to those who are just beginning their lives: Their future success depends on this.

From this perspective, how can we not be concerned when we see that in some of the poorest regions of the world educational opportunities are actually decreasing, especially in the area of primary education? This is sometimes due to the economic situation of the particular country, which prevents teachers from receiving a proper salary. In other cases, money seems to be available for prestigious projects and for secondary education, but not for primary schools. When educational opportunities are limited, particularly for young girls, there will surely arise discriminatory structures which adversely affect the overall development of society. The world could find itself divided according to a new criterion: On the one side, States and individuals endowed with advanced technologies; on the other, countries and people with extremely limited knowledge and abilities. As one can easily guess, this would simply reinforce the already acute economic inequalities existing not only between States but also within them. In developing countries, education and professional training must be a primary concern, just as they are in the urban and rural renewal programmes of more economically advanced peoples.

Another fundamental right, upon which depends the attainment of a decent level of living, is the right to work. Otherwise how can people obtain food, clothing, a home, health care and the many other necessities of life? . . .

9. Global progress in solidarity

The rapid advance towards the globalization of economic and financial systems also illustrates the urgent need to establish who is responsible for guaranteeing the global common good and the exercise of economic and social rights. The free market by itself cannot do this, because in fact there are many human needs which have no place in the market. "Even prior to the logic of a fair exchange of goods and the forms of justice appropriate to it, there exists something which is due to man because he is man, by reason of his lofty dignity."

The effects of the recent economic and financial crises have had heavy consequences for countless people, reduced to conditions of extreme poverty. Many of them had only just reached a position which allowed them to look to the future with optimism. Through no fault of their own, they have seen these hopes cruelly dashed, with tragic results for themselves and their children. And how can we ignore the effects of fluctuations in the financial markets? We urgently need a new vision of global progress in solidarity, which will include an overall and sustainable development of society, so as to enable all people to realize their potential.

In this context, I make a pressing appeal to all those with responsibility for financial relations on the worldwide level. I ask them to make a sincere effort to find a solution to the frightening problem of the international debt of the poorest nations. International financial institutions have initiated concrete steps in this regard which merit appreciation. I appeal to all those involved in this problem, especially the more affluent nations, to provide the support necessary to ensure the full success of this initiative. An immediate and vigorous effort is needed, as we look to the year 2000, to ensure that the greatest possible number of nations will be able to extricate themselves from a now intolerable situation. Dialogue among the institutions involved, if prompted by a sincere willingness to reach agreement, will lead, I am certain, to a satisfactory and definitive solution. In this way, lasting development will become a possibility for those Nations facing the greatest difficulties, and the millennium now before us will become for them too a time of renewed hope.

10. Responsibility for the environment

The promotion of human dignity is linked to the right to a healthy environment, since this right highlights the dynamics of the relationship between the individual and society. . . .

The world's present and future depend on the safeguarding of creation, because of the endless interdependence between human beings and their environment. Placing human well-being at the centre of concern for the environment is

actually the surest way of safeguarding creation; this in fact stimulates the responsibility of the individual with regard to natural resources and their judicious use.

11. The right to peace

In a sense, promoting the right to peace ensures respect for all other rights, since it encourages the building of a society in which structures of power give way to structures of cooperation, with a view to the common good. Recent history clearly shows the failure of recourse to violence as a means for resolving political and social problems. War destroys, it does not build up; it weakens the moral foundations of society and creates further divisions and long-lasting tensions. And yet the news continues to speak of wars and armed conflicts, and of their countless victims. How often have my Predecessors and I myself called for an end to these horrors! I shall continue to do so until it is understood that war is the failure of all true humanism.

Thanks be to God, steps have been taken in some regions towards the consolidation of peace. Great credit must go to those courageous political leaders who are resolved to continue negotiations even when the situation seems impossible. But at the same time how can we not denounce the massacres still taking place in other regions, with the uprooting of entire peoples from their lands and the destruction of homes and crops? Mindful of the innumerable victims, I call on the leaders of the Nations and on all people of good will to come to the aid of those involved, especially in Africa, in cruel conflicts, sometimes prompted by external economic interests, and to help them to bring these conflicts to an end. A concrete step in this regard is certainly the eradication of trafficking in arms destined for countries at war, and the support of the leaders of those peoples in their quest for the path of dialogue. This is the path worthy of the human person, this is the path of peace! . . .

13. A time of decision, a time of hope

The new millennium is close at hand, and its approach has filled the hearts of many with hope for a more just and fraternal world. This is an aspiration which can, and indeed must, become a reality!

It is in this context that I now address you, dear Brothers and Sisters in Christ, who in all parts of the world take the Gospel as the pattern of your lives: Become heralds of human dignity! Faith teaches us that every person has been created in the image and likeness of God. . . .

Jesus taught us to call God "Father," Abba, thus revealing to us the depth of our relationship with him. Infinite and eternal is his love for every person and for all humanity. . . .

Let us accept the invitation to share this love! In it is found the secret of respect for the rights of every woman and every man. The dawn of the new millennium will thus find us more ready to build peace together.

The euro will crash like Icarus

Warnings against the new European single currency are continuing right up to its launch on Jan. 1, 1999.

The new single European Union (EU) currency, the euro, set to be launched on Jan. 1, 1999, will be introduced in two stages: initially for inter-bank and other electronic transactions; and, as of Jan. 1, 2002, for everyday private transactions, as coins and banknotes. A “new era” will begin, the governments and the majority of leading politicians in the 11 EU countries that will be the initial members of the full European Monetary Union (EMU), keep saying. They say that the single European monetary market will be safe from speculation among today’s EU currencies and against outside speculators, and that it will eliminate tens of billions of transaction costs required for changing one European currency into another.

At first sight, the single European monetary market appears to be a bulwark, just by its size and its “war chest” of \$250-300 billion, against big speculators like George Soros. But by statute, the EMU is an integral part of the global monetarist system; it does not ban speculation, which means that whoever wants to work, as an inside proxy, with outside speculators, will be able to do so. The European Central Bank (ECB), in Frankfurt, will have no other tools at hand to deal with the global financial and economic crises, than the usual arsenal of instruments provided by monetarist theory: raising or lowering interest rates, devaluing or upvaluing currencies, reducing or expanding the money supply, and so on.

The EMU will be a big vessel on the global ocean of capital flows, but it will be less flexible than a smaller vessel of the type that sailed when

monetary policies were still a privilege of individual national governments. ECB Council decisions will be mandatory for all 11 member-countries of the EMU, no matter what their particular economic and financial situation. Lacking fine-tuned instruments, the ECB will make no distinction between collapsing industrial regions and tax-exempt entertainment parks.

Worse, the ECB will be the watchdog over the budgets of the 11 member governments, seeing to it that the tight EMU criteria for balanced budgeting are not missed. The national governments will not be permitted to create “imbalances” in the budget, to fund job-creation and other state programs. EMU governments will have to pay heavy penalties, in the range of several billion dollars, if they fail to meet the criteria.

The most vulnerable EMU flank, however, is the continuing effect of the global economic collapse on European exports and investments outside the EMU. Within the budget deficits permitted under the EMU criteria, governments have no breathing space to intervene to revitalize their economies. Governments will be forced to watch, as companies, banks, and other institutions default, as millions more workers lose their jobs. The governments will be as helpless against the global depression as any weak, unstable developing sector regime, and European and non-European investors alike may find the euro as weak as the Indonesian rupiah at the peak of the first round of the Asian crisis in early 1998. As there are no capital controls in the EMU, the outflow of capital can-

not be prevented.

Therefore, the European edition of the *Wall Street Journal* hit a raw nerve on Dec. 10, in an article headlined “Thinking the Unthinkable: Could EMU Fail?” The sub-head read: “Collapse Might Seem Like Armageddon, Analysts Say.”

Two days later, during a panel on the EMU in Berlin, Wilhelm Hankel, a former member of the German central bank council, made headlines with the sarcastic proposal to “rename the euro ‘Icarus,’ because it will crash, like he did.” This referred to the ancient Greek myth of Icarus, who tried to reach the sun with wings made of wax. As he got closer, the heat of the sun melted the wax, and he crashed into the sea.

Hankel is one of four plaintiffs who challenged the euro before the constitutional court of Germany in January 1998, on the grounds that the EMU is against the German Constitution, because it destroys sovereignty in budget and monetary affairs. The court dismissed the case in April, but skepticism against the EMU has not died down despite that legal defeat, and despite an election campaign that ignored the issue while the government propagandized massively for the EMU.

A speech by German metal workers chairman Klaus Zwickel, at the European Metal Workers Federation convention in Frankfurt on Dec. 9, reflects growing uneasiness among labor about the monetary union project. He threatened that labor will withdraw its support for the EMU, should the monetarist project fail to create jobs for the 8 million registered, and 9 million more unregistered, jobless in the EU. Also, the German labor union of the banking sector warned on Dec. 14 that the “synergistic” effects of bank mergers in the EMU will kill 100,000 jobs—24% of all jobs in that sector.

What Eurasian Land-Bridge?

The government's new report on Asian infrastructure carries not a single mention of the "new Silk Road."

Deputy Prime Minister Tim Fischer has outdone himself this time, in making a laughingstock of himself and his government. Widely known as "Dim Tim," because of his imperviousness to reality, Fischer is also the Minister for Trade and Industry; in that capacity, on Dec. 2, he launched his government's definitive new report on Asian infrastructure, "Asia's Infrastructure in the Crisis—Harnessing Private Enterprise." The report contains *not a single mention of the greatest infrastructure project in the history of mankind*, the 11,000 kilometer Eurasian Land-Bridge, stretching from Lianyungang, China to Rotterdam, the Netherlands.

But, it is not just "Dim Tim's" usual blockheadedness, rivalling that of the cigar store Indian himself, fellow free trader U.S. Vice President Al Gore, which caused his government to overlook the project around which all global strategic reality is now pivoting. In fact, Fischer's government is keenly aware of the Land-Bridge and its implications. So, to not mention it, can only mean that the government is bitterly *opposed* to it, as per the report's radical free trade axioms.

Two incidents, in particular, prove that the blackout of the Land-Bridge is intentional. First, in mid-1997, one of Lyndon LaRouche's Australian associates had contacted Dr. Frances Perkins, the head of the Department of Foreign Affairs and Trade unit which authored the report, and verbally briefed her on the Land-Bridge, and sent her a copy of *EIR's* 290-page report, "The Eurasian Land-Bridge: The 'New Silk Road'—Locomotive for Worldwide Economic De-

velopment."

Second, and more important, the work on the Land-Bridge by Lyndon LaRouche and his wife Helga Zepp-LaRouche, widely known as the "Silk Road Lady" for her advocacy of the project, figured prominently in the wild attack which Fischer launched on LaRouche in early June 1996, in which Fischer squealed, "There is no place in Australia for the type of agenda being pursued by the LaRouche organization." Only hours before that attack, Fischer had met with European Union Trade Commissioner Sir Leon Brittan, who had just attended a major conference in Beijing on the Land-Bridge at which Zepp-LaRouche was a featured speaker. Sir Leon, in his typically arrogant British fashion, had demanded that the Land-Bridge be built, if at all, under private auspices, "or else."

In contrast to Brittan's insulting behavior, Zepp-LaRouche's passionate advocacy of this great project resonated strongly with her hosts. In other words, Sir Leon had taken a political drubbing at the hands of Zepp-LaRouche. Clearly "not amused," Sir Leon whispered in "Dim Tim's" ear as soon as he got to Australia, and "Dim Tim" went up like a skyrocket. His attacks on LaRouche made front-page news for a week.

Aside from blacking out the biggest infrastructure project in the world, the report also ignores the deepening global depression, with such lunatic prognostications as: "The immediate financial crisis stage appears to be over for most regional [Asian] economies"; and, that "most economies should recover in the next

two to five years."

Notwithstanding Fischer's pious proclamations on Dec. 2 about how "it would be wrong to be simply a fair-weather friend of Asia," the report prescribes measures for the further *looting* of Asia, through privatization of the region's infrastructure, to wit: "Crisis-induced infrastructure asset sales will provide investment opportunities for Australian infrastructure investment firms."

Over all these measures hangs the stench of corruption which invariably accompanies "privatization" scams, in which private interests loot the infrastructure base built up over decades with public funds, as has happened in Australia. The report waxed eloquent about two privatization models in particular: that of the state of Victoria, where citizens are now dying because of the privatization of infrastructure, particularly in the health sector, and that of the water supply in Manila. Both of these were scripted by the Tasman Institute, an Australian front for the British Crown's Mont Pelerin Society. Tasman, together with its fellow Mont Pelerin think-tanks, helped design the federal government's privatization program, the world's second-largest (behind Margaret Thatcher's Britain), *while at least six members of the federal government are long-standing associates of these think-tanks*. In other words, their cronies, whom the government has employed as "consultants," have made a bundle from government policy!

No wonder, that the report's executive summary concludes: "These reforms should provide commercial opportunities for Australian businesses and consultants. The Australian government should promote and facilitate such reforms . . . and assist Australian business to access these opportunities."

Business Briefs

China

Rural development gets high priority

The Chinese Communist Party (CCP) Central Committee held a national conference on rural development in October, to ensure the development of agriculture and the welfare of farmers into the next century, *China Daily* reported. This was the first such special meeting in the history of the CCP. It was addressed by party head Jiang Zemin, among others.

The "household contract responsibility system," under which farmers determine production on their land, still technically owned by the state, was extended for another 30 years. This was one of the key reforms initiated by Deng Xiaoping 15 years ago. "The extension will ensure [that] farmers reinforce their investment in farm land and related industries," said Liu Zhicheng, former vice-president of the Chinese Academy of Agricultural Sciences. Liu said that 20 years of growth had increased annual grain output to 500 million tons by last year, basically meeting the demand of the country's population of nearly 1.3 billion people.

Liu warned that the food supply available on the international market will, at most, only be able to meet half of China's demand by 2010.

Mining

Rio Tinto set to grab up assets on the cheap

Rio Tinto, the Queen's mining company, is preparing to seize upon growth opportunities created by what it publicly expects to be a "profound and prolonged" global economic recession in 1999, according to the Dec. 7 *Australian*.

Robert Wilson, Rio Tinto's London-based chairman, said that if the U.S. economy contracted suddenly in 1999, "we are facing a very gloomy future. . . . The downside risk is very serious." But, Wilson stated that "the prospect of a global crunch had prompted the world's biggest miner to keep

its takeover tinder dry in expectation a global downturn would throw up growth opportunities."

Wilson stated that there are "three easily identifiable trigger-points which could lead the global economy into a very profound recession, profound and prolonged," which he identified as a collapse of the U.S. stock market, a slide of the Japanese economy from recession into depression, and a disintegration of the Brazilian economy, which could trigger a U.S. stock market crash.

Referring to the collapse of the global steel market, Wilson attacked some countries' anti-dumping rules, which he described as "protectionism by another means," and said that they concentrated the burden of recession. He admitted that the steel collapse had affected the production of its Hamersley Iron Ore mine in Western Australia.

Petroleum

Kazakstan agrees to pipeline study

On Dec. 9, under the auspices of U.S. Energy Secretary Bill Richardson, Kazakstan signed an agreement with Chevron, Mobil, and Shell oil companies to undertake a feasibility study for creating a unified system of oil and gas pipelines from western Kazakstan to Turkey.

There has been intense lobbying by the U.S. government for such an agreement, in order to bring Kazakstan into the development of a trans-Caspian route from Baku to Ceyhan, a Turkish port on the Mediterranean. The Baku-Ceyhan line has become a high priority for the Clinton administration, because it would be an alternative to the Russian and Iranian routes. This is in addition to an improved route through Russia, which is also supported by the United States.

The construction of a new pipeline through the difficult terrain of eastern Turkey has been met with a great deal of skepticism by the oil companies, which will be asked to foot the major share of the bill for its construction. The U.S. government and many of the governments in the region have been strongly pushing this alternative, under

the guise of "multiple routes," largely for reasons of British manipulated geopolitics.

Although numerous feasibility studies have been done, very little construction has taken place, and with the price of oil at \$10 a barrel, the oil companies would prefer to use present pipelines to accommodate possible increases in the flow of oil. The Baku-Ceyhan line was the topic of heated debate during two days of a Caspian Development Conference in Washington, where a number of U.S. officials lobbied strongly for the Baku-Ceyhan line.

Azerbaijan's Ambassador to the United States, Hadar Pashaev, said that "pipelines are not only a means of transportation, but an important link in the emerging Silk Road, which will include not only pipelines, but infrastructure and development, placing the region in the center of international trade and commerce."

Infrastructure

India's expressway may be scaled down

Indian Prime Minister's Atal Behari Vajpayee's plan for a 13,500 kilometer north-south, east-west road corridor is being drastically reduced to one-third its original length, an Indian journal, the *Business Standard*, reported on Dec. 10. The taskforce on infrastructure is expected to take a decision on the revised plan in December. The revision is being made on the basis of a recommendation by Planning Commission member Montek Singh Ahluwalia, and one of the taskforce members.

"We are not discarding the original plan. Our suggestion is on prioritization. As of now, we can think of laying roads from the extreme ends in the north, south, east, and west linking the golden quadrangle," Ahluwalia said. "There are already some roads starting from the four corners of the country. Some projects are being implemented. The effort should be to fill the gaps."

In its last meeting, Ahluwalia told the taskforce that the bulk of road traffic in the country is concentrated on the golden quadrangle, and that the priority should be to strengthen this quadrangle and link it to the

four corners of the country with highways. Taskforce chairman Jaswant Singh has asked the Transport Ministry to give its opinion, and it is expected that the ministry will accept the recommendation.

Nuclear Energy

Russia outlines export program to Iran, China

Russian Minister for Atomic Energy Yevgeni Adamov reported on his recent trips abroad to firm up export business for the nation's nuclear energy industry, in a press conference in Moscow on Dec. 8. He said that Russia has received an offer to build three new nuclear units in Iran, and will take responsibility for training the workers who will be needed to run them.

Adamov reported that although Iran is an oil-rich country, "the strategically minded leadership of that country is looking 30 years ahead and more." Asked about the reaction of the United States to its cooperation on nuclear energy with Iran, Adamov said that Russia is more concerned about weapons proliferation in Iran than is the United States, because America is an ocean away but Russia is right next door. He said that all proliferation concerns are being taken care of.

Adamov reported that his ministry is working on the contract for a new power plant in China, and that "there are several dozen Chinese specialists in Moscow and Leningrad at present." Most recently, the Russians signed a contract with India for a nuclear plant design, which will be completed in the first half of 1999. The documents will be handed over to the Indian regulatory bodies, he said, and then they will make a decision on building the plant.

Meanwhile, because of the state of its economy, Russia plans to cut the number of its own new nuclear plants, Adamov reported. "We intend to dramatically cut the number of facilities in which we invest, in order to concentrate investments in facilities which are nearing completion and can be quickly put into operation and bring returns." Itar-Tass reported on Dec. 8 that the Kursk nuclear power plant has suspended construction of the fifth unit in that complex

for lack of funds, and that the ministry is "looking for investors" to complete the plant.

Economic Policy

Reich calls for 'New Bretton Woods' system

In his regular commentary on National Public Radio's "Marketplace" daily business news show on Dec. 10, former Labor Secretary Robert Reich defended the importance of the physical economy against the speculative financial system, and called for a New Bretton Woods system, using phrases associated with Lyndon LaRouche.

"The late 1990s will be remembered for a new kind of financial gamesmanship, now on a global scale: international flows of money, larger than anyone has ever seen or contemplated, moving at the speed of electronic blips on computer screens. It's the story of giant flows of hot money, speculative plays on a grand scale, hedge funds leveraged so high they reach the sky. The real economy of goods and services, of plants and machines, is once again at the mercy of the casino economy. But the stakes this time are much higher, the playing field is the entire world," Reich said.

"The International Monetary Fund . . . medicine has had awful side-effects on these nations: recession, deflation, depression. Once again, business has been sacrificed to finance," he said.

"The IMF and the Treasury have got it precisely backwards. . . . Countries and businesses don't need to be tamed, it's global finance that needs the taming. Hot money has to be slowed. . . . The fact is, the real international economy of goods and services traded across borders, cannot thrive in an environment of high-speed speculative finance.

"More than a half-century ago, the world leaders who gathered in Bretton Woods, New Hampshire to craft the postwar system of trade and development, understood this point. But now we need a new Bretton Woods, and its goal must be to design new rules to curb a new and more virulent form of global speculation in this age of electronic capitalism."

THE NIPPON Credit Bank, despite a \$500 million injection of public funds last March, was unable to come up with a "satisfactory recovery plan," according to Japanese officials, and was formally declared insolvent by the government on Dec. 13 and put under state control. In 1997, *Fortune* magazine rated it among the top 50 banks in the world.

INDIA agreed on Dec. 9 to withdraw all non-tariff barriers on Bangladesh's exports, but temporarily put aside a request for a zero-tariff structure, the *Asian Age* reported. Bangladesh Commerce Secretary Syed Alamgir Farooq Chowdhury said, "We have proposed the zero tariff facility to reduce the huge imbalance in trade with India."

UKRAINE will sell generators to China for the Three Gorges Dam, Foreign Minister Borys Tarasyuk said during a visit to China in December. Other discussions touched on cooperation in agriculture, and conclusion of a contract for Ukraine to help upgrade Chinese commercial airplanes.

THE SWEDISH telecommunications group Ericsson, the third-largest producer of cell phones in the world, is expected to announce plans to lay off 10,000 workers, about 10% of its global workforce, in a cost-cutting program to be presented on Jan. 28, 1999.

MONGOLIA signed a deal with China on Dec. 11, in which China will help build a \$39.7 million oil refinery, Mongolia's first. The facility, to be built near Dzuunbayan, will process 500,000 tons of oil annually, while another 500,000 tons is to be exported to China beginning next October.

A THAI-CHINESE project to build a \$2 billion dam on the Mekong River in Sibsongpanna, an ethnic Thai region in Yunnan province, China, has been approved. It will generate 1,500 megawatts, with 20% used locally and the rest sold to Thailand through Laos.

Asbestos: The real danger is irrationality

The campaign to ban asbestos is based on anti-scientific hysteria. Research shows that small airborne amounts of this highly beneficial mineral are not dangerous at all. Elisabeth Pascali reports.

Over the last 20 years, most people have been led to believe that any level of exposure to asbestos is unsafe. Everyone has been affected, to a greater or lesser extent, as schools have been closed for long periods of time and homes have had to be renovated—all because of asbestos. By current estimates, nearly \$100 billion has been spent by schools alone in their asbestos abatement program. However, as this article will show, *small amounts of asbestos in the air are not dangerous.*

The Occupational Safety and Health Administration (OSHA) has set an occupational safety standard which establishes that workers can work safely under conditions where there are fewer than 0.1 airborne asbestos fibers per cubic centimeter of air. Of course, like fire, asbestos should be used wisely. If you choose to lay asbestos insulation in your attic, or work with it in high concentrations, a mask and appropriate precautions are required.

However, *there is no danger to the public* from airborne asbestos caused by the disintegration of insulation and fireproofing in buildings. And asbestos is still the best fireproofing material that we have available today.

Measurements in more than 214 schools show the average fiber content in schoolrooms to be 0.0025 fibers per cubic centimeter of air—400 times lower than the OSHA requirement for worker safety. The real damage has been done by the Environmental Protection Agency (EPA), and other irresponsible promoters of the myth that “one fiber of asbestos can kill.” They have been promoting a blind fear of this very useful mineral—a fear that attacks our powers of scientific judgment (just as *heavy doses* of airborne asbestos might attack our lungs).

The damage to rationality can be seen in many newspaper reports. This article in the Aug. 13, 1993 *Washington Post* is typical: “Nineteen families were forced to flee their apart-

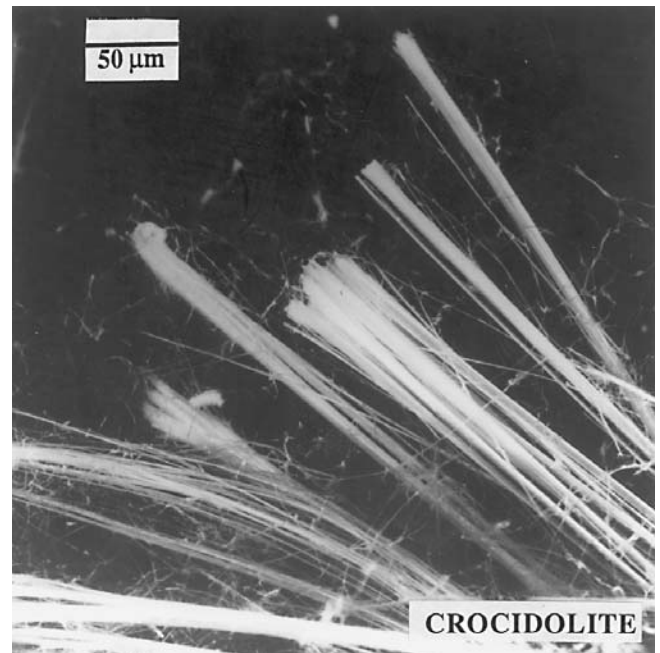
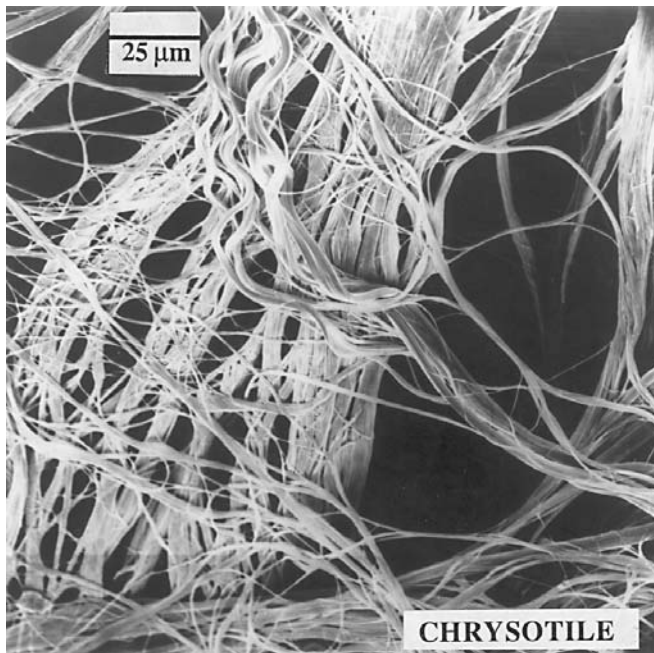
ments when asbestos contamination was found on the sixth floor of a HUD-owned Tyler House Apartments on Aug. 6. Some rushed out with only the clothes on their backs. ‘We’re terrified, and we don’t know what is going on,’ said third floor resident Yvonne Commings at the meeting this week with officials from the U.S. Department of Housing and Urban Development [HUD]. ‘I’m so scared I can’t eat or sleep.’ ”

This incident occurred two years after the U.S. Fifth Circuit Court of Appeals threw out the EPA’s attempt to ban all asbestos products, and the EPA itself admitted that asbestos insulation that was already in place did *not* cause a health threat (see below).

The miracle mineral

Did you ever wonder how the Wicked Witch of the West’s broom in the movie “The Wizard of Oz” could burn and threaten the Scarecrow, and yet still look perfectly normal later in the film? This was not just the movie industry’s sleight-of-hand; the “straw” in the broom was actually made of asbestos. Actors and theatergoers at the time were very familiar with materials made from asbestos, as stage curtains had been made from asbestos proscenium for more than 100 years, and had been credited with saving many lives in theater fires. In 1939, the year that “The Wizard of Oz” was made, asbestos was hailed for its “service to humanity” at the New York World’s Fair, where a giant Asbestos Man greeted visitors to the pavilion of a company called Johns-Manville. The fairgrounds themselves were full of asbetos, from its rooftop coverings, to help with fireproofing, to the underground cement pipes that were strengthened with asbestos.

Once known as “mineral silk,” asbestos has had many useful roles in mankind’s history. The Greek physician Dioscorides in his first century A.D. text *De Materia Medica*,



Highly magnified views of two types of minerals classified as asbestos: The photo on the left shows the mineral chrysotile (“white” asbestos), which is typical of the type mined in the United States and Canada. This type is used in 95% of asbestos products in the United States. The photo on the right shows the mineral crocidolite (“blue” asbestos) from North Cape, South Africa. Note the soft, “spaghetti”-like appearance of the white asbestos fibers as contrasted to the harder splintered fibers in blue asbestos. Studies have shown that significant exposure to blue asbestos can cause mesothelioma (cancer of the chest cavity lining), whereas exposure to white asbestos does not.

reported that reusable handkerchiefs could be made of asbestos, which could be cleansed and whitened with fire. It was also used at the time as a wick for oil lamps (in fact *asbestinon*, the original name given to this mineral by Pliny the Elder, means “unquenchable”). This was the secret of the Vestal Virgins’ eternal flame at the shrine of Vesta. Later, in the ninth century, Emperor Charlemagne had a tablecloth made of asbestos that he threw into the fire and pulled out unharmed to impress his dinner guests. In the 1820s, an Italian businessman named Giovanni Aldini created a line of ready-to-wear fireproof apparel, designed specifically for urban firemen. With the advent of the first industrial revolution, asbestos’s fireproof properties became a crucial element in the development of the steam engine. Mixed with rubber, it proved an ideal material for internal components like gaskets and packings.

During World War II, asbestos was considered a strategic asset and was banned from being used for any non-essential purposes. Several hundred tons had to be supplied to the U.S. government daily during the war, for use in everything from parts for ships’ engines and jeeps, to bazooka shells and parachute flares. On the battlefield, it was even used to make easily sterilized bandages.

After the war, high-rise buildings became a reality, in part because of the development of a technique which sprayed an asbestos coating onto the steel structure, which protected it from buckling in the heat of a fire. It was used a great deal in

housing construction: fire-retardant shingles, asbestos-strengthened cement, and fireproof insulation. Even telephones and other consumer goods were made of plastic mixed with asbestos.¹

The real medical danger

As the use of asbestos in manufacturing and construction industries grew, health problems among workers exposed to high levels of asbestos dust began to appear. Prior to World War II, British medical professionals began to see cases of asbestosis—the hardening of the lung tissue due to exposure to asbestos dust—which could become fatal, by eventually making the lung completely inoperable. They were also seeing what would later be recognized as cancer of the lung and a very rare cancer called mesothelioma, cancer of the lining of the chest cavity. A little later, in the United States, Dr. Irving Selikoff of Mt. Sinai Hospital in New York published a definitive study of the effects of dusty working conditions for asbestos insulation workers.

Dr. Selikoff had been working as a consulting physician to the New Jersey Asbestos Workers Union, and saw conditions of the workers which were quite horrifying to him. His paper, published in 1964, proved that working under the very dusty conditions of the asbestos insulation factories was very

1. See James E. Alleman and Brooke T. Mossman, “Asbestos Revisited,” *Scientific American*, July 1997, pp. 70-75.

dangerous to workers' health. His research led to needed modifications in the work environment for the asbestos industry. However, later in the 1970s, when studies came out showing that the effects of asbestos fibers varied depending on the type of asbestos used, Dr. Selikoff and the people who were working with him called this "revisionism." "All you have to do is see one or two mesothelioma patients to know it doesn't take much asbestos to produce it," said Selikoff. "I'm only interested that human beings not be further exposed to asbestos. And those who say they should be further exposed really have to explain why."²

Many studies of the health effects of asbestos on miners and industrial workers have been done. Since the late 1970s, Dr. Malcolm Ross (see accompanying interview), a mineralogist from the U.S. Geological Survey and a world authority on asbestos, has been helping the medical profession to understand the different properties of the various minerals categorized as asbestos. There are six main varieties of asbestos, only three of which have been commercially used. They are classified together, because they all contain long chains of silicon and oxygen, which give them their fibrous characteristics.

Of the three commercially used, two: crocidolite, or "blue asbestos," and amosite, or "brown asbestos," are of the amphibole variety. The third type is chrysotile, or "white asbestos"; its fibers are much curlier and are thus known as the serpentine variety.

Dr. Ross published numerous papers, including an extensive survey published in 1984,³ of the studies done on the adverse health effects of asbestos to asbestos mining and industry workers, in order to help to predict the health risks of non-occupational exposure. The studies showed that 1) mesothelioma is principally caused by blue asbestos and to a lesser extent brown asbestos, but not by chrysotile or white asbestos; 2) asbestosis and lung cancer can be caused by all three types of commercially used asbestos, although the risk of lung cancer is greatly increased in those who smoke; and 3) the risk posed by working with asbestos is clearly dependent on the amount of asbestos fibers that are airborne.

OSHA has determined that 0.1 fibers/cubic centimeter is the highest density of airborne asbestos that can be allowed in a safe workplace. A few of the studies done of workers show that this is a very safe limit. Chrysotile asbestos miners of Quebec, who worked for more than 20 years under conditions where there was an average of 20 fibers/cubic centimeter in the air that they breathed, were found to live perfectly normal lives, with no increase in mortality. A study done in Cardiff,

Wales, of asbestos cement workers, showed no increased incidence of lung cancer or other asbestos-related diseases, even though the 1,970 workers surveyed had been exposed to average levels of 1-2 fibers/cubic centimeter of mostly chrysotile or white asbestos per milliliter of air for a period of six months or longer between the years of 1936 and 1977.

The level of 1-2 fibers per cubic centimeter is much lower than the level that workers experienced either in asbestos textile manufacturing, or installing or removing asbestos insulation in heating and electrical conduits, or in any workplaces without ventilation. Studies of the workers under such conditions showed a marked increase in death due to cancer and asbestosis (although mesothelioma was still restricted to those exposed to the amphibole type of asbestos and not chrysotile).

If this had been the end of the story, it would have been a very successful case of industrial hygiene at work. It is very clearly established that those who work with asbestos and install it in buildings must take great precautions.

The political witch-hunt

Unfortunately, the EPA and private environmental organizations extrapolated the work that Dr. Selikoff and others had done, transforming the message into one of great public danger to *anyone* exposed to *any* amount of asbestos. Their motto, used to scare parents, homeowners, and schoolchildren alike, was "one fiber can kill." Although 90-95% of the asbes-

Asbestos is not guilty!

Co-author Dr. Paul Lysenko is a research chemist, originally from Ukraine. He graduated from the University of Kharkov in 1932, and soon after developed a very efficient technique for the conversion of low-quality coals into standard quality coking coals. Lysenko's technique met with political opposition from supporters of existing technologies, but it was so successful that it was implemented throughout the Donbass region in the late 1930s. Scientific journals in Germany and the United States published translations and abstracts of many of Lysenko's papers.

Although his brother, Trofim D. Lysenko, was an Academician whose name became synonymous with Stalinist science, Paul Lysenko was driven into exile in 1942, by the same Soviet political regimentation of scientific research that had glorified his brother. Paul and his wife Natalie moved to the United States in 1949, under the sponsorship of the International Rescue Committee.

This article is composed of excerpts from five different appeals concerning asbestos that Drs. Paul and Natalie Lysenko presented to the U.S. Congress, the President, and the EPA during second half of the 1980s.

2. Richard Stone, "News and Comment: No Meeting of the Minds on Asbestos," *Science*, Vol. 254, November 1991, p. 929.

3. M. Ross, "A Survey of Asbestos-Related Disease in Trades and Mining Occupations and in Factory and Mining Communities as a Means of Predicting Health Risks of Nonoccupational Exposure to Fibrous Minerals," *Definitions for Asbestos and Other Health Related Silicates, ASTM STP 834*, Benjamin Levadie, ed. (Philadelphia: American Society for Testing and Materials, 1984), pp. 51-104.

tos used in the United States is of the safer chrysotile type, the EPA ran a campaign which, at its height, tried to have all asbestos removed from buildings, and its use completely banned by 1996.

Fortunately, the Asbestos Information Association succeeded in overturning the ban on all asbestos products in 1991, by taking the EPA to court.

It cannot be an accident that this issue was picked up by the EPA in the 1970s. Think back to the change in attitude of public institutions between 1969 (the height of the Apollo Moon landing program) and 1979 (the EPA's first banning of asbestos). Environmentalism and "small is beautiful" philosophies began to dominate. In 1972, the Club of Rome published a Malthusian-premised computer projection called *Limits to Growth*, purporting to prove that the biggest danger that mankind faces in the coming decades is its own belief in growth and progress.⁴

Asbestos was the second major substance to be banned by the first EPA Administrator, William Ruckelshaus. The first chemical to be banned had been the pesticide DDT, which had all but eradicated malaria in many developing countries, and which Ruckelshaus admitted that he banned, not for sci-

4. Dennis Meadows, Donella Meadows, Jorgen Randers, and William W. Behrens, *The Limits To Growth: A Report for the Club of Rome's Project on the Predicament of Mankind* (New York: Signet Classics, 1972).

entific reasons, but for political ones.⁵ Alongside this was the witch-hunt against nuclear energy, a technology that promised to bring abundant, cheap, clean, and safe energy to many nations of the world, with the Atoms for Peace program.

But for anyone who went to school in the 1970s or later, asbestos was known as a "poison" and nothing else. According to the Asbestos Information Association, the use of asbestos dropped from nearly 800,000 tons/year in the mid 1970s to about 41,000 tons in 1990. The real damage that has been done by creating such an atmosphere of terror, is to abort the excitement in new technologies and discoveries of an entire generation.

That is not to say that asbestos use has disappeared altogether. There was a very effective fight put up against the environmental ban by both the scientific and the industrial community. As Dr. Ross mentions, he started working on educating the medical community and the public on the mineralogy of asbestos as early as 1978. Right up until 1984, he thought that he was making progress.

However, the anti-asbestos campaign was also building. In 1979, the EPA came out with its first "Guidance Document" for schools on asbestos abatement. In this document, they discouraged air sampling as an "inappropriate" method for determining the asbestos danger. The report argued that

5. Marjorie Mazel Hecht, "Scientists Score DDT Ban," *21st Century Science & Technology*, Summer 1992, p. 48.

We are both chemists and have been familiar with asbestos for many years, dating back to our university days. We would like to show you why continuing the use of asbestos is not only safe, but very important to the economy of the United States.

Asbestos products, especially those that are already in place, like asbestos roofing felts, flooring felts, vinyl asbestos tile, asbestos cement pipes, and asbestos clothing, which the Environmental Protection Agency (EPA) proposes to eliminate, are not dangerous, because they do not lose their fibers into the air wherever they are—on the ceiling, on the roof, or on the floor, even during a fire. In order to release asbestos fibers into the air, the asbestos has to be mechanically chipped, sanded or ground.

Asbestos is and can be dangerous for workers who are working in the asbestos industry, where asbestos is being ground by industrial machines. For such industries, there are special health safeguards to protect the workers by having them wear masks, etc.

During a fire, asbestos insulation on pipes stays practically unchanged. But, during a fire, a modern substitute for asbestos for pipe insulation does pollute the air with soot and gases which are very toxic. The modern plastic

handles of many tools—for example, screwdriver handles—can burn up in a few minutes. The fumes from one small plastic handle of only a few ounces can kill everyone in the room where the fire took place.

But the handles that are made of a mixture of plastic and asbestos either don't burn at all, or only smolder very slowly. Everyone caught in a fire in the same room could either leave or put out the smoldering item.

We would also like to note, that the injection of asbestos fibers into animals, causing sickness in the animals, does not indicate that breathing these fibers will cause lung cancer. For instance, a cow which is eating hay and is breathing near hay for years will still give healthy milk and does not get lung cancer. However, an injection of hay fibers can kill this cow, or make her sick, depending on the quantity of the injection.

Already a lot of damage has been done to the asbestos industry. In 1973, in the United States, 875,000 tons/year of asbestos products were being used. By 1984, because of the persecution campaign against asbestos, only 240,000 tons were used.

Asbestos products are safe, not toxic. U.S. school buildings need asbestos products.

—Paul and Natalie Lysenko

just because one sample showed low amounts of asbestos, this was not sufficient to prove that those levels existed at all times.

Instead, the EPA recommended that the health risk be determined by a subjective, visual inspection. If any asbestos-containing (“friable”) surfacing materials were found, the EPA recommended removal, enclosure, or deferred action. If a contractor came in and cleared out the asbestos, only then was an air sampling test allowed, and the contractor was relieved of liability only if the asbestos particle measurement were less than 0.005 fibers/cubic centimeter. The EPA published seven versions of this “Guidance Document” over the next 10 years, and the political pressure to ban asbestos kept growing. Only in its last report, in 1990, did it publish the long-proven facts that the asbestos hazard is dose-dependent, and that asbestos removal could potentially result in an *increase* in exposure to the building occupants.⁶

Not coincidentally, 1990 is the same year that Dr. Brooke Mossman and four colleagues published an article in *Science*, the magazine of the American Association of the Advancement of Science, which stated, “The available data and comparative risk assessments indicate that chrysotile asbestos is not a health risk in the non-occupational environment.”⁷ This article convinced the scientific community on the issue, and must have influenced the EPA, which published a report echoing such conclusions that same year. However, the lack of publicity and the continued bombardment of uninformed contrary opinions have prevailed.

The time has come to take a long, hard look at our society’s fear of this very useful mineral. All that the EPA has succeeded in doing with its anti-asbestos campaign, is to engender irrational fear in the population and to smother a natural excitement for new discoveries. This irrationality can no longer be accepted.

Interview: Malcolm Ross

Bringing sense to the asbestos issue

Dr. Ross is a research mineralogist with the U.S. Geological Survey in Reston, Virginia. He has worked closely with Dr. Brooke Mossman and others who have been instrumental in disproving the myth that “one fiber of asbestos can kill.” Ross was the recipient of the Distinguished Service Award from

6. Richard Wilson, et al., “Asbestos in New York City Public School Buildings—Public Policy: Is There a Scientific Basis?” *Regulatory Toxicology and Pharmacology*, 20 (1994), pp. 161-169.

7. B. Mossman, et al., *Science*, Vol. 294 (1990), p. 294.

the Department of Interior in 1986. He was interviewed by Elisabeth Pascoli.

EIR: Could you tell us the background of your work on asbestos?

Dr. Ross: I’ve been at this for 20 some years, trying to bring sense to the asbestos issue. I attempted as early as 1978 to get the abatement issue stopped. I was making real headway until 1984, and then things got turned around. The issue broke loose and the United States spent \$100 billion on this. Finally, in 1990 the EPA said that in most cases it is not necessary to remove asbestos from buildings, *but they didn’t publicize it. They still haven’t publicized it.* And we’re still spending several billion dollars a year.

I have written about this, as a lot of other people have. This is just one of these issues where the regulator says that there is a witch out there, and then they pour publicity and money into it, and then everybody believes it. We go through this ordeal year in and year out. That’s a nutshell version.

EIR: Ninety-five percent of the asbestos used in the United States is of the chrysotile type (see accompanying article). Do you believe that chrysotile is toxic?

Dr. Ross: If improperly used, where there is a lot of dust for years at a time, yes. The asbestos workers, the insulators, were exposed year in and year out to large amounts of dust. Over the years they were injured, there’s no doubt about it. But it’s a matter of amount. The difference makes the poison. And the small amount that we are exposed to in a non-occupational setting is of no account whatsoever.

EIR: What are the health dangers of asbestos, and especially chrysotile? It is said that the danger of asbestos is related to the size of the airborne fibers. Is it true that chrysotile, due to its serpentine structure and strong bonds, cannot break off in particles small enough to be dangerous?

Dr. Ross: Well, chrysotile in a way is the tiniest particles of the six types of asbestos crystals. It forms the tiniest particle and yet it is the least toxic. It is also somewhat soluble, and the magnesium part of the crystal structure leaches out in the lung. It is removed, and that sort of destabilizes the whole fiber. That’s one thought.

But really, there is no overall theory on just why some of these are more dangerous than others. As soon as you begin to say, “Well, it is because of the thickness of the particle,” then you have to say, “Well, chrysotile is the thinnest, and yet it is the least dangerous.”

So, you really can’t come up with one good reason why



chrysotile is less dangerous, but it certainly is. And it should be used in cement pipe, shingles, reinforced concrete. It's a marvelous use, because you have got to reinforce these products somehow. I think that chrysotile is the least dangerous of any of the products that we can use. And we can use worse materials.

EIR: Are you referring to fiberglass?

Dr. Ross: Well, it's not that simple. There are some very fine-fibered fiberglass, very thin fibers, as thin as the thinnest forms of asbestos, which appear to be dangerous. Lots of the fiberglass used in homes is real thick, and all that laying it does, is to give you itchy skin. I think that the fiberglass, at least, that has been used in the past, is not particularly dangerous. But if you were putting in this very fine-fibered stuff, yes, it would be. It's sprayed in loose—I would much rather have chrysotile sprayed in.

EIR: Is there still an active effort to ban all use of asbestos?

Dr. Ross: The courts threw out [the effort by the EPA to completely ban asbestos products by 1996] in the United States. But essentially, the anti-asbestos people are circulating throughout the world and getting other countries to ban it—particularly in Europe and countries like Lebanon. Greenpeace is agitating. It is just part of the craziness that is going on to get something banned and get rid of it, with no regard to what is going to replace it.

EIR: In 1964, Dr. Irving Selikoff published a study of asbestos insulation workers showing an abnormally high incidence of cancer, as well as the condition of asbestosis. Was this the first recognition of the danger of asbestos?

Dr. Ross: Well, the British were on to this, even before World War II. They were beginning to see asbestosis in their workers, and they were beginning to sense that this was causing lung cancer. But, just a few of the more astute physicians were seeing this lung cancer situation. Lung cancer wasn't really understood until the effect of smoking became apparent. So it was really in the middle 1950s that they understood that smoking caused lung cancer, and that asbestos caused lung cancer; and the two together were even more potent. That was only understood by about 1954-55. So, it was the British that first brought it out. Then, a little later, in the 1960s, Irving Selikoff and his colleagues were beginning to pinpoint it too. But he certainly wasn't the first.

EIR: He was a very strong advocate of a complete ban on asbestos and was very active in the camp that "one fiber can kill."

Dr. Ross: Dr. Selikoff was a rather interesting person. I think he did his job. He was seeing a lot of sick asbestos workers in the union. He was the union consulting physician for—I think it was the New Jersey Asbestos Workers Union. He saw a lot of sick men and he realized that there was a problem here. But then, I think he overreacted and pushed things too far.

But you have to give him credit for bringing attention to it, because there were undoubtedly a lot of hard-hit workers. They were working with the other types of asbestos also, which are much more dangerous—the crocidolite and amosite.

EIR: Why did the EPA launch the campaign all of a sudden?

Dr. Ross: Well, EPA will regulate at the drop of a hat. I think that they saw an opportunity. And they were going after radon and DDT and all sorts of other things, with a mission. I fought them tooth and nail. I almost lost my job over it.

I was working for the U.S. Geological Survey. One of my assignments was to look into this as a mineralogist. You had a lot of medical people who really didn't understand what they were working with. I briefed all sorts of people, particularly in 1984, trying to bring sense to it.

I was making some headway, but then the political push got so severe. The EPA started sending vans out all over the United States to teach people how to identify and remove asbestos. They were training lawyers how to sue. They just steam-rolled the thing.

A whole bunch of us wrote letters. One of the turning points was a paper by Brooke Mossman and four co-authors, all with medical backgrounds, which appeared in *Science* magazine in 1990. I had a very close relationship with Mossman, going back to 1978, when I briefed her on all of the mineralogy, and I got her attention. She carried the day with that very influential article in *Science*. And that began to turn the scientists around on the issue.

Then what really turned it around, was the Committee of Catholic Bishops met [EPA] Administrator [William] Reilly, and they told Reilly—this was in 1990—that if he didn't withdraw the requirement to remove asbestos from the schools, then they would have to close their schools, because they didn't have the money. And that political pressure got through to Reilly. He made a speech in June of 1990 stating that, generally, it was not necessary to remove asbestos. And they [the EPA] put out an advisory in July of that same year, and this was the fifth or sixth advisory that they put out to the schools in 10 years. With this one, they began reiterating that it was *not* necessary to remove asbestos.

But they never publicized it to the school administrators. So many of the school systems have never heard of the new advisory and went on willy-nilly, continuing the removal. This was partly because they were afraid not to, because of legal problems from mothers, teachers threatening to sue. So, its going to continue for I don't know how much longer too.

EIR: Is it still continuing?

Dr. Ross: I would say that contract abatement is still running at \$1 to \$3 billion per year. And, of course, the abatement work outside the formal contracts is probably much more.

Picture caption: Dr. Malcolm Ross, a USGS mineralogist who has fought to counter the misleading propaganda about asbestos since 1978.

1998 was the year that globalization finally died

by John Hoefle

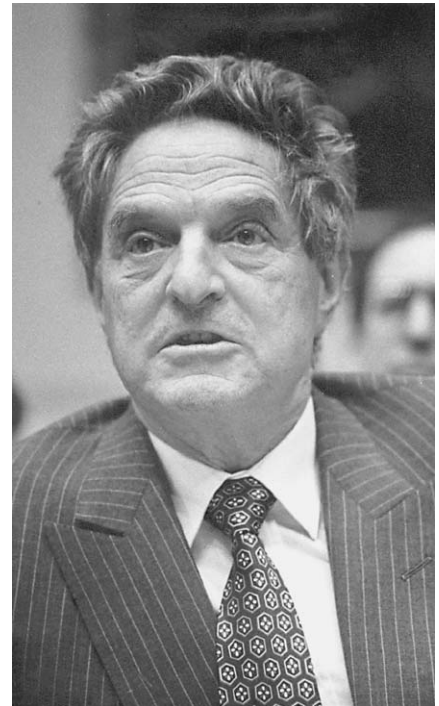
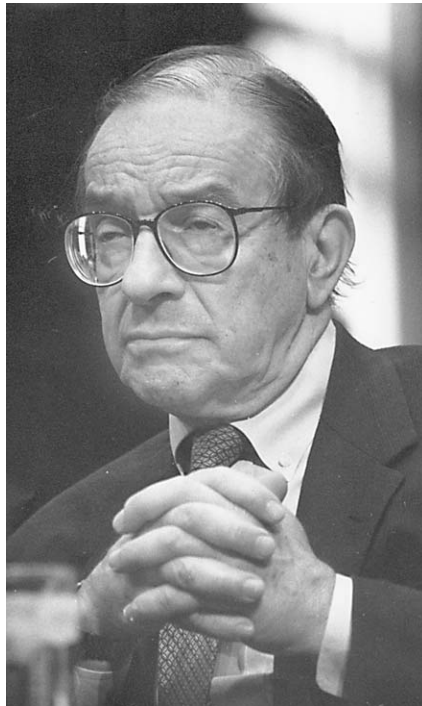
If 1997 was, as Lyndon LaRouche described it, the year the financial system announced its doom, then 1998 will go down as the year globalization died. One can even put a precise date on that death: Aug. 17, 1998, the date that the government of Russia did what the bankers considered the unthinkable, declaring a moratorium on some of the nation's debt and devaluing the ruble. This act of national sovereignty sent shockwaves pulsing through the global financial system, sparking sheer panic among bankers who think that the only hope they have of surviving, is a global bankers' dictatorship, in which governments serve merely to enforce the bankers' imperial demands for loot.

The fantasy of the bankers, is that by establishing new supranational institutions to dictate economic policies to nations, they can remain in control, and save themselves and their institutions. But their plan has a fatal flaw, which is that it can't work. Giving the patient more of the poison which is already killing him, is hardly a workable plan.

Faced with the demands to impose deadly austerity upon their populations while throwing away decades of hard-won economic growth, some of the more rational and courageous nations are fighting back. Malaysia's Dr. Mahathir bin Mohamad has publicly asserted the right of his nation to defend itself and run its own affairs, as has China, and the recent discussions between China and Japan over the development of the Eurasian Land-Bridge, suggest that resistance, if not outright defiance, is growing, to the bankers' demand for more blood. Such resistance should be encouraged, and nurtured, because with it lies the future of mankind.

Cracks in the system

Even were all the world's nations to surrender to the demands of the bankers, the bankers and their system is still doomed. What is killing them, is their belief that money, especially their money, is primary, and that all else must be sacrificed



The architects of globalization are desperately trying to prop up their speculative bubble, but their system is doomed. Left to right: IMF Managing Director Michel Camdessus, Federal Reserve Chairman Alan Greenspan, and billionaire speculator George Soros.

to protect monetary assets. For decades, the International Monetary Fund (IMF) was their chief enforcer, demanding that nations shut down infrastructure programs which provided for essential water, power, health, education, transportation, agriculture, and industrial needs. That such projects were lifting those nations out of poverty and into the modern world, and that shutting down the projects would condemn billions of people to poverty and death, did not bother the loan-sharks of the IMF; in fact, it was part of the plan.

Early in the so-called Asian crisis, the claim was made in the West that not only would the United States and Europe not be harmed by the devastation in Asia, but that we would actually benefit, due to capital fleeing Asia into Western markets, and lower prices on goods imported from the region. The U.S. and major European markets did, after a rocky October, rebound sharply in late 1997 and early 1998, to record highs. The Dow Jones Industrial Average, the premier U.S. perception-management index, hit an all-time high of 9,338 points on July 17, 1998 (**Figure 1**), triggering visions of 10,000 points in the minds of many. Instead, the Dow went into a virtual free-fall; by the end of August, the Dow dropped 1,800 points—19%—to 7,539. The other major U.S. stock indices were also down over the same period, the S&P 500 dropping 19%, the Wilshire 5000 dropping 21%, the NASDAQ Composite dropping 25%, and the Russell 2000 dropping 27% (**Figure 2**).

Since the end of August, and particularly in October, the big U.S. indices skyrocketed to record highs, thanks to three

interest rate cuts by the Federal Reserve. The Russell 2000 also rose sharply, but only regained about half of its losses. The Russell had begun falling in April, dropping 36% between April and early October, reflecting the decline of the smaller stocks in the market, relative to the giant companies which dominate the other indices.

A similar pattern occurred in Europe, where the major indices, such as the Frankfurt, Germany DAX, are all down significantly from their mid-year record highs (**Figure 3**).

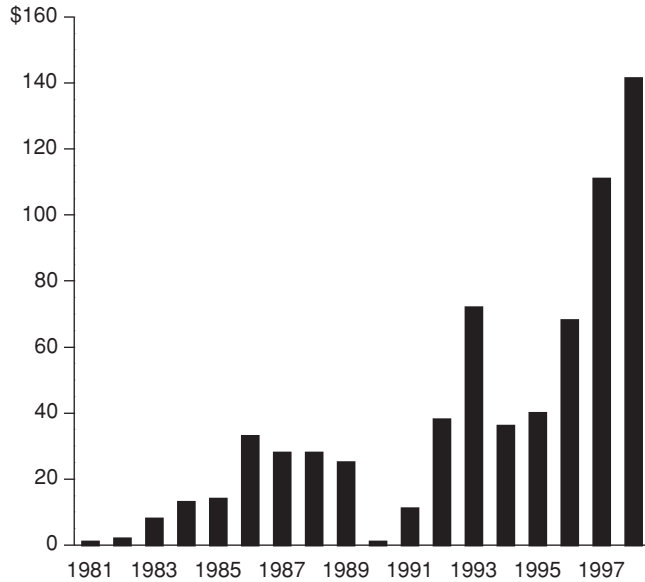
In Asia, the major stock markets also plummeted in the third quarter, rebounding slightly in the past two months, but still 30-50% below where they were in mid-1997. The Japanese Nikkei 225, which fell below 13,000 points in early October, is now hovering just above the 14,000 level (**Figure 4**). By comparison, the Nikkei stood at 39,000 points at the end of 1989.

The sudden downturn of the Western markets in mid-July, marked a turning point in the financial crisis. With the stock markets going down worldwide, there was no longer a safe haven in stocks.

The bond markets were not any safer. The issuance of corporate and government debt through the bond markets had been a booming business during the 1990s. To see the level of insanity which prevailed, one need look no further than the junk-bond market.

In 1986, at the peak of Drexel Burnham Lambert's and Michael Milken's junk-bond machine, \$33 billion in junk bonds was issued, raising the total issued since 1980 to about

FIGURE 1
Junk bonds issued, 1981-98
 (billions \$)



Source: Securities Data Corp.

FIGURE 2
Russell 2000



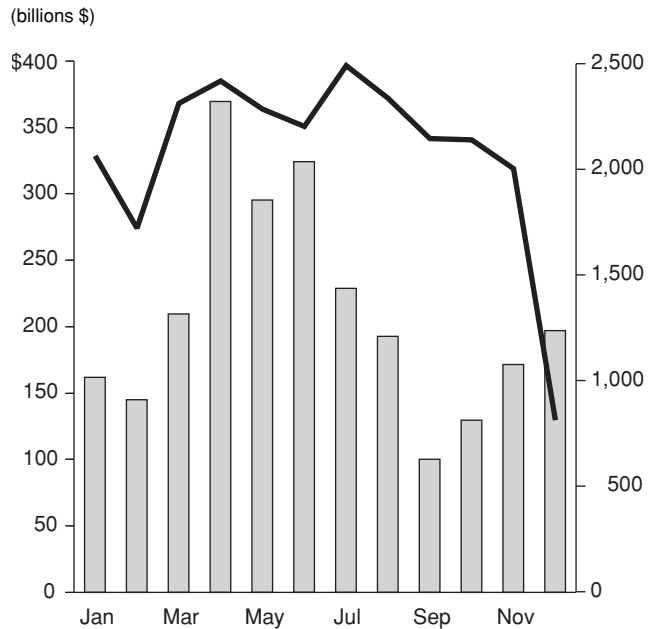
Source: EIR.

FIGURE 3
Frankfurt DAX



Source: EIR.

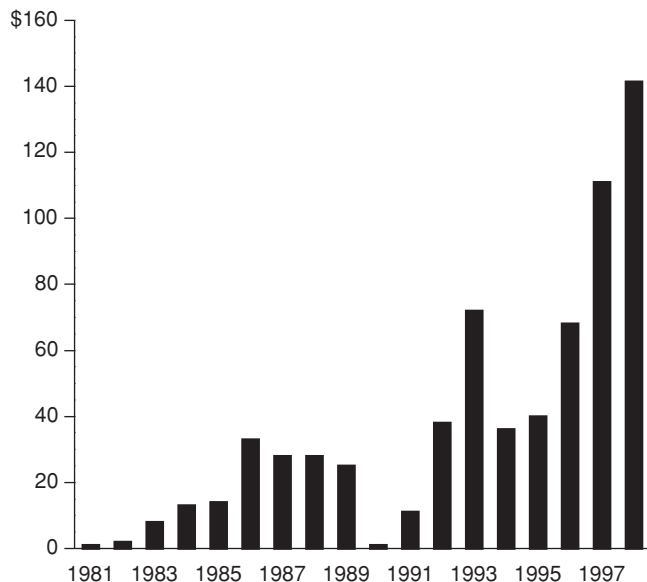
FIGURE 4
Global mergers & acquisition announcements, 1998



Source: Securities Data Corp.

FIGURE 5
Junk bonds issued, 1981-98

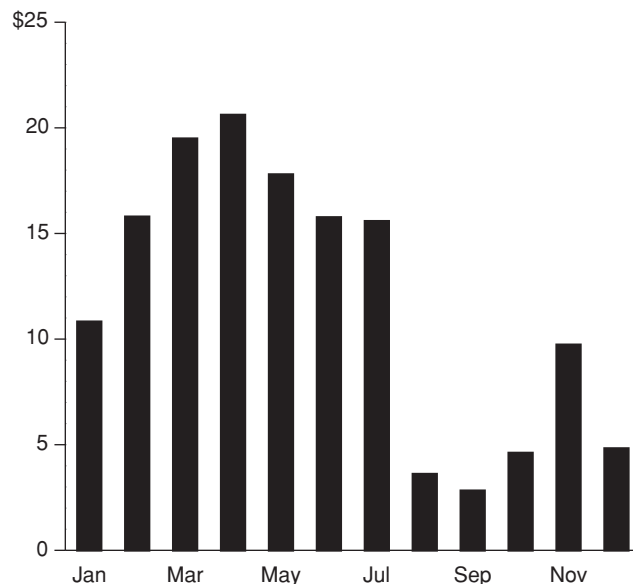
(billions \$)



Source: Securities Data Corp.

FIGURE 6
Junk bonds issued, 1998

(billions \$)



Source: Securities Data Corp.

\$70 billion. During the next three years, another \$80 billion was issued, bringing the decade's total to \$150 billion. The demise of Drexel and the indictment of Milken dried up the junk-bond market in 1990, but the market was soon reorganized by the Morgan/Rothschild networks which had created Milken.

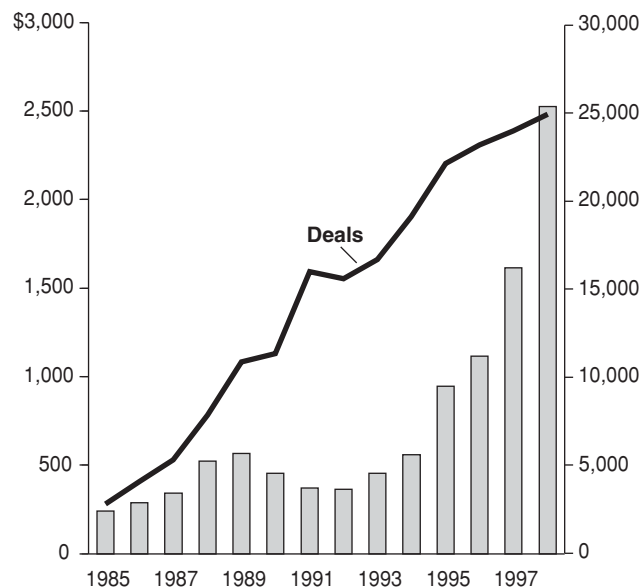
In 1997, a record \$119 billion in junk bonds was issued, and that figure has been surpassed in 1998, with \$141 billion in junk bonds issued through mid-December, according to Securities Data Corp. In just the last two years, nearly twice the volume of junk bonds have been issued, as were issued during the entire Milken era (Figure 5).

However, just as with the stock markets, the junk bond market took a dive in the third quarter. The level of junk issues peaked in April, with nearly \$21 billion in new junk bonds issued in one month, and by July, \$116 billion had been issued. Then the bottom fell out (Figure 6). During August, only \$3.6 billion in junk was issued, followed by \$2.8 billion in September, and \$4.6 billion in October.

A similar process played out in the mergers and acquisition (M&A) sector, where the size and number of mergers has grown rapidly over the past decade. During 1997, a record \$1.6 trillion in mergers was announced worldwide, and that amount was well on its way to doubling in 1998 (Figure 7). In April 1998 alone, \$370 billion in mergers was announced (compared to \$370 billion in all of 1991 and \$365 billion in all of 1992), including the Travelers buyout of Citicorp and

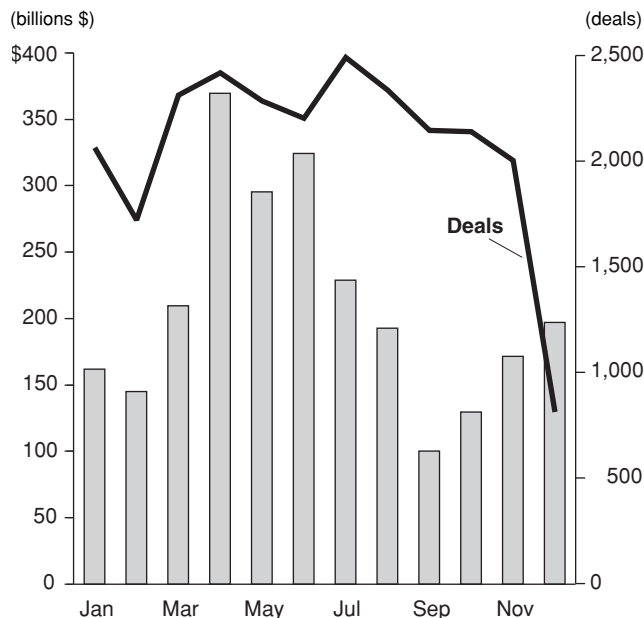
FIGURE 7
Global mergers & acquisition announcements, 1985-98

(billions \$)



Source: Securities Data Corp.

FIGURE 8
Global mergers & acquisition announcements, 1998



Source: Securities Data Corp.

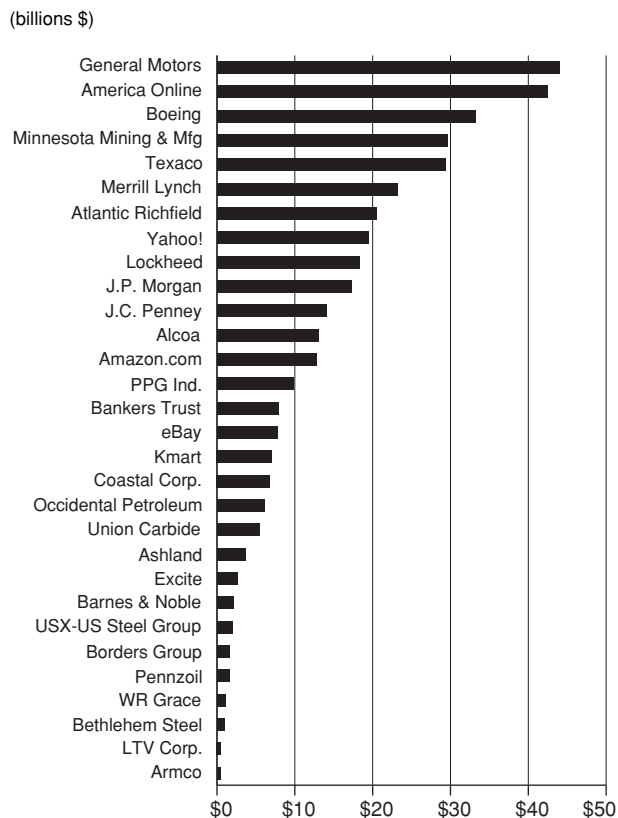
NationsBank's takeover of BankAmerica. But the bottom also dropped out of the M&A market in the third quarter, with activity dropping to \$100 billion in September (Figure 8). Still, as of mid-December, \$2.5 trillion in mergers had been announced for the year.

Panic sets in

The slide which began in some sectors in April, and hit nearly all sectors by mid-July, turned into a full-fledged panic with the Russian action on Aug. 17. Western banks and other investors had bought billions of dollars worth of Russian government-backed GKO bonds. But there were two problems with these bonds: First, the Russian government was broke, and second, they were denominated in rubles. The first was not considered such a problem, as the bankers specialize in extracting money from bankrupt nations. As for the second problem, they covered that by buying derivatives contracts from Russian banks, which would pay off if the ruble fell in value. When Russia froze much of its debt and devalued the ruble, the banks got squeezed from both sides; their ability to collect on their bonds was called into doubt, and even if they were ultimately to be repaid, they would take huge losses due to the decline of the ruble against Western currencies (the ruble, worth about 16¢ in early August, is worth about 5¢ today).

To cover their losses on the ruble, the banks tried to collect

FIGURE 9
Market capitalization of selected companies (as of Dec. 15, 1998)



Source: EIR.

on their derivatives contracts, but payments on those contracts were also frozen, even if the counterparties were able to pay off.

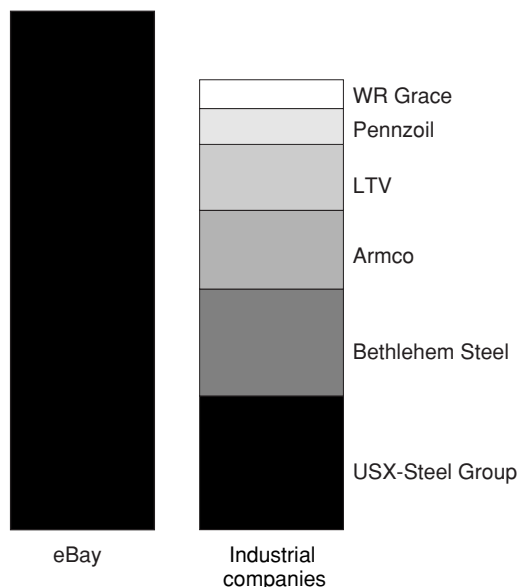
With a hole of large but unquantifiable proportions, and rumors of major disasters circulating through the markets, coming on top of a worldwide decline in the stock and bond markets, the psychology of the financial markets suddenly shifted. Instead of looking to maximize their yields, the players sought instead to protect their capital. Risky investments, which had been eagerly sought because they paid the highest yields, were avoided, with money fleeing into the relative safe havens of U.S. and German government-backed bonds.

The process of reverse leverage, in which investors were forced to liquidate holdings to cover losses and margin calls, which triggered declines in the values of those holdings, which in turn led to more losses and more liquidation, took hold. As this reverse leverage kicked in and the losses mounted, the fear turned into a full-fledged panic. The flight to safety caused the gap between the yields of government-backed securities and other securities—the junk in particular—to grow.

FIGURE 10

Market capitalization: eBay vs. industrial companies (as of Dec. 15, 1998)

(billions \$)

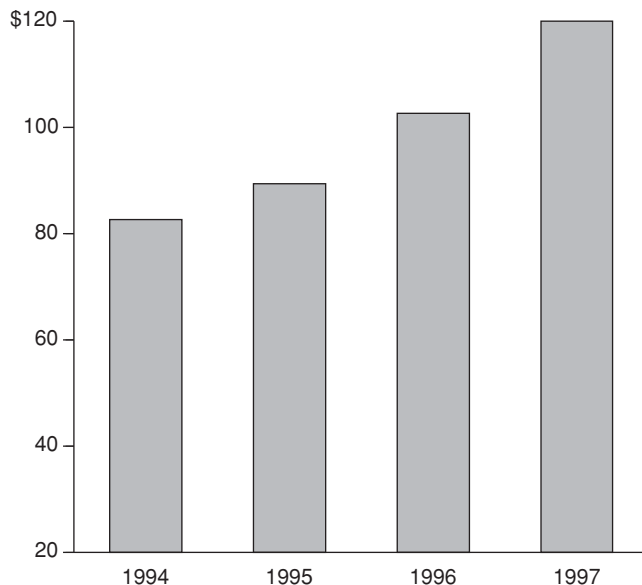


Source: EIR.

FIGURE 11

Derivatives at selected world financial institutions

(trillions \$)



Source: Bank for International Settlements.

The crisis came to a head on Sept. 23, when the Federal Reserve called an emergency meeting of some of the most powerful commercial and investment banks in the world, to plug the trillion-dollar hole in the world derivatives market, caused by the failure of Long-Term Capital Management (LTCM), a Connecticut-based hedge fund, whose partners included Nobel laureates Robert Merton and Myron Scholes. The Fed and the banks were faced with a difficult choice: Either pump billions of dollars—money they couldn't afford—into LTCM, or let the fund default on its debt, an act which would likely trigger a chain-reaction collapse of the world derivatives markets and, consequently, of the entire global financial system. The banks chose to pay, pumping in \$3.6 billion in capital and taking control of the fund.

During the third quarter, trillions of dollars of notional value of financial assets evaporated. Losses, and rumors of losses, sent bank stocks plummeting. According to *American Banker*, the top 100 world financial institutions saw their market capitalization fall \$635 billion—22%—during the second and third quarters, with Citigroup falling 34%, Bank One falling 33%, and the new BankAmerica falling 27%.

Virtual reality

To stop this free-fall, the Western central banks launched a series of emergency interest rate cuts. Federal Reserve Chairman Alan Greenspan cut interest rates three times in a

matter of weeks, signalling his intent to stand behind the bubble, and practically begging investors to go back into the markets. At the same time, the propagandists—Wall Street analysts, economists, and media pundits—were deployed to talk up the markets.

The operation was a success, at least in terms of raising the perception that the worst was over. The near meltdown of the entire system was just an aberration, and we're returning to "normal," thanks to the soundness of our "economic fundamentals," people were told.

Leading the way in this incredible (as in "not credible") recovery, was that great boon to economic productivity, the Internet.

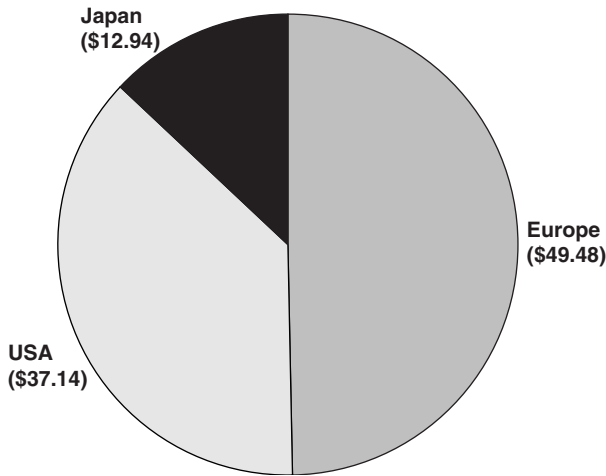
America's obsession with the Internet stems from the belief that the Information Age has replaced the Industrial Age as the engine of economic growth, and that the Internet, by making information available at the click of a mouse, increases our national wealth and productivity.

This misconception that information is our future, has caused the on-line and Internet companies to become the darlings of Wall Street. The biggest such company, America Online, had a market capitalization (the price per share multiplied by the number of shares) of \$42.5 billion as of Dec. 15, making it only slightly less valuable than General Motors (\$44 billion), and well ahead of Boeing, 3M, Texaco, and Merrill Lynch (Figure 9). Yahoo!, the Internet search service,

FIGURE 12

U.S. and Europe at 'ground zero' of derivatives crisis (1997 figures)

(notional principal value in trillions \$)

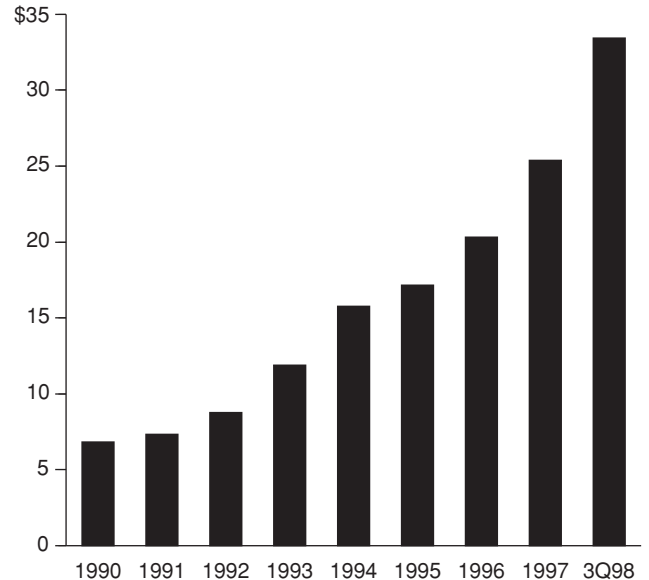


Source: Bank for International Settlements.

FIGURE 13

Derivatives at U.S. commercial banks

(trillions \$)



Source: Federal Deposit Insurance Corp.

is worth more than Lockheed and J.P. Morgan. Amazon.com, the virtual bookstore, has a market cap of \$12.8 billion, more than three times the combined market cap of its two principal competitors, the bookstore chains Barnes & Noble and Borders, despite the fact that it has lost \$74 million in the last six quarters.

Even more insane, is the valuation of eBay, an online flea market. eBay, which went public a couple of months ago, already has a market capitalization of \$7.8 billion (and rising), making it nearly as big as Bankers Trust, and bigger than Kmart, Coastal Corp., Occidental Petroleum, and Union Carbide. In fact, eBay has a market capitalization greater than the combined market caps of USX-Steel Group, Bethlehem Steel, Armco, LTV, Pennzoil, and W.R. Grace *combined* (Figure 10).

The 'casino mondiale'

Beyond the insanity measured in billions, comes the insanity measured in trillions, the global derivatives market. The Bank for International Settlements (BIS), in its latest annual survey of the world derivatives market, put the notional value of the derivatives holdings of 78 major financial institutions at \$103.5 trillion at the end of 1997, up \$21 trillion—25%—from the \$82.6 trillion reported at the end of 1996 (Figure 11). Note that this study is limited to the derivatives held by most, but not all, of the major banks and securities firms in ten Western nations and Japan; it covers neither all of the derivatives contracts in the 11 countries, nor any derivatives contracts between institutions in nations not in-

cluded in the survey. As such, the BIS figure is an understatement of the total global derivatives market, which *EIR* estimates is in the range of \$150 trillion.

Much has been made in recent months of the financial crisis in Japan. The financial devastation which has hit Asia since mid-1997, has hurt Japan and its regional trading partners, causing losses for Japanese corporations and banks. The size of the bad debts held by Japanese banks ranges from the official figure of \$660 billion, to as high as \$2 trillion according to some estimates, with the financial situation continuing to deteriorate.

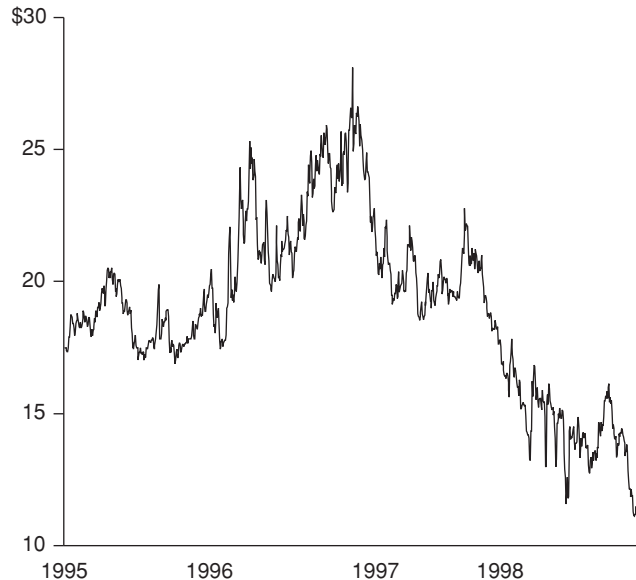
According to the BIS, seven Japanese banks and two securities firms had \$12.9 trillion in derivatives as of March 31, 1998, led by the Bank of Tokyo-Mitsubishi with \$2.8 trillion and Fuji Bank with \$2.0 trillion, with four other institutions holding between \$1.0 and \$1.8 trillion in derivatives. Were a major Japanese derivatives bank to fail, the entire system could blow. However, when it comes to the danger of a derivatives explosion, it is the United States, which has a derivatives exposure greater than any other nation in the world, and Europe, whose combined total exceeds that of the United States, which sit at ground zero (Figure 12).

U.S. commercial banks alone had \$33.45 trillion in derivatives as of Sept. 30, according to the Federal Deposit Insurance Corp.'s latest Quarterly Banking Profile (Figure 13). The "banks' off-balance-sheet derivatives contracts rose by \$4.6 trillion during the [third] quarter, more than twice the

FIGURE 14

The price of crude oil

(\$ per barrel)



Source: *EIR*.

FIGURE 15

The price of wheat

(\$ per bushel)



Source: *EIR*.

previous largest quarterly increase, partly because of turmoil in overseas financial markets,” the FDIC stated. The FDIC also reported that profits at U.S. banks fell slightly in the third quarter, ending six consecutive quarters of record earnings. The agency attributed the decline to “weaknesses in overseas operations and the trading activities of a few of the largest banks.”

Economic decline

While the derivatives and related financial claims grow at record rates, the physical economy is collapsing at a record rate. One marker for this is the drop in the price of crude oil, reflecting a decline in oil purchases internationally (see **Figure 14** and article, p. 4). Sharp drops have also occurred in the price of wheat (**Figure 15**) and steers (**Figure 16**) in the United States. The price of gold has also dropped sharply in recent years.

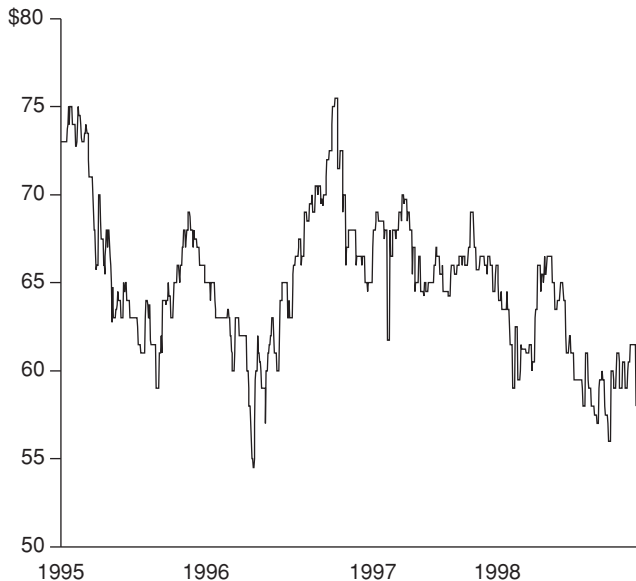
Two factors are responsible for the drops in prices: a decrease in demand, and increasing cartelization. Oil, wheat, meat-packing, and gold are all dominated by cartels, which lower prices as a way of driving their non-cartel competitors out of business, and the current drive is a continuation of the moves by the financial oligarchy to control food, raw materials, precious metals, strategic minerals, and essential infrastructure in the post-crash world.

The decrease in demand is both ominous and deceptive, reflecting decreased physical economic activity due to the

FIGURE 16

The price of steers

(\$ per 100 lbs)



Source: *EIR*.

financial crisis. That means lower standards of living, poverty, starvation, and death for a growing portion of the world's population.

The only way out of this crisis, is to build our way out. If we are to survive 1999, we must put this virtual financial system through bankruptcy, and launch a crash program to build the Eurasian Land-Bridge and other great projects.

Greenspan sets off hyperinflationary time bomb

by Richard Freeman

During the last three months, U.S. Federal Reserve Board Chairman Alan Greenspan has been injecting giant volumes of liquidity into the banking and financial system. Greenspan has taken two parallel actions: First, he has "minted" new physical dollar bills; second, he has pumped in liquidity-reserves through the Federal Reserve's federal funds window. Greenspan's immediate objective is to rescue several large commercial and investment banks and hedge funds. He is also attempting to liquefy the derivatives, junk bond, collateralized securities, and several other markets. The banking system has heavily lent to or taken derivatives positions in these markets, and saving them, many of which are filled with speculative paper, has become Greenspan's top priority, as the way to "save" the banking system as a whole.

Greenspan believes that by propping up the bankrupt banking system, he can preserve a world economic order based on "post-industrial" utopianism, "free trade," and "globalization." Because of his fixation on this goal, Greenspan is blinded to the reality that, in its essentials, his pump-priming is following in the footsteps of the 1921-23 Weimar Germany hyperinflation. Economist Lyndon LaRouche has forecast that it is this hyperinflationary policy which, during the first months of 1999, will accelerate a blow-out of the financial system.

Two events spooked Greenspan and Europe's central bankers, and hastened his course of reckless action. On Aug. 17, the Russian government suspended payment on its Treasury debt, and there was a parallel payment suspension on categories of Russian corporate and bank debt. Negotiations on stretching out and writing down substantial parts of the debt are ongoing, but already Western banks have taken heavy losses, and the Russian payments suspension defined a new geometry for the world financial system. Second, in September, the Long-Term Capital Management hedge fund blew out. LTCM typifies the levels of speculation in the economy: By mid- to late-September, LTCM had a capital base of \$600 mil-

lion, against which it had a derivatives position of \$1.25 trillion, a 2,083 to 1 leverage. From August through early October, while LTCM rocked the financial world, many other hedge funds took heavy losses or went out of business; the Dow Jones stock average in the United States and the stock indices in several leading Western countries fell by 20-30%; and, the Brazil crisis became more intense as flight capital reduced the country's foreign currency reserves by almost half.

The world financial disintegration was now roiling in a new phase of hyper-instability. On Sept. 29, just six days after the Federal Reserve had arranged an emergency private-sector bailout package for LTCM, Greenspan cut the federal funds rate by one-quarter of a percentage point, to 5.25%. On Oct. 15 and again on Nov. 17, Greenspan further cut the federal funds rate, each time by one-quarter of a percentage point (the operational points of this will be explained below).

Cranking up the printing press

Greenspan began running the printing presses full tilt in late August, shortly after the Russian payment suspension. Between the week ending Aug. 29 and the week ending Nov. 30 (the latest reporting week), Greenspan and the Fed printed up \$13.8 billion worth of new dollar bills. The physical dollar bills are called the "currency in circulation." During this 13-week period, the U.S. currency in circulation has grown at an explosive compounded annualized rate of 11.4%. During the same period, U.S. M1 money supply, of which currency in circulation is one part, has grown at a 12.4% annualized rate; M2 money supply has grown at a 10.8% annualized rate; and M3 money supply, the broadest measure, has grown at a 13.5% annualized rate.

For the first nine months of 1998, the flawed measure of U.S. Gross Domestic Product, *unadjusted for inflation*, has grown only at a 4.52% annualized rate; consider, then, that the new currency in circulation—the printing of dollars—is growing more than twice as fast as the rate of GDP. Some 60% of the increase in currency in circulation is not used to circulate Gross Domestic Product; it's being used to save Greenspan's banker and hedge fund operator allies internationally.

Table 1 shows the Aug. 31 and Nov. 30 outstanding levels for currency in circulation and for the different primary measures of money supply; it also shows the growth rate for the 13 weeks ending Nov. 30, put on a compounded annualized basis.

The growth of currency in circulation—physical, dollar bills—is significant, because it occurs through what are called "Treasury pass-throughs," that is, the Federal Reserve purchases U.S. Treasury debt, by monetizing the debt, i.e., printing new bills. There have been several "Treasury pass-throughs" in the last few weeks.

(M1 money supply consists primarily of currency in circulation plus the funds in checking accounts. M2 consists of M1, plus savings accounts, money market funds, and small-

TABLE 1

Growth rate of the money supply (13-week period on an annualized basis)

(billions \$)

	Currency in circulation	M1	M2	M3
Aug. 31, 1998	444.1	1,076.3	4,255.0	5,727.8
Nov. 30, 1998	457.9	1,112.7	4,380.8	5,940.1
Thirteen-week average	11.4%	12.4%	10.8%	13.5%

Source: Federal Reserve Board of Governors

denomination time deposits that are smaller than \$100,000 [these are usually Certificates of Deposit of less than \$100,000]. M3 consists of M2, plus large-denomination time deposits, institutional money market funds, Eurodollar deposits, and corporate repurchase agreements.)

Opening up the federal funds window

In addition to the Federal Reserve's printing of new dollar bills, the Fed is also adding reserves to the banking system through the federal funds window. The Fed does this through what are called "repurchase agreements," through which it buys U.S. Treasury bills from U.S. banks, giving the banks cash. The Fed usually buys T-bills from the banks on a 24- to 48-hour basis; after that period, the banks purchase the Treasury bills back (hence the name "repurchase agreement"). However, the Fed can keep rolling over the repurchase agreements, thereby pumping liquidity-reserves into the banking system on a semi-permanent basis.

When Greenspan successively lowered the federal funds rate (the rate at which banks can borrow money from the Federal Reserve's federal funds window) on Sept. 29, Oct. 15, and Nov. 17, he was announcing to the world that he would make it cheaper for commercial banks to obtain liquidity-reserves. The lowered interest cost would increase the availability of such funds to the banks.

For the week ending Dec. 9, the Federal Reserve System held \$4.897 billion in repurchase agreements outstanding, that is, it had pumped \$4.9 billion of reserves into the banking system, through repurchase agreements.

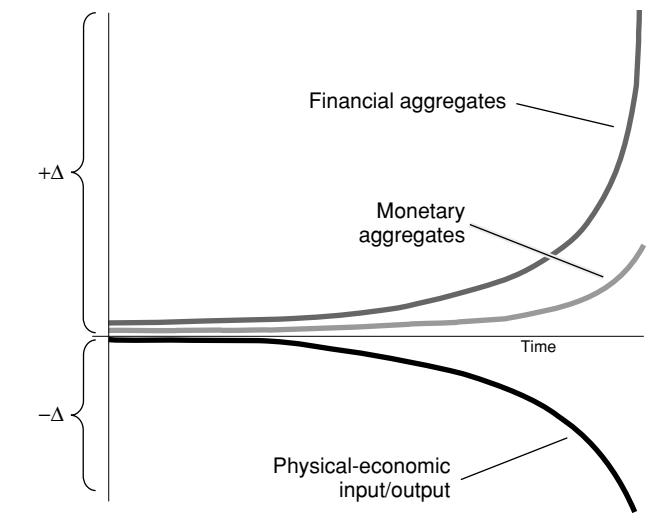
Taken together, Greenspan's actions of the increase of new dollar bills, and all measures of money supply, plus the injection of new liquidity-reserves through the federal funds window, vastly enlarges the banking system's "core" base of liquidity, which the banks and financial system then effectively multiply.

The historical case

LaRouche's Triple Curve, or Typical Collapse Function (Figure 1) situates what Greenspan is now attempting to do.

FIGURE 1

A typical collapse function



The upper-most curve in the function represents the financial aggregate, which is the categories of speculative financial paper. The middle curve represents the monetary aggregate, the currency in circulation and money supply. As the curve representing the financial aggregate has zoomed upward, the monetary aggregate curve has had to increase, *to liquefy the financial property titles, and prevent them from collapsing*. The faster the upper curve grows, the faster the middle curve must also grow.

The lowest of the three curves represents the physical economy. The increasing cumulative rates of return on the expanding financial aggregate are sucked from the physical economy, causing the lower curve to contract.

Figure 2 shows, for 1960 through November 1998, the three basic measures of U.S. money supply: M1, M2, and M3. Since 1992, M2 and M3 money supply, in particular, have increased. However, since the period spanned by the Aug. 17 Russian suspension of payment, through to the end of November, including the failure of LTCM, the money supply has entered a new domain of increase. The breakdown phase of the financial system has ratcheted the increase of the monetary aggregate up another notch.

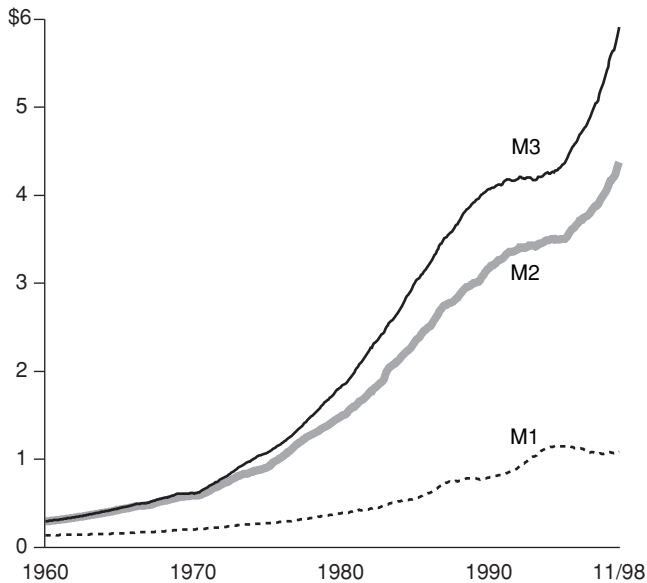
Greenspan, in addition to bailing out the banks, is bailing out every speculative market in which the banks have made a large investment. Were the speculative markets to fail, the banks' losses would bring down the banks as well.

Meanwhile, Greenspan is fighting to stop the adoption of a policy that offers a rational solution out of this insanity: LaRouche's proposal to write off the speculative paper, and issue new credit based on participation in a Eurasian Land-Bridge-vectored New Bretton Woods monetary system. Ultimately, the objective financial problems, as daunting as they

FIGURE 2

Money supply skyrockets, 1960-98

(trillions \$)



Sources: Federal Reserve Board of Governors.

are, are not as determining in the situation as the subjective problem: Greenspan's disordered state of mind. He has worked for 11 years as Federal Reserve Board chairman propping up this speculative bubble. His recklessness in implementing a policy of hyperinflation to "save the system," if it is not stopped, will, as in Weimar Germany, cause the system's explosion, and through associated looting, finish off the physical economy.

Testimony to Congress

Don't regulate derivatives market, but eliminate it!

The following testimony by John Hoefle, EIR banking columnist, was prepared for a Senate Agriculture Committee hearing on over-the-counter (OTC) financial derivatives on Dec. 16. It was entitled, "Don't Just Regulate the Derivatives Market, Eliminate It! Assert National Sovereignty Over the Financial Markets."

Since the spring of 1993, *EIR* and its founder Lyndon LaRouche have been warning of the dangers posed to humanity by the explosion of financial derivatives. On Sept. 8 of that year, I testified before the House Banking Committee hearing on the financial aspects of NAFTA [the North American Free Trade Agreement], warning of the consequences of allowing the derivatives bubble to continue. On Oct. 28, under the leadership of Chairman Henry B. Gonzalez, the House Banking Committee held its first-ever hearing on derivatives, to which *EIR* submitted written testimony advising Congress to implement LaRouche's proposal for a 0.1% transaction tax on all derivatives transactions in the United States, as a way of drying out the derivatives market, while raising badly needed tax revenue. At the derivatives hearing, the Comptroller of the Currency revealed that the U.S. commercial banks alone had nearly \$12 trillion in off-balance-sheet derivatives, some \$3.20 in derivatives for every dollar of assets, and \$40 in derivatives for every dollar of equity capital.

These figures, which seemed huge at the time, now look conservative. As of June 30 of this year, according to the Federal Deposit Insurance Corp., U.S. commercial banks had \$28.8 trillion in derivatives, or \$5.56 in derivatives for every dollar of assets, and \$64.66 in derivatives for every dollar of equity. Today just two banks, Chase Manhattan and J.P. Morgan, have more in combined derivatives than the entire U.S. banking system did in 1993 (Chase's derivatives holdings are larger than the GDP of the United States, while Morgan has \$26.71 in derivatives for every dollar of assets, and \$640 in derivatives for every dollar of equity!), and U.S. financial institutions as a whole, have some \$45 trillion in derivatives. Worldwide, we estimate the total of derivatives and related financial claims to be in the range of \$150 trillion—figures from the Bank for International Settlements put the derivatives holdings of just 78 financial institutions at more than \$103 trillion at the end of 1997.

Earlier this year, the Commodity Futures Trading Commission suggested in rather mild language, that it might take up the question of whether some form of new regulation of the over-the-counter derivatives market were advisable. Given the staggering growth in the OTC market over the past few years, such a review was long overdue, but the CFTC's concept release triggered a firestorm of protest from not only the derivatives dealers, but from the regulators as well. The Federal Reserve, the Treasury, and the Securities and Exchange Commission going so far as to demand that legislation be enacted prohibiting the CFTC from touching the OTC market, agreeing with the derivatives banks that just raising the issue of increased derivatives regulation, could blow up the market.

The derivatives market should be left to regulate itself, they claimed, saying that any attempt by the government to impose controls, would constitute "regulatory burden."

When the Financial Accounting Standards Board decreed that corporations would have to reveal the extent of their derivatives positions, the response was equally vociferous, with bank and non-bank derivatives dealers demanding that the proposed FASB standard be stopped.

Forcing companies to disclose their derivatives activities to the public, the derivatives dealers argued, might cause the companies to reduce their use of these wonderful risk management tools.

Why regulation and disclosure would prove so disruptive to a market which claims to reduce the risk of financial disruption, was never quite explained. To do so would have meant the confession that, far from reducing risk, derivatives are the riskiest financial instrument imaginable.

Above the law?

The claims that financial companies can be trusted to regulate themselves run counter to reality. In recent years, banks have been caught cheating their customers in derivatives deals and laundering drug money; securities firms have been caught dumping overpriced securities upon, and churning the accounts of, their customers; and insurance companies have been caught selling policies under false, but lucrative, pretenses. The actions of Bankers Trust in 1994, for example, were so egregious that the bank was accused by Procter & Gamble of racketeering, of violating the Federal RICO [Racketeering Influenced and Corrupt Organizations] statutes which were designed to prosecute organized crime. (Lest anyone forget, prior to its barely concealed 1994 takeover by the Federal government, this same Bankers Trust had been repeatedly cited as the leader in the global derivatives market, a bank whose expertise proved beyond a doubt that self-regulation were preferable to government “interference.”) The violations of law and public trust by U.S. financial institutions have been so widespread and pervasive, that they must be viewed as a *characteristic of the system*, rather than as an anomaly. It is business as usual.

Having been caught so often and so publicly, the financial sector deployed legions of propagandists to rebuild its image. But behind the scenes, they also launched a full-scale, and successful, campaign to get Congress to change the laws, to reduce regulatory oversight, and to make it more difficult for future victims to obtain justice.

The view by the financial sector that it is above the law, was evident in both the actions of Travelers and Citicorp, in proposing a merger that was illegal under U.S. law, and in the reaction of the regulators, who quickly promised to change the law to suit the financiers. The money won out over national sovereignty, hands down.

Derivatives disintegration

Deregulation has not only been a failure, it has brought the world to the edge of the abyss. Through the use of deriva-

tives and other forms of speculative paper, the world financial system has been turned into a global casino which feeds off of, rather than helps build, the productive sector upon which all human life—and all financial claims—ultimately depend. The very fabric of our society is being destroyed, to keep this doomed bubble going a bit longer. Measured in terms of a market basket of production and consumption of physical goods, rather than in bubble-inflated dollar terms, the U.S. economy has declined at a rate of about 2% a year since 1967, and that decline is accelerating. We destroyed much of our industrial capacity by moving it offshore, and made up our shortfall in food production by importing food from countries where significant portions of the population are starving. Now many of those nations are collapsing, unable to buy what goods and services we still produce, and unable to provide the goods upon which we have come to depend. This is a self-feeding spiral from which there will be no escape, unless we break free of the grip of the casino.

The characteristic of the last few years, has been that of a series of systemic financial shocks, the density and severity of which are increasing. It is this process of escalating shocks, and not the seeming calm in between the shocks, that must be examined. The “Asian contagion” and the “Russian crisis” were not anomalies, but the lawful consequence of the cancerous growth of the bubble. The anomaly is that the Dow Jones Industrial Index has risen to new heights, while world industrial activity has sunk rapidly into depression. The anomaly is that regulators and politicians defend the derivatives bubble as the essence of economic productivity, even as that bubble strangles the life out of real productivity. They are killing the patient, to save the cancer.

This system, as economist Lyndon LaRouche has repeatedly proven, is doomed. The efforts to pump liquidity into the bubble will not save it, but merely hasten its demise, and make the effects of its collapse even worse. Unless the United States government acts to put this global casino through the equivalent of a bankruptcy proceeding, we face the very real possibility that, within weeks, the entire global financial system will disintegrate, wiping out not only the speculative paper and the financial sector, but also most of what remains of the world’s productive capacity.

To try to save this bubble, is to ensure that the world will plunge into a new dark age. Re-regulation is not enough. Nations must exercise their sovereign power to eliminate the derivatives market and related speculation, and launch an emergency mobilization to rebuild the world’s infrastructure and industrial capabilities. Some nations have begun to fight, notably Russia, and in Asia, where Malaysia, China, Hong Kong, Taiwan, and Japan have taken sovereign action to curb speculation. But these efforts, as welcome as they are, will not succeed unless the United States comes to its senses. The derivatives market is dead, but humanity need not die with it, if reason prevails over greed.

Butler faked Iraq report, as Gore, Blair pushed war

by Nancy Spannaus

President Bill Clinton's decision to launch air strikes against Iraq is effectively an act of political suicide, launched under the tutelage of British Prime Minister Tony Blair and British asset, Vice President Al Gore. As is already evident, this act of war will utterly disrupt the close relations which the President has worked hard to forge with the Chinese and Russian governments, with a potentially deadly effect on the needed collaboration among these governments for a new world monetary system.

How could the President have been convinced, after having resisted urgings to bomb Iraq several times this year, to finally do so? *EIR*'s intelligence sources are clear: The Butler did it. In other words, the report by UN Special Commission (UNSCOM) chief inspector Richard Butler, which was the document used to convince the President to strike, was a total fraud.

Butler could not do this alone, of course. Both Blair and Gore played indispensable roles, setting up a controlled environment for President Clinton, in which he would not oppose the "consensus" among his advisers, which included prominently the Vice-President. Those advisers, including National Security Adviser Sandy Berger, Defense Secretary William Cohen, and Secretary of State Madeleine Albright, either knew, or should have known, that the Butler report was a fake. They should be sacked, as well as Butler himself.

The case for Lyndon LaRouche's assertion that Al Gore is a security threat to the United States, is clinched for anyone who has eyes to see.

The Butler fake

Reports in the French press, from Chinese and Russian government officials, and other international sources have all provided ample evidence that the Butler report claiming that

Iraq had violated its agreements to cooperate with the inspectors, was a fraud. While *EIR* intends to pursue this story further, we will provide currently available evidence here.

According to the French daily *Libération*, the Butler report documents a grand total of *three cases*, out of 130 cases outlined, where Iraq allegedly denied access to Butler's team. The French daily comments that this is "very minimal, to justify massive attacks." Furthermore, the paper points out, Iraq has fully complied with the International Atomic Energy Agency (IAEA), the UN agency mandated to investigate Iraq's nuclear program.

Chatham House's George Joffe was even more blunt. He told *EIR* that the Butler report was written "in an extremely derogatory manner. The cases where there were difficulties, were where there were understandable difficulties in working out new procedures for inspections: In only *one* case, is there a clear violation from the Iraqi side. Nothing is demonstrably shown, about a clear pattern of Iraqi obstruction." *EIR* asked, "So the whole thing is a gigantic fraud?" Joffe responded: "Of course it is, does that surprise you?"

Corroborating reports are available both from sources at the United Nations and in Russia.

The *Washington Post* reported on Dec. 17 that a New York-based diplomat, generally supportive of Washington, told the newspaper that UNSCOM's Butler deliberately wrote a justification for a war. "Based on the same facts, he could have said, 'There were something like 300 inspections and we encountered difficulties in five,'" which would have shown the true extent of the "violations."

"There is a general feeling," the diplomat stated, "that in a growing number of instances, Butler has been an instrument of something other than the [UN] Security Council, and that is problematic."

Russian Prime Minister Yevgeni Primakov attacked Butler's role in his comments to the press after a crisis meeting in Russia: "Butler has not played the best role in this story. He was in Moscow and said three or four files would be closed, that the work was going fine, and then, without consultation, he withdrew his personnel, and a strike was launched."

The Iraqis also provide evidence

Iraqi Foreign Minister Mohammad al-Sahaf gave a press conference in Baghdad on Dec. 17, which also contained strong evidence of Butler's and UNSCOM's fraud. He told reporters: "I would like to remind you [the press] and through you, I would like to remind the two governments who are fully responsible for their act of aggression against Iraq . . . that the Secretary General, Mr. Kofi Annan, had received two reports, the first one on Dec. 14 from the International Atomic Energy Agency. . . . The IAEA had stated clearly that the Iraqi counterpart has provided the necessary level of cooperation to enable the above enumerated activities to be completed effectively and . . . efficiently. . . . Have you heard anything from the American . . . or the British government, anything, any mention of the report of the IAEA? The answer is none, not."

After saying that Butler and other accusers "lied shamelessly," he presented the facts and figures: "Since the resumption of cooperation between Iraq and UNSCOM on Nov. 17, UNSCOM had sent eight inspection teams. They had operated 427 inspections. I repeat, 427 inspections to 427 sites; 299 of these sites are included in the ongoing monitoring regime, 128 sites were even not included in the ongoing monitoring regime, but still they asked to inspect them and we accepted. . . . Well, out of the total inspections, which is 427, they mentioned that there were cases of non-cooperation in five. Five cases. . . . The American administration and the British government had committed a dangerous crime against the people of Iraq because of those five cases."

Ironically, on the same day, Scott Ritter, who rabidly supports bombing Iraq, and who had left UNSCOM claiming that it was not tough enough on Saddam Hussein, also came out excoriating Butler, claiming that he had carried out deliberate provocations with his inspections, and was creating a "set-up" to justify the bombings. Apparently, some of the British-Gore crowd are willing to sacrifice their tool Butler, in order to meet the overall objective: destroying the Presidency of the United States.

Controlled environment

The fake Butler report was released on Sunday, Dec. 13, while President Clinton was in Israel, already a crazy environment. Clinton should never have made the dangerous trip to Israel. There is some indication that the decision had already been made to launch the attack based on previous leaks. But the final decision, according to present knowledge, came when President Clinton was returning home on Air Force One on Dec. 15, in a conference call with his National Security

team, including, prominently, Vice President Gore. Gore also, uncharacteristically, took responsibility for briefing the former Presidents of the United States.

During the November crisis with Iraq, as well as earlier ones, President Clinton had taken care to consult with the Russian government in particular. In November, he found the nerve to veto recommendations to strike, on the basis that he was told an estimated 10,000 Iraqi civilians would be killed in the wave of heavy air strikes. This time, the President apparently only consulted with his staff, and most likely, Tony Blair.

An alarmed response

The response from Russia and China, two nations with strategic weight in the emerging Eurasian Land-Bridge constellation, and with which President Clinton has worked to create warm relations, was shock and anger at the unilateral decision to bomb by the United States and Britain. As of this writing, it is not clear how far the crisis will escalate.

Most angry are the Russians, who have recalled their ambassador from Washington for consultations. Both President Boris Yeltsin and Prime Minister Primakov have strongly denounced the air strike, calling it a breach of the United Nations Charter, and demanding an immediate end to military action. Russian Foreign Minister Igor Ivanov said: "The military action constitutes a breach of the UN Charter, it may complicate not only the situation in the Persian Gulf, but have more serious and far-reaching consequences."

Even more dramatic were statements made by leaders in the Russian State Duma (lower house of Parliament), who called the "barbarous bombings" an act of "terrorism."

The Chinese leadership also attacked the bombing in the strongest terms. "We are shocked. We urge the United States to immediately stop its military actions toward Iraq," said Foreign Ministry spokesman Sun Yuxi on Dec. 17. China's permanent representative to the United Nations also called on Britain and the United States to "stop forthwith all military actions against Iraq," and added that "there is absolutely no excuse or pretext to use force against Iraq."

The Vatican also released a statement on Dec. 17, saying, "The Holy See agrees fully with the Secretary General of the United Nations that 'today is a sad day for the United Nations and for the world.' The Holy See hopes that this aggression will end as soon as possible and that international order is restored."

The destabilization of the moves toward the strategic alliances required for the Land-Bridge has clearly occurred, and the President has dug himself into even deeper trouble. He has to come to terms with the fact that Blair and Vice President Gore are effectively operating in cahoots with the Republican neanderthals who are launching the frontal assault against him, and ice them out of any policy influence. Under those circumstances, the very dangerous travesty represented by the U.S.-British bombing of Iraq, can potentially be reversed.

China, India, and Russia must cooperate to ensure stability

by Ramtanu Maitra and Susan B. Maitra

The recent trips of China's President Jiang Zemin to Russia and Japan, and the forthcoming visit by Russia's Prime Minister Yevgeni Maksimovich Primakov to India, ensure that these three nations, among some of the world's most populous and physically endowed, will have begun to seek ways to develop a more specific economic interdependence for the future. President Jiang's speech at Novosibirsk during his state visit to Russia, shows that Beijing has come to realize the real importance of Russia, despite the latter's depleted economy and devastated political environment.

While China is actively moving forward to enhance its economic strength in the coming century, India has remained mentally far behind. Engaged in domestic quibbles, Indian political leaders have lost their vision, and are merely acting on a day-to-day basis to meet immediate political needs as they see them. Russia, once a superpower, wants still to be a major power, preferably an economic power, but was clearly not prepared to meet the free-market onslaught that followed the collapse of the Soviet Union.

As a result, Russia remains unfocussed, hesitant, and unresolved on how best to utilize the potentials and expertise of its own people and the experience and expertise of two large nations, China and India, to etch out a future which would make Russia once more a strong nation.

The necessity

At a recent seminar organized by the Russian Scientific and Cultural Institute in New Delhi, a number of Russian academics emphasized that an in-depth relationship between Russia and China is not only important, but it is now in the process of maturing definitively. However, they could not come up with a similar optimism vis-à-vis the Indo-Russian relationship, although the oft-cited long Indo-Russian friendship was brought up again and again during the course of the seminar, as if to dispel the present desultory drift of these two countries' ties. At least one academic made clear that Russia would hope to see a close and fruitful relationship developing between India and China in the near future.

It is important for all of us to realize that the consolidation of an all-round relationship among China, India, and Russia is not an axis for or against any other nation or group of

nations. Such a cooperative relationship will also not preclude these three countries from having similar close political, economic, cultural, and scientific relations with countries in Asia, Europe, Africa, or the Americas. In fact, it is essential for all three countries to have other close relationships around the world, and thus participate in international policymaking to ensure peace and pave the way for long-term, steady economic growth throughout the world.

However, the vastness of these three countries, and their relative non-utilization of each other's potential, makes it urgent that Beijing, New Delhi, and Moscow get about quickly in their task to concretize joint plans which will help their own, and their smaller neighbors' long-term growth of physical economy, and prevent the periodic economic collapses which cause enormous misery to the large population living in the region.

To begin with, almost 2.5 billion people, or 42% of the world's population, live in China, India, and Russia. When one includes the rest of the Indian subcontinent, the Central Asian nations, and Indo-China, the population that needs support increases to almost 3.2 billion. In addition to this large population, which remains the responsibility of these countries, China, Russia, and India account for 22% of the world's land area, which includes 373 million hectares of arable land.

India's role in the Land-Bridge

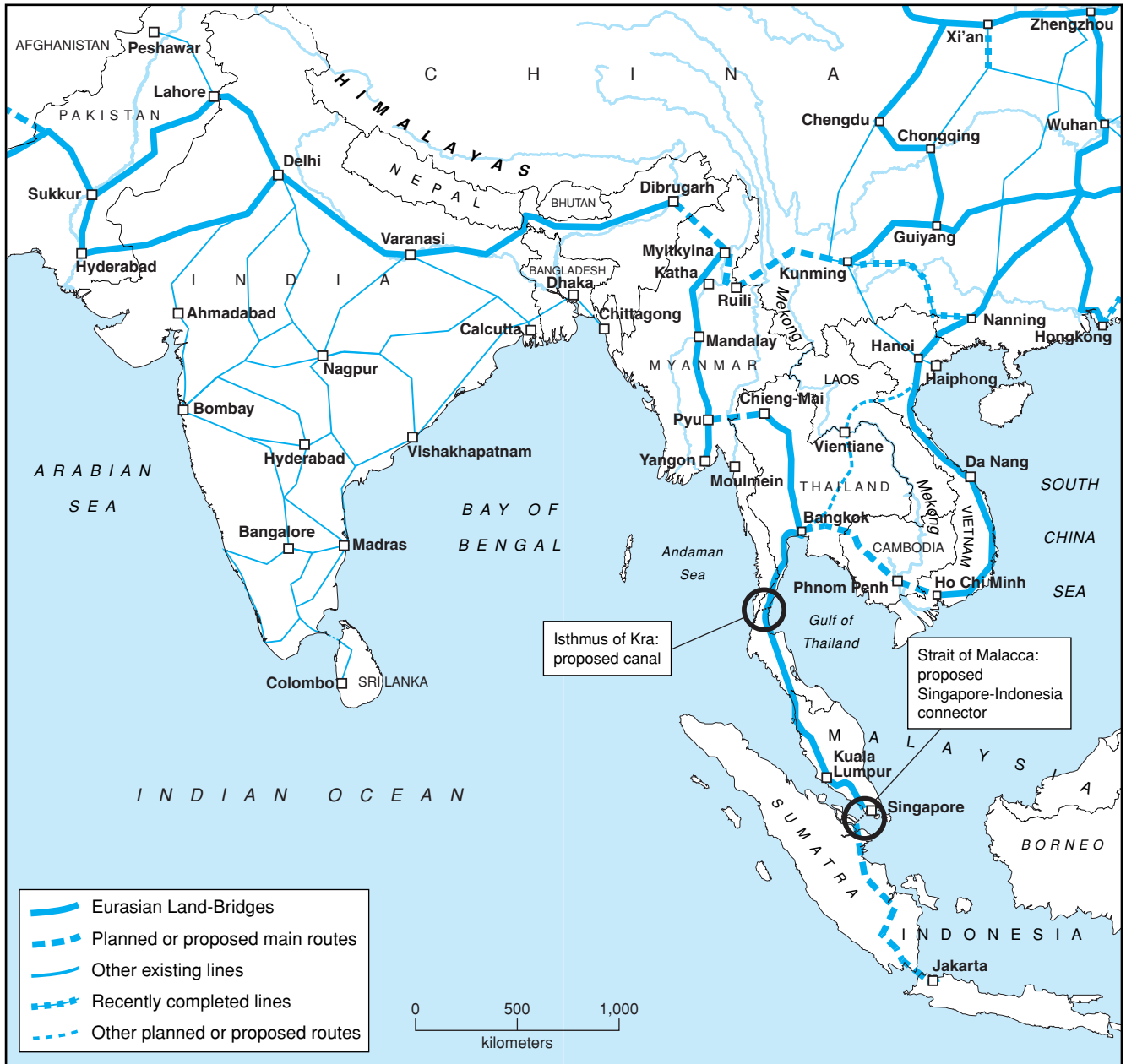
While China has taken the leadership in developing the Eurasian Land-Bridge, which would connect China through Central Asia and Russia to Europe, India has taken very little notice of it. To a large extent, India's inability to develop an economic relationship of substance with Pakistan has worked as a damper on India's participation in the Land-Bridge.

At the same time, India, like China and Russia, has a long historical relationship with the Central Asian nations, and India's participation in the Land-Bridge will be warmly welcomed by these nations, because it will strengthen the security of Central Asia. Central Asian leaders have made this known to New Delhi.

Without an economic and political rapprochement be-

FIGURE 1

India's rail links to the southern route of the Eurasian Land-Bridge



tween New Delhi and Islamabad, India's participation in trade and commerce along the Land-Bridge will remain somewhat piecemeal. India, however, can link up to the Land-Bridge at a number of points. In the east, India can connect to the Land-Bridge through Myanmar, linking northeast India to China's Yunnan province in the south.

This remains the most talked-about point of connection. In addition, India would also benefit if a link-up were made through Ladakh, in India's Jammu and Kashmir province, to the Karakoram highway, which leads to Kashi in China's

Xinjiang province. The third connection can be made through the Niti pass, a pilgrim's route through the Himalayas that would connect China's Tibetan plateau to India's state of Uttar Pradesh. As of now, New Delhi has not made any formal request to Beijing, but seminars have taken place recently indicating some forward movement in this direction.

Developing the Land-Bridge to its full potential requires enormous manpower, extensive political agreements, and the ability to provide security for the route, to generate capital for larger investments, and to garner essential technologies. At

this point, neither China, nor India, nor Russia, has an independently established capability to deal with such massive development projects that need to be executed immediately. While China is building its physical infrastructure in a hurry against many odds, Russia has lost a good part of its physical assets built during the Bolshevik days. There is a high level of despondency prevailing in Russia today.

India, meanwhile, has made no effort in recent years to speed up its slow economic growth, nor did it succeed in abolishing widespread poverty, and, as a result, it is now burdened with a dilapidated infrastructure that is growing worse by the hour. India's failure to provide primary education, basic health facilities, safe drinking water, and adequate mass transportation is crippling its economy and posing a threat to the society as a whole. Barring a few opportunist politicians, some chauvinists who are afflicted with anti-China or anti-Russia diseases of yore, and those who dream of unlimited Western help in the form of economic liberalization and reform, very few Indians any longer believe that present-day Indian leaders have the vision or the wherewithal to bring about a definite improvement in the near future. At the same time, those who promote India's stronger relations with Russia and China, do not venture beyond the usual rhetoric of cultural, civilizational, and traditional ties.

Areas for cooperation

It is only natural that these three countries must cooperate in a number of areas, a few of which we indicate here:

As President Jiang said in his speech in Novosibirsk, Russia is still today a powerhouse in various areas of frontline science and basic technologies. In these areas, both India and China can benefit immensely from in-depth collaboration. Russia has a much stronger base for the metallurgical and heavy engineering industries. Russia has a highly developed—in fact better than most of the top industrialized nations in the world—indigenous research and development base, particularly in the areas of medicine, space, high-energy physics, and nuclear science. It also possesses a large number of scientists and engineers in the R&D sector.

Both China and India have the skilled manpower to handle the advanced technologies, as well as the capital goods, which they are importing on a large scale through foreign direct investment. In both nations, more emphasis has been put on developing indigenous technologies and less on industrial R&D. On the other hand, Russia's successes in the areas of defense production, space and satellites, nuclear science, and medical technology have been remarkable, but it lags badly in manufacturing technology.

Energy for the future

The five Central Asian republics, which together with Russia and many other former members of the Soviet Union constitute the Commonwealth of Independent States, are sitting on about 20 billion barrels of proven oil reserves and at

least 7 trillion cubic meters of natural gas reserves, according to some estimates. The Central Asian countries do not have the manpower or the expertise to exploit these vast resources. Already, a large number of Western explorers, riding piggyback on their countries' political, economic, and military power, have moved into the area. There is a serious case, however, for more extensive Russia-India-China cooperation in energy exploitation.

China and India are both energy-starved nations. There is no question that when they meet the basic necessities of all of their citizens, the power requirements in both these countries will soar. Russia, on the other hand, has large energy reserves, and its immediate economic development does not foresee importation of energy sources. Rather, Russia has the expertise to explore these fields, and because of its past relations with the Central Asian countries, it has a developed human infrastructure in these countries. The Central Asian nations remain apprehensive of becoming too dependent on Russia, and would feel a lot more comfortable if China and India were to cooperate with Russia to develop their energy fields.

At a certain level this relationship has begun to gel, although haltingly. China and Kazakstan have signed agreements to the effect that China will help to develop the Kazak oil fields and pipe oil into China.

China National Oil and Gas Exploration and Development Corp. (CNODC) has signed a memorandum of understanding with India's ONGC-Videsh to tap oil and gas in Central Asia. Unfortunately, the memorandum of understanding has not gone beyond expression of the understanding, i.e., it has produced nothing concrete yet.

Need for food security

India and China, with a combined population of more than 2.2 billion people, depend heavily on rice as their main cereal. Out of the 2.2 billion, perhaps close to 500 million or so can do with wheat as their staple food. China, with only 90 million hectares of arable land, has almost reached a plateau in rice productivity. India's productivity has remained low—India produces close to 82 million tons of rice with an average yield of two tons per hectare—but it has a much larger area of arable land. India's problem, like China's, is its inadequate management of water.

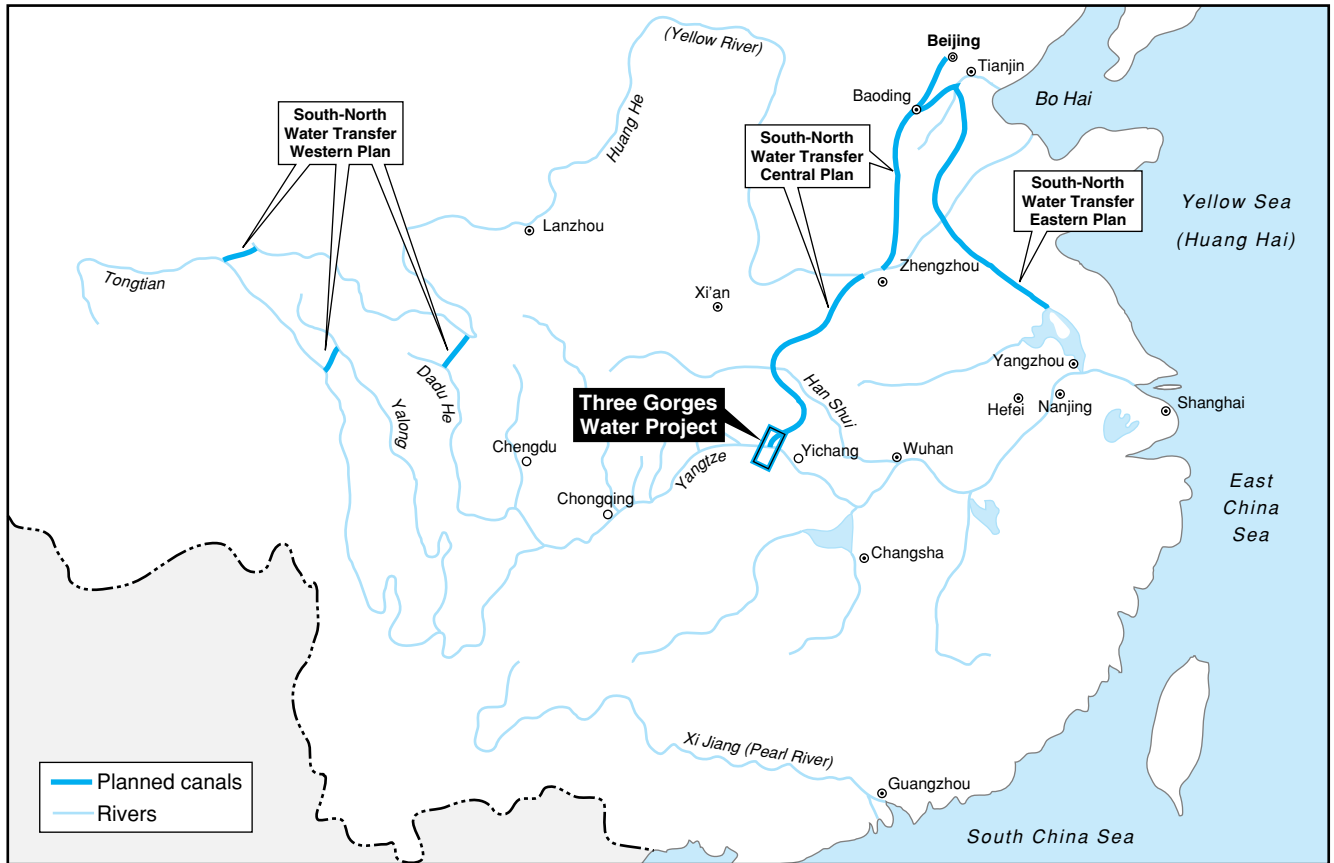
Russia has a vast agricultural production base, but has a genuine limitation on its ability to utilize irrigation—only 4.5% of Russia's arable land is under irrigation. Agriculture in Russia as a whole suffers from serious structural deficiencies, although in terms of variety of crops and non-cropping activities, the sector is well diversified.

As a result of the available potential, China, India, and Russia remain major agricultural producers. It is important that these three countries, in order to ensure their security, ensure long-term food security for the region.

Recent news coming out of rice research centers does not

FIGURE 2

Planned water diversion projects in China



provide much hope for India or China or other Asian nations like Japan, Indonesia, and the Koreans. According to a recent study by the Bangkok-based Asian Rice Foundation (ARF), developed nations are slashing grants for rice research. More than 90% of world rice production and consumption is in Asia. According to the ARF, production of rice in the next 30 years must increase by 70% in Asia in order to remain affordable to the poor. But the situation facing the Philippines-based International Rice Research Institute (IRRI), for example, is grim. It has been forced to cut its budget 30-40% in the 1990s, and slash the number of national staff to one-third. The reason is, that, except for Japan, all developed nations are cutting back on rice research.

In light of this developing catastrophe, both India and China, along with Japan, the Koreans, and Indonesia, must go full throttle with their own research efforts to develop new rice strains favorable to the conditions that prevail in these areas.

Managing vast water resources

From the northern and southern faces of the Himalayas, a number of mighty rivers emerge. Some originate from the northern face and travel eastwards into China. The Tsang-Po,

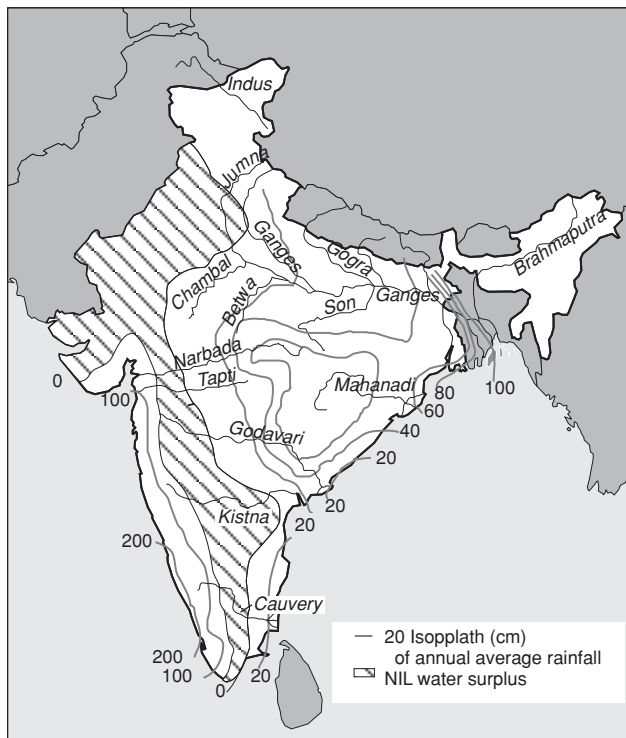
which becomes the Brahmaputra once it enters the easternmost part of India, brings all the snowmelt and monsoon waters to inundate the Indian subcontinent, particularly Bangladesh. The bulk of Brahmaputra's water during the monsoon, however, comes from the southern slopes of the Himalayas, carried by such mighty tributaries as the Subanshiri and the Dhanshiri rivers. Water carried by the Brahmaputra does little good, except some natural dredging during the monsoon season, but causes immense destruction in Bangladesh, flooding vast areas, including many major towns.

At the same time, China is perennially short of water. The northern China plain has been the site of some of the most devastating droughts in human history. In this century, during the Japanese occupation of China and subsequent civil wars, drought killed untold millions of peasants. Annual rainfall averages 500 millimeters for the entire north, but many rivers receive much less. In the south, average rainfall exceeds 1,000 mm. The Yangtze and its tributaries receive three-quarters of the country's annual run-off compared to only 3.8% that the Huang Ho, the Huai He, and the Hai He, the major rivers in the north, receive.

It has been acknowledged for some time in China that

FIGURE 3

India: wide variation in water resources



there is little choice but to transfer excess water from the southern, high-rainfall areas, to the north. One of the projects would be to tap the Tsang-Po in Tibet, and carry the water northward. It is not known exactly how much water can be channelled north, and the project requires collaboration with India, because the Tsang-Po is a riparian river. Cooperation on this project would enable India to reduce the fury of the Brahmaputra in Bangladesh during the monsoon, and it would also help China to open up fresh land for agricultural activities in the north, and enhance the flow of the major northern China rivers.

Both India, in particular, and Russia have significant experience in handling large volumes of water to irrigate arable lands. Nonetheless, the achievements of India's water planners are far short of what is required. India receives more than 80% of its annual rainfall during the 10-12 weeks of monsoon; in the remaining 40-42 weeks, India receives less than 20% of its precipitation. Moreover, the monsoon rainfall, far from being equitably distributed, varies from 60-70 inches to 5-10 inches across the country. Annually, if the monsoon is normal, India receives about 370 million hectare-meters (mhm) of rain. Of this amount, some 180 mhm runs off unused to the sea through the rivers. Another 70 mhm evaporates during rainfall. Some goes into aquifers, and about 20 mhm is held in large reservoirs.

Because of this highly lopsided distribution of rainfall, India is in need of making inter-basin transfers. It is obvious that some of the surplus water—to the tune of 180 mhm—that flows into the sea during the period of heavy rainfall, can be diverted to the water-short southern states to replenish their groundwater aquifers. A plan exists on paper, but the “cost-conscious” Indians have not made it a priority.

Joint regional development

Finally, one of the most important areas of collaboration among China, India, and Russia lies in developing the small nations ensconced between the three giants. For instance, Nepal's mighty rivers, which flow into the Indian plains, have an estimated capacity to generate as much as 83,000 megawatts of electrical power. This is almost equal to the total amount of electrical power that India generates today. Of this, Nepal has so far been able to harness less than 100 MW.

Harnessing Nepal's mighty hydroelectric potential will benefit not only Nepal and make it a highly prosperous nation, but will also enable the power-starved vast northern Indian plains to receive a reprieve—for a price, of course. However, Nepal, already one of the poorest nations and getting poorer every year, has no capability to exploit nature's bounty. Neither India nor China can go into Nepal and do what is needed, because it will immediately provide an opportunity to the mischief-makers to incite opposition within Nepal. The hydroelectric development of Nepal can be done, for the benefit of Nepal, China, and India, only if India and China form a joint venture consortium to build the hydroelectric plants. Participation by the Russians, who have vast experience in this area, would also be of much help.

The Central Asian nations also suffer a regional water shortage, which may pose a serious threat in the future. It is not inconceivable that before too long, the water-starved newly independent nations—Turkmenistan, Tajikistan, Uzbekistan, Kyrgyzstan, and Kazakstan—could start shooting at each other over water.

The two main rivers of Central Asia, the Syrdaria and the Amudaria, flow through four of these five independent nations before entering the Aral Sea. Since the 1980s, reports indicate, very little water has entered the Aral Sea. The rivers, already over-exploited, provide water for 75% of the combined agriculture of these nations as well as their domestic and commercial requirements. At present, 90% of the Central Asian population does not have access to piped water.

To deal with impending water shortages in Central Asia, the Soviet Union once had plans to divert some major south-north Siberian rivers (the Ob and the Irtysh) in Russia, using peaceful nuclear explosions. Whether that construction method is used or not, it is urgent that Russia once more take up the old plan to divert some Siberian rivers to replenish the Central Asian rivers.

Russia's Glazyev briefs Indian press

by EIR's New Delhi Bureau

Russian economist Sergei Glazyev, director of the Russian Federation Council Research Office, gave a press conference in New Delhi on Dec. 15, in which he criticized the free-market ideology that is the cause of the economic disaster in Russia. Prof. Igor Bratishchev, a member of the Russian State Duma (lower house of Parliament) and chairman of the Parliamentary Sub-Committee for Regional Socio-Economic Development, also spoke. The two said that the International Monetary Fund (IMF) had played a critical role in forming Russian macro-economic and financial policy, and "the strategic mistakes in this policy finally led to the failure of the whole market reform in Russia."

Dr. Glazyev is well known to *EIR* readers. For example, his paper on "Key Measures for a Transition to Economic Growth in Russia" was published in our issue of March 27, 1998, with an accompanying commentary by Lyndon H. LaRouche, Jr. Glazyev was interviewed in *EIR*, Oct. 23, 1998.

The two speakers were on their way back to Russia after attending a two-day conference in Calcutta on Indo-Russian relations, organized by the Indian Center for Social and Scientific Research.

Dr. Glazyev opened the press conference, attended by at least 12 Indian journalists and six Russians, by spelling out the importance of how India began to open up its economy. He said that India did well in the earlier part of its reform policy, unlike Russia's reform, which failed, because of blunders by the government.

Dr. Bratishchev, who is an agriculturist, said that the most important thing for him to understand was how India, during the reform, continued to pay attention to the agricultural sector, consistently enhancing agricultural production without causing any hardship to the farmers. In Russia, he said, this is one problem that we have not been able to deal with at all.

Glazyev described what happened to the Russian economy following the collapse of the Soviet Union and how the "Washington consensus" forced Russia to do what Moscow should never have done. The shock therapy people came in, destroying Russia's basic capabilities overnight, he said.

He said that Russia now has to do three things:

1. Compensation of losses to the people caused by inflation, depreciation of the ruble, and destruction of the economy;
2. Restructuring of the banking sector. This means improvement of the banks' efficiency, weeding out inefficient



Russian economist Dr. Sergei Glazyev emphasizes the need for investment in the physical economy, destroyed by the shock therapists.

banks and ensuring public deposits;

3. Investment in the real economy, destroyed by shock therapy. He said the financial sector suffered huge losses, more than 50% of production centers have stopped producing, and capacity utilization is now negative. He said the investment in real economy has to be made through Russian development institutions and such other institutions under the guidance of the Central Bank.

Former Indian Finance Minister K.R. Ganesh, also attending the conference, asked whether the "Washington consensus" will allow these policies to be shaped to their proper form. Glazyev replied that that is the key issue. The IMF is opposed to the Primakov government, he pointed out.

Ganesh then showed the October *EIR*, containing the interview with Glazyev, and said that he has read Glazyev's work extensively, and stated his appreciation for *EIR* correspondent Ramtanu Maitra's "keeping him abreast of Dr. Glazyev's good efforts." Glazyev responded that he gets the *EIR* in Moscow, and Lyndon LaRouche's views have wide support there.

Glazyev's press conference was covered in *The Hindu* newspaper, in an article titled "Capital Markets Have Bankrupted Russia." "Instead of providing capital to the real sector, the financial sector is extracting capital from it. Of course, this leads to economic disaster," Glazyev said, according to the report.

Jiang Zemin speech run in Siberian newspaper

The historic Nov. 24, 1998 speech of China's President Jiang Zemin at the Akademgorodok science city in Novosibirsk (see *EIR*, Dec. 4, p. 55), has been largely blacked out inside Russia, as well as in the West. The full Russian text of the speech, however, is given in issue #45-56 of a publication of the Russian Academy of Sciences Siberian Branch, called *Nauka v Sibiri* (*Science in Siberia*), also available on the Internet at the Siberian Branch's web site.

The text of Jiang's speech was prefaced in *Nauka v Sibiri* with the picture shown here, and a short report on the Chinese leader's visit to Akademgorodok. The article noted that the Chinese delegation, which included the president of the Chinese Academy of Sciences, was joined by Russia's ambassador to China, the Russian minister of foreign economic ties, the Governor of Novosibirsk Province, and other officials.

"In the great hall of the House of Scientists," continued the report in *Nauka v Sibiri*, "the Chinese leader met with scientists from the Novosibirsk scientific center and representatives of the Chinese diaspora in Novosibirsk. In his pithy presentation, Jiang Zemin greeted the scientists of the branch, offered a high evaluation of their activity, and expressed hope for the expansion of fruitful cooperation with scientists from the Chinese Academy of Sciences. Out of respect for his sci-

entific audience at Akademgorodok, the Chinese guest delivered his speech in Russian.

"The members of the Chinese delegation then visited the Nuclear Physics Institute, with which the Chinese side has had economic relations for a long time. Twelve industrial electron accelerators, made at the NPI, are in use in various sectors of the P.R.C.'s economy. The guests were very interested in the NPI-designed low-dose medical X-ray apparatus, which the Chinese side is developing for manufacture under license in China.

"Departing Novosibirsk's Akademgorodok, the members of the delegation continued informal business discussions at the suburban residence of the Governor. Among the questions analysts believe may have been raised during these talks is the creation of an energy bridge between the eastern regions of Russia and the northern regions of the P.R.C., supply of Novosibirsk-manufactured commercial and military aircraft to China, and the opening of a Chinese consulate in Novosibirsk.

"The fact that the top-ranking figure in the Chinese state chose to visit the Academy's scientific center in Novosibirsk, rather than, say, some major firm, indicates the important place of science in the strategic priorities of the P.R.C.'s cooperation with Russia."

Nauka v Sibiri reported that Academician N. Dobretsov, chairman of the Siberian Branch of the Russian Academy of Sciences, gave Jiang Zemin the famous "Atlas of Tibetan Medicine," kept in Russia, and an anthology of writings by former Akademgorodok leader Academician V. Koptuyug. Dobretsov also "made several proposals for collaboration between the scientists and industrial firms in the P.R.C."



China's President Jiang Zemin (seated at the table on left) meets with Russian scientists at the Akademgorodok science center in Novosibirsk, during his visit to Russia.

There is no 'third way' for Venezuela's President-elect Chávez

by David Ramonet

The first urgent task of Venezuela's President-elect, Lt. Col. Hugo Chávez Frías (ret.), will be to demonstrate that he is the President of all Venezuelans, and not that of London's creation, the São Paulo Forum, as former Nicaraguan President and head of the Sandinista Front Daniel Ortega has boasted. At risk is not merely President Chávez's standing before the entire Venezuelan population, but the success or failure of his government and the very existence of Venezuela as a sovereign nation-state, in the face of a world crisis which admits of no "third way" solutions.

In nationwide elections on Dec. 6 that saw a relatively low 35% abstention rate, Chávez was elected President by 56% of Venezuela's voters—a total of 3.6 million votes—while his nearest adversary, Henrique Salas Romer, obtained 40%, or 2.6 million votes.

On Feb. 4, 1992, at the head of the so-called Bolivarian Revolutionary 200 Movement (MBR-200), Chávez led a failed military rebellion against President Carlos Andrés Pérez (CAP), who, after subjecting the country for three years to the ravages of globalization and the same "financial opening" imposed by former U.S. President George Bush and former British Prime Minister Margaret Thatcher on the whole world, had won the thorough hatred of the Venezuelan people.

Pérez was finally driven out of office in 1993, after being convicted of embezzlement of public funds and sentenced to three years under house arrest (due to his age). The interim government of President Ramón Velásquez finished out his term, leaving intact the disastrous economic policy of the CAP government, which ended with the bankruptcy of the Venezuelan banking system in January 1994. Thus began the government of President Rafael Caldera, who for two years tried to change the globalist direction begun by CAP, but who yielded finally to both foreign and domestic pressures (including those of the leadership of the Movement to Socialism [MAS] party, which now backs Chávez) to submit to the International Monetary Fund (IMF). In 1994, Caldera dismissed the charges against Chávez et al. related to the 1992 revolt.

Chávez, with a section of the MBR-200, has been traveling throughout the continent, beginning with Cuba, and par-

ticipating in meetings of the São Paulo Forum, the narco-terrorist international conceived by London and forged by Fidel Castro in 1990 to unite "all currents," from the Colombian narco-guerrillas to the Theology of Liberation adherents and armchair Marxists.

In 1997, the MBR-200 became the Fifth Republic Movement (MVR), a coalition of retired military men (many of them conservatives) and personalities from the old university left, who launched Chávez's Presidential candidacy. Opportunely, the MVR was able to pull together other parties affiliated with the São Paulo Forum (like the MAS, Fatherland for Everyone, Electoral Movement of the People, and Venezuelan Communist Party) and others of a different sort. With this coalition, Chávez succeeded in focussing the generalized frustration and discontent of the population, after ten years of continuous deception, against the whole Venezuelan political system.

The forces of the São Paulo Forum throughout Ibero-America are celebrating the victory of Chávez as the first time that a movement affiliated to the Forum has captured a Presidency by election, thereby setting a precedent for the continent. But despite all this, doubt remains as to whether the policies of President Chávez will be the same as those of candidate Chávez.

The candidate vs. the President

During his election campaign, Chávez stated that his economic thinking is similar to that of British Prime Minister Tony Blair, who promotes a so-called "Third Way." Ever since Chávez returned from London in mid-1998, from a tour organized by the British ambassador in Caracas, Richard Wilkinson, that statement has been made more and more often.

Thus, Chávez has repeated regularly that he will pay all of the country's financial obligations, and will seek to reduce the profile of annual debt service through "debt for equity" swaps and renegotiation of terms and grace periods on part of the debt. He promised to meet the macro-economic parameters demanded by the IMF, but also pledged to satisfy "macro-social" demands related to jobs and wages.

However, at no time has it been more obvious that this so-

called “Third Way” is no option. There is the plan of the Group of Seven nations, headed by Blair, to impose another round of IMF conditionalities on those countries already strangled by debt. The only other way is that being forged by China, in alliance with Russia, India, Malaysia, and other countries which are joining up to cooperate in building the so-called Eurasian Land-Bridge, or “New Silk Road,” a project involving construction of infrastructure along more than 11,000 kilometers stretching from Rotterdam, the Netherlands to Lianyungang, China. As economist Lyndon LaRouche has explained, these agreements for the genuine reconstruction of the world economy are the basis for building a new financial system to replace the IMF.

The fact is that President Chávez will find himself at the helm of a country in its worst fiscal and financial shape of the past century. He will be forced to choose between these two options, and no others. The 1999 budget, of 13 trillion bolivars (some \$23.5 billion) is basically the same as that of 1998, adjusted to this year’s inflation. That budget was re-calculated at an average price of \$10.50 per barrel of Venezuelan oil, but at the moment, the price per barrel is fluctuating at \$8-9 per barrel.

On foreign policy as well, Chávez will have to backpedal if he wants to preserve the very existence of Venezuela. In this area, the only thing he has specified to date is his readiness to “do everything possible” to collaborate in the “peace dialogue” between Colombian President Andrés Pastrana and that country’s narco-terrorists, thereby tacitly giving the narco-guerrillas the same political status as the sovereign government in Bogotá.

But those “dialogues,” as has been amply documented by *EIR*, are a negotiation over sovereign national territory. That is, what is being negotiated is an armistice based on the unconditional surrender of the Colombian state to the narco-terrorists, and the partition of Colombia into at least three “sovereign” entities, to form a Swiss-styled “confederation.”

Most recently, Colombia’s narco-terrorist ELN and FARC, whose spokesmen are active participants in São Paulo Forum meetings, backed Chávez’s candidacy, and have crowed with delight over his victory.

Further, an individual close to Chávez, Lt. Col. Francisco Arias Cárdenas (ret.), who is the governor re-elect of the state of Zulia, is engaged in a “dialogue” of his own with the ELN. Arias had participated with Chávez in the 1992 military revolt, but they then had a falling out when Arias went on to collaborate with the government of Caldera. More recently, during the election campaign, the two men reestablished a close working relationship. Arias has met with the spokesman of the ELN’s “International Front” in Paris, and with other spokesmen inside Colombia, and he insists that he will continue with his negotiations. Earlier, Arias had proposed the creation of a supranational strip of land along the Venezuela-Colombia border, to be patrolled by UN blue helmets or some

other supranational entity. Such a move would be a big step toward the destruction of the national sovereignty of both nations.

The Constituent Assembly: a monkey trap

The only specific political platform that candidate Chávez has embraced has been the convocation of a Constituent Assembly to reform the Venezuelan state. According to the President-elect, he seeks to achieve a “new social contract” based on the thinking of French philosopher Rousseau.

Spokesmen for the MVR have repeatedly offered as an example of this “constituent assembly process” the case of Colombia’s 1991 constitution—which was admittedly financed by the drug cartels! But that “constitutional process,” as in other recent such cases, has proven to be nothing more than an institutional mechanism employed by the international financial oligarchy to further the destruction of the sovereign nation-state, and to impose globalism and “New Age” paradigms, so popular among ’68 generation hippies, by appealing to a Jacobin-style “will of the masses.”

In fact, the idea of such a constituent assembly in Venezuela was first proposed by Carlos Andrés Pérez, following the Colombian example. Since 1995, the constituent assembly proposal has been used as a mechanism to pressure the Caldera government, to force it to abandon its “statist” economic policies—that is, policies intended to defend the national economy against flight capital.

As a candidate, Chávez had given an ultimatum to the new Congress elected on Nov. 8, to hold a referendum that would poll the nation on the constituent assembly proposal. If this were not done, he had warned, he would himself do so by decree once elected. Now, as President-elect, his spokesmen have agreed to follow the constitutional path for such a referendum, which requires a constitutional amendment first. If he tries to impose the Constituent Assembly by force, the current polarization in the country will worsen. It should be kept in mind that, while he won the Presidency with a clear mandate, Chávez does not have a majority either in the Congress, the Senate, or among the governors.

But even should Chávez try to convoke the Constituent Assembly by negotiation, such a move would prove a disaster for the country, the beginning of the end of the institutions of the sovereign nation-state.

As one of his first acts as President-elect, Chávez designated Gen. Raúl Salazar as Defense Minister, which was received with approval by the Armed Forces. He then designated one of his closest collaborators, Luis Miquilena, an old leftist labor leader, as Interior Minister. The greatest surprise, thus far, has been the nomination of journalist Alfredo Peña, linked to the media empire of communications magnate Gustavo Cisneros Rendiles (synonymous with Rockefeller interests in Venezuela), as his Secretary of the Presidency.

Is that where Chávez’s “Third Way” is heading?

Korean peninsula faces war without a New Bretton Woods system

by Our Special Correspondent

As the war in the Persian Gulf explodes, tensions are rising rapidly on another front: the Korean peninsula. During the night of Dec. 17-18, Korean time, according to the South Korean Defense Ministry, the South Korean Navy encountered what they said was a North Korean submersible vessel just two kilometers off the coast of the southern port city of Yonsu. The vessel was driven off by 12 South Korean Navy ships and three naval fighter jets, and sunk after an exchange of fire, 100 kilometers south of Koje island. The South Korean Defense Ministry also asserted that the Navy had found the body of a North Korean frogman, armed with a grenade. There have been several such incidents over the past six months, but this was the most serious. It also occurred in a most dangerous international situation.

What is happening on the Korean peninsula closely reflects both the international financial crisis, and the insane fractional situation in Washington, D.C. While, in 1994, President Bill Clinton had overseen creation of an agreement to replace North Korea's existing nuclear reactor with one which could not be used to generate weapons-grade plutonium, which would both provide North Korea with a nuclear plant, and eliminate the issue of weapons-generation. But little—or rather, nothing positive—has happened in the intervening four years.

Instead, South Korea, previously the tenth-largest industrial economy in the world, has been struck hard by the world financial crisis, and Clinton administration policy has only perpetuated the devastating economic effects. North Korea has remained closed to the outside world, and the famine, which has ravaged that country for several years, has worsened.

In this context, a group of Republican members of the U.S. Congress are now moving to eliminate the 1994 agreement altogether, setting up another dangerous flashpoint, an *EIR* investigation has learned. Incoming House Speaker Robert Livingston (R-La.) inserted clauses in the Oct. 19 Omnibus Appropriations Act for Fiscal Year 1999, which will void the 1994 nuclear agreement by March 1, unless North Korea permits sweeping new military inspection demands not covered in the 1994 accord, a former official in the Pentagon under George Bush told a journalist on Dec. 8. The 1994 agreement is “the crown jewel of Clinton's foreign policy, and it has got to go,” he said, stating that some Pentagon

officials have leaked photos to Congressional Republicans showing what they allege is a large North Korean nuclear build-up at the town of Kumchang-ri. This construction was not covered by the 1994 accord, and Pyongyang will not allow foreign entry there.

The situation in North Korea must be verging on desperation. Between 1-3 million North Koreans may have already starved to death, as Rep. Tony Hall (D-Ohio) reported in Washington on Nov. 17. “I don't think anybody has an accurate assessment. North Korea admits to a million people dying,” he told the National Press Club. “I would say somewhere between 1.5 million and 3 million people have died.”

Hall said that people in rural areas where he visited are dying in large numbers, and he showed photographs of starving children. He said that one food center outside of Chongjin is distributing “substitute food,” bags of ground-up dried leaves and straw which, made into noodles, only make people sick. “People are hurting. . . . They're holding their stomachs.”

The South Korean economy, meanwhile, is sinking through the floor, with industrial production collapsing at a 7% annual rate. Unemployment is up to 9%, with more than 1 million workers laid off this year, and the number of children being sent to orphanages has risen 30%, because parents cannot feed their children. This is thanks to Seoul's International Monetary Fund (IMF) program; the children are known as “IMF orphans.” In these circumstances, South Korea is in no position to help North Korea.

During his tour of Asia in January 1998, U.S. Defense Secretary William Cohen had called Korea “one of the most dangerous places on earth,” and warned South Korea that, despite its economic crash, it should not cut its defense budget, because “that might very well send a signal to the North that now is the time to take advantage of the economic difficulties of the South.” But in the same policy speech, given in Singapore on Jan. 15, Cohen asserted that nations must adapt to “the discipline imposed by the markets”—the same markets which have devastated economies worldwide.

Kim Dae-jung awakes

There have been recent signs of life in Seoul, where until recently the IMF ran policy. South Korean Prime Minister



South Korean President Kim Dae-Jung. "I hope for normalization of relations between the United States and North Korea, and I think it's time to think about lifting economic sanctions against North Korea," a spokesman quoted the President as saying.

Kim Jong-pil, in talks on Nov. 28 with Japanese Prime Minister Keizo Obuchi in Kagoshima, Japan, "proposed that Japan and South Korea initiate a \$300 billion Asian monetary fund in cooperation with other Asian countries," Tokyo's *Nihon Keizai Shimbun* reported on Nov. 30. "The proposed regional fund appears to have been inspired by Japan's proposal last year of an Asian version of the International Monetary Fund. . . . Seoul apparently hopes to use the fund to stabilize the northeast Asian economy in general and the economy of North Korea in particular." This proposal was put forth immediately following Chinese President Jiang Zemin's Nov. 26-29 trip to Japan, which was a breakthrough for China-Japan relations and for potential cooperation on the Eurasian Land-Bridge (see *EIR*, Dec. 11, pp. 4-11).

Prime Ministers Kim and Obuchi "also agreed to start talks on a bilateral investment accord and study an East Asian free trade zone, intended to provide businesses from both nations with the same treatment as domestic firms, as well as abolishing export restrictions and requirements limiting technological transfers to foreign investors," the Japanese newspaper article said.

While South Korean President Kim Dae-jung has bowed low to the IMF dictators thus far, rapprochement with the North is his dearest personal goal, and the war cries on Capitol Hill have forced him into action. President Kim proposed to U.S. emissary William Perry in Seoul on Dec. 7 that the United States, rather than opt for confrontation, should provide economic and diplomatic benefits to North Korea in exchange for access to Kumchang-ri, the site on which the Republicans have focussed their nuclear inspection demands.

"I think all problems related to North Korea should be tackled in a package deal," Presidential spokesman Park Ji-

won quoted Kim as telling Perry. "I hope for normalization of relations between the United States and North Korea, and I think it's time to think about lifting economic sanctions against North Korea. . . . The policy of engagement with North Korea should not be abandoned. I believe it will succeed. North Korea will eventually cooperate, because they know they will lose if they start war," the spokesman quoted Kim as saying.

"North Korea is currently at a crossroads. One [way] is to risk war through military provocations, or [the other] to open up," Kim reportedly told Perry. "But the two are equally difficult for North Korea. If we approach them wisely by means of giving hopes and warnings, and because North Korea knows it would lose if they engage in a war, they will respond cooperatively," he said.

Kim's proposal bears a striking resemblance to a Nov. 22 *Washington Post* commentary by Clinton adviser Selig Harrison, who said that the root of the trouble is the United States' failure to normalize trade relations with Pyongyang. This virtual embargo, which has been in place since the Korean War, plus the failure to deliver on new peaceful nuclear power plants promised in the 1994 accords, have led North Korea to conclude it has nothing to gain by freezing its nuclear program, Harrison said.

In "The Korean Showdown That Shouldn't Happen," Harrison wrote that elements in "Congress, the Pentagon, and the intelligence community" are deliberately provoking the current conflict over nuclear inspections in North Korea. Defense Intelligence Agency chief Lt. Gen. Patrick Hughes began the current ruckus, Harrison alleged, by leaking to Representative Livingston's aides, satellite images showing a large North Korean construction project at Kumchang-ri, 25 miles north of Pyongyang's Yongbyon plutonium reactor. Such critics of Clinton's 1994 nuclear agreement with North Korea (which specifically froze the Yongbyon reactor) "who never liked the pact in the first place, [and] now see an opportunity to kill it and move to a confrontational policy," he wrote.

Another Iraq?

While the former Pentagon official denied Harrison's specific allegations about General Hughes, he waxed eloquent on Congressional GOP plans to turn North Korea into another Iraq-style confrontation zone. The difference is that North Korea has never been defeated in war, so there are no legal grounds for the West to demand that the country simply give up its national sovereignty, he noted. "North Korea is and will be totally committed to acquiring a nuclear-weapons capability," he said. "It's their national security objective like any other country. The logic is that they are committed to it, just like Pakistan and India, so the 1994 Clinton accord can never change that."

The GOP believes North Korea is "developing ICBMs capable of reaching the U.S.," he stated. "You don't produce

fissile material at only one site such as Yongbyon—and you don't produce it unless you intend to deliver it. I used to produce and store it for delivery, and I know."

America, he said, has three choices: Accept reality, "as we do with India and Pakistan, whom no one is suggesting be bombed"; bomb North Korea, as Israel did the Iraqi Osirak reactor in 1981; or "demand a different set of negotiations to reach a totally new comprehensive agreement to completely defang them—demand something far beyond Clinton's 1994 Agreed Framework, which accomplishes nothing," he said. "Clinton was scared into the 1994 Framework in the first place, but now we can do better."

Now that North Korea is starving, the former Bush Pentagon official stated, "we finally have a real opportunity—because of their terrible internal situation. The famine and internal crisis is very, very good for us." Where Clinton negotiators failed to get North Korea to turn the whole country over to U.S. inspectors in 1994, he said, if Washington is brutal enough now, it can have its way. "Now North Korea is in much worse shape, and we can start taking things back. We can take back all our food and oil aid, and move more troops in. We should have a major force build-up in South Korea. We should try to force the Chinese to cut the umbilical cord [of food aid] which is keeping North Korea alive."

He stated that the GOP is now demanding "the threat of the use of total force" against North Korea—"then we may be able to construct terms where they really will give it all up." After ripping up the 1994 accord, which only freezes the Yongbyon nuclear reactor, he said, the GOP aim is to force North Korea not only to extend UN inspections to Kumchang-ri, but to shut down all its nuclear plants, peaceful and military, all its missile launch sites, and other weapons programs, as with Iraq.

"We are calling for a total reassessment of North Korean policy," the Bush official said. He said that the GOP had forced the November appointment of former Defense Secretary Perry as the Clinton administration's new policy coordinator on North Korea, with the aim of pushing such a top-down reassessment. Perry toured South Korea, China, and Japan on Dec. 6-9, but made little progress in negotiations to get into Kumchang-ri.

Meanwhile, Tamotsu Asami, of the Yomiuri Research Institute in Tokyo, in a commentary in the Dec. 2 *Yomiuri News*, tried to drag China into the parallel controversy over North Korea's rocket program. Japanese nerves were frayed by an August satellite launch by North Korea, originally reported by the Pentagon to be a weapons missile launch, and by new U.S. reports on Dec. 2 that a second launch may soon occur. China may be "involved in North Korea's missile program," Asami wrote. "An increasing number of experts do not rule out that possibility. 'If China is playing a part, whether officially or unofficially, it would mean that we have entered an entirely new phase,'" Asami quoted one "military expert" as saying. "It would also make China a strategic enemy of the United States."

Mexican press plays up Zepp-LaRouche visit

As EIR reported last week, Helga Zepp-LaRouche, the founder of the Schiller Institute and wife of American economist Lyndon H. LaRouche, Jr., visited Mexico from Nov. 28 to Dec. 7, organizing support for the Eurasian Land-Bridge, in opposition to the free trade monetarism that is destroying Ibero-America and the rest of the world. Her visit, including her joint appearance with former Mexican President José López Portillo, generated a great deal of political excitement and press coverage, as we reported.

Here are some further press reports, from Mexico and the Dominican Republic.

Monterrey television, Dec. 11-13:

Two lengthy and wide-ranging interviews, which had been taped during Mrs. Zepp-LaRouche's visit, reached a large audience in the north of Mexico and into the south of Texas.

The first interview, a half-hour long, was broadcast on Dec. 11 on Channel 28, which is run by the state of Nuevo León. It covered everything from the "good news" of the Eurasian Land-Bridge developments, to the fraud of British Prime Minister Tony Blair's "Third Way" (the British always jump in and try to divert a real opposition movement, she said, and this is just intended to keep the International Monetary Fund and World Bank alive). Mexico's potential, and urgent need, to develop into a modern industrial nation, how oil-for-technology deals can be used to confront the collapsing price of oil, and the importance of Mexico resolving its water shortage problems using nuclear energy for desalination, were among the themes she discussed.

On Dec. 13, Channel 2's "Cambios" program broadcast its interview. The host of the Cambios program, architect Héctor Benavides, is the most prominent television interviewer of the north of Mexico.

His first question was, "You have said that globalization and free trade have to be dumped into the trash bin. What, then, do we do?" Zepp-LaRouche replied with a briefing on the bankruptcy of the world financial system, and the need for a New Bretton Woods System to set things right. This led to the question, what can Mexico, a dependent country, do? She answered by discussing the critical role of infrastructure development, especially the impact of the Eurasian Land-Bridge, and the return to economic development driven by science and technology, as China's President Jiang

Zemin discussed in his beautiful speech in Novosibirsk, Russia.

Benavides asked where Mexico could get the credits for something like this, because it depends on international markets. She replied:

There is no "credit" available on the international markets! There is only a speculative mass of trillions of dollars. There is no trade! Without the reforms we are proposing, globalization and free trade will collapse today's system, just as the Soviet Union collapsed. The system died on Aug. 17, with the Russian state bankruptcy.

We must return to the principles of U.S. President Franklin Delano Roosevelt, she said, the principles used to rebuild Japan and Germany after the war, what de Gaulle implemented in France. China is doing this; the Primakov government in Russia is working on it, too. Here in Mexico, you must understand the role of national banking, and the importance of the sovereign nation-state, the only institution which can protect the people from the financial storms.

The discussion then moved to what life was like during the Dark Ages, and the similarities to today, provoking Benavides to ask, "Who are the enemies of humanity at the end of this millennium?"

The financial forces based in London, who seek world government and the end of the nation-state, she explained, noting that the extradition operation against Chile's General Pinochet is part of the drive to eliminate the nation-state—"and I'm no fan of Pinochet," she noted.

The Zapatista destabilization of Mexico was discussed, with Zepp-LaRouche stressing that the separatist group had to be seen in the context of the British attempts to divide Russia, Colombia, China, and other nations.

Benavides asked about former President José López Portillo.

"I admire him; he is one of the great statesmen of our century," she replied. "He honored me by commenting on my speech, and had the courage to call on the world to listen to the wise words of my husband, Lyndon LaRouche." Had the Ibero-American countries implemented LaRouche's Operation Juárez in 1982, she said, the world would be different today!

I did not come to criticize this Mexican government, nor any previous administrations, she said. I came to share information about what is happening; I am just back from China, and Mexicans need to know that there is a future for their youth, a reason for hope.

Gaston Pardo, *Novedades*, Mexico City, Dec. 14:

"The visit to Mexico by Helga Zepp-LaRouche, international president of the Schiller Institute, sponsored by the Mexican Labor Party [sic] and former President José López Portillo [sic], introduced into the framework of Mexican politics and its economic and financial architecture, a critical element which cannot be ignored."

Her visit coincided with the decision to cut the money supply even further, a measure designed to "control inflation," which will not help the real economy, but only entail more poverty and bankruptcies, Pardo noted. Mexico is entering into a depression.

"In this context, the warnings of Helga Zepp-LaRouche cannot be ignored by the rotten elite. For the visitor, the collapse of the real economy, the U.S. trade deficit, the deterioration in production from Japan to south-east Asia, are indicators of the economic recession before a depression." As long as the Group of Seven continues its policies, this will continue, she argues.

Jorge Meléndez, "European Land-Bridge: Germ of an Economic Revolution," *El Siglo*, Dominican Republic, Dec. 14:

In his weekly column, Meléndez broke the story of Zepp-LaRouche's visit to Mexico, and José López Portillo's call for the world to listen to Lyndon LaRouche. He details how Zepp-LaRouche briefed Mexicans on the fact that more than half of humanity has rejected the International Monetary Fund's bankrupt system, while China's Jiang Zemin and Russia's Primakov are forging a new strategic alliance, other governments can now also adopt protectionist measures and get off the sinking ship of globalization.

For previews and
information on
LaRouche publications:

Visit EIR's Internet Website!

- Highlights of current issues of EIR
- Pieces by Lyndon LaRouche
- Every week: transcript and audio of the latest **EIR Talks** radio interview.

<http://www.larouchepub.com>

e-mail: larouche@larouchepub.com

Interventions by LaRouche and associates, to change the course of world history

The following is a chronology of works published in EIR in 1998 by Lyndon H. LaRouche, Jr., and some of the most important interventions and diplomatic initiatives by him, his wife, and their associates.

Jan. 9: *EIR*, article by LaRouche, “Truthful, or Merely ‘Factual’?” analyzes the failures of today’s economists (and astrophysicists). Unlike the usual statistical projections of future events, the economic forecasts made by LaRouche have succeeded by identifying a characteristic “curvature” of economic processes, in the sense of “curvature” associated with the work of Carl Gauss and Bernhard Riemann. This curvature shows us, that continuation of currently prevailing policies must lead toward catastrophe, unless a specified change in axiomatic assumptions of policymaking were introduced during a certain estimable range of time available.

Jan. 17: LaRouche delivers keynote speech to conference of the Schiller Institute and International Caucus of Labor Committees (ICLC), in Alexandria, Virginia, “How the Top One Percent of American Citizens Think.” “If you think things are scary now, come back in about four weeks from now, and then tell me how scary it’s become,” he warns, with reference to the worldwide financial crisis. (*EIR*, Jan. 30)

Jan. 18: Helga Zepp-LaRouche addresses the conference of the Schiller Institute and ICLC on “The Contribution of the United States and China to the 21st Century; How Does the World Treat Its Prophets?” (*EIR*, Feb. 27)

Jan. 23: *EIR*, “Fidel Castro’s French Connection.” LaRouche analyzes the historical and cultural roots of the French Synarchists’ support for the likes of Chiapas’s apostate Bishop Samuel “Samiel” Ruiz. Why French? Because every separatist- and narco-terrorist outfit in Ibero-America operating under the São Paulo Forum of Fidel Castro, donned the costume of some “ethnicity” created by the French anthropologists. The Zapatistas of Chiapas are a textbook case.

Jan. 28: LaRouche, in a radio interview to “*EIR Talks*,” denounces the assault on President Clinton. “*The overall purpose of this operation, is a sex scandal, which is the British technique used to divert attention and . . . divert effective action away from the real issues of this moment, the issues which will determine the future existence of civilization on*

this planet, issues not of the future, but issues of today. We are now in the biggest financial crisis of the 20th century.” (*EIR*, Feb. 6)

Jan. 28: Helga Zepp-LaRouche addresses a seminar in Prague, the Czech Republic, on “The European-Asian Bridge as a Motor for Global Economic Development.”

Feb. 6: *EIR*, “Pope’s Havana Homily Defends Nation-State.” The Pope’s visit to Cuba, LaRouche writes, “was even more a matter of flanking the present systemic crisis of humanity as a whole, than it was, also, an expression of sincere devotion to the welfare of Cuba as such.”

Feb. 7: Helga Zepp-LaRouche addresses a symposium in Washington on “Creating Excellence in Education Through Music.” The symposium was a complement to the historic performance of the St. Thomas Boys Choir of Leipzig, Germany, at the Basilica of the National Shrine of the Immaculate Conception. (*EIR*, Feb. 20)

Feb. 13: *EIR*, “‘Do It, George . . . er, Bill!’” LaRouche warns President Clinton that, if he were to continue to be duped by Britain’s Prime Minister Tony Blair into launching an attack upon Iraq, “the global chain-reaction would soon create the conditions under which a new, successful impeachment drive could be launched against a globally self-isolated Clinton.”

Complementary articles by LaRouche in the same issue: “Clinton Could Rapidly Lose Nearly All Eurasia,” and “The Delusion Called ‘Triangulation.’”

Feb. 20: *EIR*, “The Tale of the Hippopotamus.” LaRouche reviews *Conspiracy: How the Paranoid Style Flourishes and Where It Comes From*, by Daniel Pipes. “To conspire is human,” writes LaRouche. “Without the benefit of a far-flung conspiracy, for example, one could not have procured what used to be a nickel cup of coffee in a diner.”

Feb. 20: *EIR*, “A Change in the Global Weather.” LaRouche writes that a revolution in policy-shaping “is already in progress. . . . Those who think that they can defeat the onrushing economic and political storms with the bailing-wire of the Baby-Boomer era’s ideology, are dooming themselves.”

March 6: *EIR*, “Will the April 22-Nations Effort Succeed?” LaRouche warns that Britain and Israel may unleash

a terrorist attack, through Arab surrogates, should President Clinton accept a diplomatic resolution of the Iraq crisis. The article situates the heightened strategic danger in the context of the deepening economic and financial crisis, and calls for the Group of 22 to take this on, at their meeting in Washington on April 16.

March 11: LaRouche tells “*EIR Talks*,” “*We are in the opening phase of a new round of crisis, generally comparable in broad terms to what happened between late October and the middle of January, but more severe. How much more severe at this time is not certain. It could go all the way. I would rather think it won’t go quite all the way, but it could. It depends on how governments react.*”

March 18: In a speech to an *EIR* seminar in Washington, D.C., LaRouche outlines the strategic approach to restoring the world economy to health, and the type of leadership required to implement a New Bretton Woods system. “The customary objection will be, that such a sudden and radical approach is ‘politically impossible.’” LaRouche declares. “Let those political leaders who lack the will to carry out the measures I have proposed, get out of the way, and pass the authority to act to those among us who are willing and able to enact these measures, and do so suddenly.” (*EIR*, March 27)

March 24: Speaking to “*EIR Talks*,” LaRouche emphasizes that the real economy must be saved, not the banks. “The point is that you must not bail out the banks. You must put them through bankruptcy reorganization, the way we would with any ordinary bank in bankruptcy. Don’t try to bail out what can not be bailed out. As Bob Rubin said, not a nickel for the banks! You must not do that. You must not put government reserves, and other reserves, into trying to bail out banks. What you do, is you step into the bank. You decide what has priority, what are the greatest social obligations, such as pensions, and savings, and so forth. You must save those at

the expense of those creditors whose investment, or whose claims are based on speculation, and wipe out the speculators.”

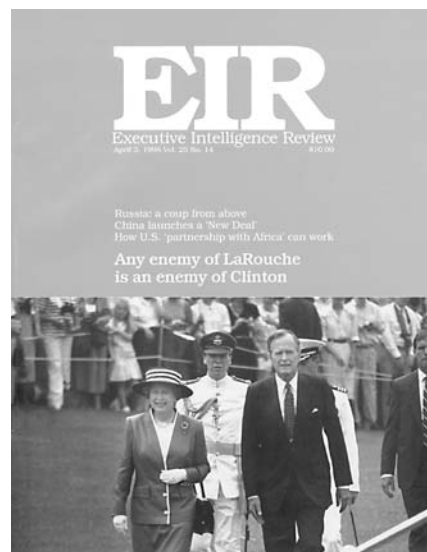
April 1: Schiller Institute submits written testimony to the House Appropriations Subcommittee on Commerce, Justice, State, and the Judiciary, calling upon Congress to take “immediate and drastic action against a reign of terror that has been carried out by a group of high-ranking career bureaucrats and prosecutors in the Department of Justice.”

April 2: Lyndon and Helga LaRouche address a meeting in Rome on the proposal for a New Bretton Woods financial reorganization. The briefing is attended by Members of Parliament, economists, journalists, and diplomats.

April 3: *EIR*, “Any Enemy of LaRouche Is an Enemy of Clinton.” A “political dirty tricks” operation of President George Bush’s reelection campaign, the so-called “Whitewater case” against President Bill Clinton, LaRouche writes, has turned out to be remarkably similar to the “Get LaRouche” operation launched by the Bush league under Executive Order 12333. “In many respects, the two covertly directed operations appear to be almost identical, involving many of the same institutions and key personnel.”

April 3: *EIR*, “Russia: A Coup From Above.” Beset by the global financial crisis, President Yeltsin fired the entire Chernomyrdin cabinet. LaRouche writes: “The new crisis whose onset now grips Russia, and, soon, much of the rest of the planet, must be welcomed, gratefully, as the needed crisis which prompts us to do the good we were unlikely to attempt otherwise. We see this crisis as the opportunity to defeat, to free us from that religious quality of monetarist fervor which is presently the greatest threat to civilization.”

April 4: LaRouche conducts informal discussions in Rome with a dozen Italian scientists, including specialists in “cold fusion.” (*EIR*, May 1)



April 17: *EIR*, “The Principles of Long-Range Forecasting.” “To forecast,” writes LaRouche, “one must concentrate on both the physical-economic aspect, with its immediate connections to matters of principles of physical science, but also the generationally oriented social-cultural processes. We have a significant, but secondary interest in the relatively more transient opinions as such, but a great deal of interest in what the London Tavistock Institute would prefer to identify as cultural ‘mind-set,’ or ‘cultural paradigm shifts:’ the axiomatic hypotheses which tend to predetermine what opinions will be engendered, by the unfolding of a certain direction in combined, interacting, cultural and physical-economic developments over, usually, the span of a generation or two.”

May 15: *EIR* publishes the full text of the McDade-Murtha “Citizens Protection Act of 1998,” fueling a nationwide mobilization against the Justice Department’s corrupt permanent bureaucracy.

June 5: *EIR* reports on the mobilization by the Schiller Institute against DOJ abuses and in support of the McDade-Murtha bill. The institute sponsored a lobbying effort in Washington by a high-powered delegation of former Congressmen, state legislators, civil rights leaders, and others, who met with at least 60 Congressional offices before Memorial Day.

June 19: *EIR*, Helga Zepp-LaRouche writes “What China Can Expect From Clinton’s Visit.” She warns that the Clinton administration has stopped taking into active consideration the reorganization of the world financial system which Lyndon LaRouche has proposed. Unless that changes, and the President faces the reality of the systemic financial crisis, there is no real basis for defining a new U.S. policy toward China.

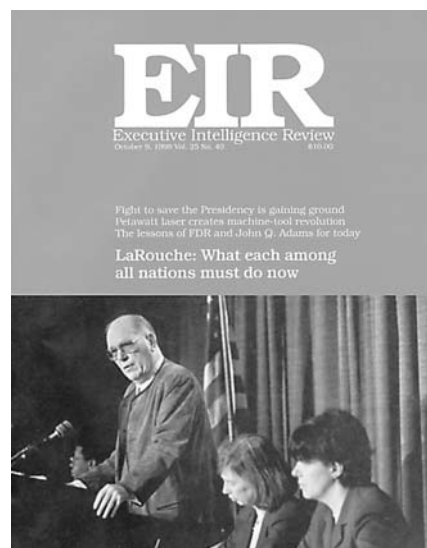
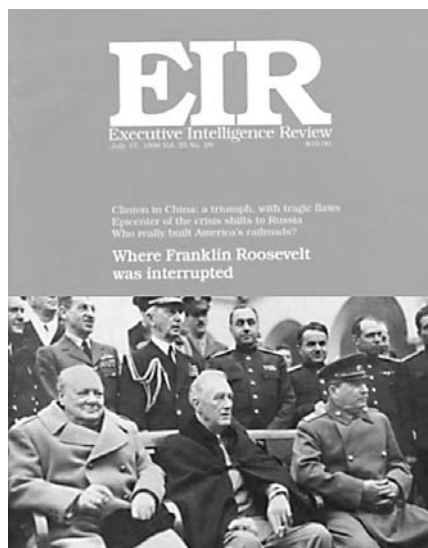
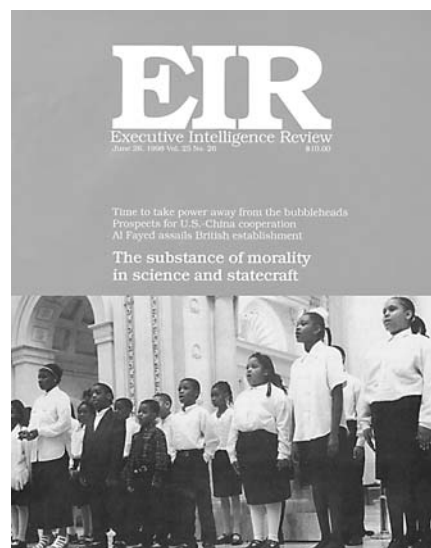
June 26: *EIR*, “The Substance of Morality.” “The human species’ long-term progress,” writes LaRouche, “when mea-

sured, as a whole, over the span of hundreds of generations, shows progress to be a crucial, characteristic, and implicitly inevitable feature of our species, as a species. However, it is not simply pre-assured that every step of progress during a shorter term, such as several or more generations of a global or local culture, will lead to its appropriate supercessor. Scientific and technological progress, as such, are indispensable for the continued progress of the entirety of our species. However, when and whether progress, or even retrogression occurs, is never automatic; the actual outcome is a result of what we term ‘cultural factors,’ as much as impulses attributable to progress in discovery of higher physical principles as such.”

July 17: *EIR*, “Where Franklin Roosevelt Was Interrupted.” Writes LaRouche: “Had the same war-time, Roosevelt program of 1939-1945, been adapted to the rapid, post-war, agro-industrial development of new nations freshly freed from the debilitating hand of British, French, etc. imperialism, the U.S. and its partners would have enjoyed a continuing, post-war economic growth. The policy-shaping institutions established under the first two decades of such a post-war conversion program, would have virtually ensured further, planetary growth and stability throughout the 1945-1998 interval.”

July 24: *EIR*, “An ‘American Century’ Seen as a Modular Mathematical Orbit.” Comparing Franklin Roosevelt’s concept of an “American Century” world economy, with the disastrous economic policies of the past thirty-odd years, writes LaRouche, the task at hand is “to show why the economies within one economic ‘solar system’ must necessarily follow qualitatively different trajectories than those of the other, the one leading toward prosperity, the other toward doom.”

July 26: LaRouche addresses the “summer school” of the Schiller Institute in Oberwesel, Germany. He emphasizes that



“in the coming several months, August, September, October, there will be such changes in the world, as none of you living has ever seen before. . . . This is *real* history—a fundamental change in human destiny, for the better, or for the terrible.” (*EIR*, Aug. 7)

July 31: *EIR*, “LaRouche Movement Flexes Its Muscle vs. DOJ Tyranny.” With this feature in *EIR*, the LaRouche movement begins a campaign to broaden the scope of the fight for the McDade-Murtha bill, to include other human rights violations, including the North American Free Trade Agreement (NAFTA), prison privatization and slave labor, and “workfare” labor recycling.

Aug. 7: *EIR*, “The Eagle Star Syndrome.” LaRouche, surveying the current world crisis, addresses the question, “What powerful agency has done this to us?” Look to the wartime development of the British-American-Canadian establishment, and its emergence after the war, typified by the inconspicuous Eagle Star insurance firm. Look, too, at that establishment’s manipulation of the poor, typical American populist, who obviously has not the slightest inkling of the threat posed to him by the oligarchy.

Aug. 8-14: Helga Zepp-LaRouche visits Brazil and calls on the nation to dump IMF globalization and join in creating a new Non-Aligned Movement, to replace the dying world financial system. (*EIR*, Aug. 28)

Aug. 14: *EIR*, “Germany’s Missed Historic Chance of 1989.” Helga Zepp-LaRouche introduces a Special Report on what really happened in the fateful years 1989-90, when Germany regained its unity—but not its sovereignty.

Aug. 21: *EIR*, “Mathematics & Measurement: Science vs. Ideology.” LaRouche asks, “How did it happen, that, in the U.S.A., in particular, so many among government officials, and others, have been misled into supporting those policies which have ruined the U.S. economy during the course of the recent quarter-century? . . . The essence of the problem . . . is that our government and Wall Street, to name but two relevant cases, have chosen a kind of mathematics which is intrinsically absurd when applied to economic analysis.”

Aug. 28: *EIR*, “Behind the Bombing at the U.S. Embassy in Kenya: What Will Happen, If . . . ?” LaRouche evaluates the array of strategic options confronting President Clinton. The terrorist action against the U.S. Embassy in Nairobi, he writes, must be assessed, “not as an FBI parody of some ‘Sherlock Holmes’ whodunit, but in historic terms of reference.”

Sept. 1: LaRouche issues an urgent advisory to the government of Japan, to follow the example of Malaysia and impose strict foreign exchange and capital controls, internally as well as externally, to protect its economy from a chaotic implosion of the global derivatives bubble.

Sept. 4: *EIR*, “The Case of Classical Motivic Thorough-Composition.” LaRouche introduces the work of a task force of musicians, who provide a detailed appendix to his article

“The Substance of Morality,” with the purpose of making comprehensible to the layman, the creative method of the great Classical composers. (see *EIR*, June 26).

Sept. 5: LaRouche addresses, by audiotape, the Labor Day conference of the Schiller Institute and ICLC, in Reston, Virginia. The speech is entitled, “To Win the World War, We Must Transform the Soul of President Clinton and the U.S. Population.” (*EIR*, Sept. 18)

Sept. 18: *EIR*, “The Death-Agony of Olympus.” LaRouche writes: “The relevant, crucial point of competent qualities of strategic thinking, is, that, while the physical survival of cultures depends upon society’s physical interaction with the universe around it, the question, whether a society will choose a successful form of radically new interaction, or not, is not an objective, but a subjective question. That is the issue which must become the center of attention for any crisis-ridden culture, faced with a breakdown in its previously established mode of survival.”

Oct. 2: *EIR*, “‘The Brutish Israelites,’ Again: Starr and the Armageddon Freaks.” LaRouche situates the apparently odd assortment of right-wing Israeli and “Christian” fundamentalists who aim to fulfill what they claim is the Biblical end-times prophecy, in league with Afghanistan’s Taliban, no less—all under a British umbrella. Their insanity may be nuclear in form. But, first, they must rid the world of the United States Presidency.

Oct. 2: *EIR*, “Real vs. Fake: Which Is the Real ‘New Bretton Woods’?” LaRouche differentiates his proposal to revive a stable monetary system worthy of sovereign nation-states, from British Prime Minister Tony Blair’s fakery—what one British paper called “Cloud Cuckoo Land.”

Oct. 2: *EIR*, “How France’s Greatest Military Hero Became a Prussian Lieutenant-General.” LaRouche examines the case of Lazare Carnot, France’s “Organizer of Victory,” and its relevance today.

Oct. 2: *EIR*, “Save Japan! Not Banks!” Japan’s best growth policy, writes LaRouche, “sometimes described as Japan’s vital interest in a ‘knowledge-intensive export’ orientation,” was destroyed in favor of suicidal derivatives speculation.

Oct. 7: Helga Zepp-LaRouche issues an Open Letter to President Clinton, appealing to him to call in Lyndon LaRouche as his economic adviser. She also appeals for citizens to support Clinton against the Starr-Gingrich attempted coup.

Oct. 9: *EIR*, “Emergency World Reorganization: What Each Among All Nations Must Do Now.” An eight-point directive by LaRouche, defining the range of actions to be taken to wipe a mass of fictitious paper in excess of \$100 trillion off the books.

Oct. 16: *EIR*, “People First!” LaRouche’s guidelines for reorganization of the global financial system. “The present financial system is doomed to disappear, very soon,” he

writes. "The continued existence of the U.S.A., as of other nations, depends absolutely upon the alacrity with which the government responds with certain required, immediate measures of emergency action."

Oct. 16: *EIR*, "Time to Tell the Truth." "So far, the President has refused to tell the truth about the U.S. economy," writes LaRouche.

Oct. 23: *EIR*, "How Our World Was Nearly Destroyed." LaRouche introduces the story of Wall Street lackey John J. McCloy, the "sorcerer's apprentice" who, in concert with Nikita Khrushchov, and much of the London and Wall Street establishments, collaborated in a one-worldist project, aimed at eliminating the sovereignty of all nation-states. Their collaboration is the watershed of every principal catastrophe suffered by the U.S.A., among others, since the Cuba Missile Crisis.

Oct. 23: *EIR*, "Paul Krugman's Cargo-Cult Economics." LaRouche writes: "What will occur during the temporary phase which comes next, after the October 12-15 interval of transition, no one knows with certainty, and almost no one could imagine. What is certain, is that all that assortment of 'crisis-management' tinkering, as proposed by Tony Blair, from France, from circles around former Chancellor Helmut Schmidt in Germany, and Clinton, will accomplish nothing, but to worsen the situation much more than had they made no such efforts; already, the effect of such tinkering has been to divert discussion of real solutions from the agenda."

Oct. 27-Nov. 1: Helga Zepp-LaRouche heads a Schiller Institute delegation to China, addressing a conference on "Asia-Europe Economic and Trade Relations in the 21st Century and the Second Eurasian Bridge." (*EIR*, Dec. 4)

Nov. 6: *EIR*, "The Roots of Today's Mass Hysteria." LaRouche addresses the question, "How could most of the leading banks and related institutions of this planet, have been, for so many years, such pathetic suckers for such an obvious swindle as that so-called 'derivatives' bubble which now threatens, at almost any moment, to do to the world's financial system what the Weimar hyperinflationary bubble did to the 1923 Reichsmark?"

Nov. 13: *EIR*, "Food, Not Money, Is the Crisis." Unless the President realizes, soon, what an evil little Rumpelstiltskin Britain's Prime Minister Blair really is, says LaRouche, the U.S.A. will discover, very soon, that it has been lured into the most deadly, global strategic trap of the century.

Nov. 20: *EIR*, "Scrapping the Usual Academic Frauds: 'Go with the Flow': Why Scholars Lied About Ulysses' Transatlantic Crossing." LaRouche explains the strategic importance behind the hegemonic British falsification of the history of maritime discovery, which hides the fact that America was discovered in the third century, B.C., by students of Plato and Eratosthenes. Such falsification goes to the heart of the oligarchical method of one-world rule.

Nov. 20: *EIR*, "The Return of the 'Forgotten Man.'" "

LaRouche introduces a study of the Election Day surprise setback for President Clinton's opponents: "While the November 3rd results were still very far from the sweeping outright victory of President Roosevelt's 1932 election-campaign, there is the smell of a potential political revolution just around the corner. Once again, Roosevelt's 'Forgotten Man' is pounding at the doors of government."

Nov. 27: *EIR*, "Is Western Europe Doomed?" LaRouche writes: "Only the doomed of Western civilization still believe that this is an 'Asia crisis.' The question thus posed to China now, is whether its prospective economic partner, the United States, itself, will disintegrate as a nation, and partners in western Europe and Japan, too: all as a result of the now inevitable collapse of the present world financial system."

Nov. 5: *EIR*, "Al Gore Suffers Foot-in-Mouth Disease." LaRouche comments on Al Gore's disgusting attack on the struggle of Malaysia, Indonesia, and Vietnam to defend their sovereignty, at the Asia Pacific Economic Council meeting in Kuala Lumpur.

Nov. 21: LaRouche addresses a conference of the Schiller Institute in Germany, on "The Challenge of Economic Leadership."

Nov. 22: Helga Zepp-LaRouche addresses the Bad Schwalbach conference on the lessons for today of "Friedrich Schiller and the Liberation Wars." (*EIR*, Dec. 4)

Dec. 1: Helga Zepp-LaRouche, during a visit to Mexico, gives the keynote speech to a meeting of the Mexican Society of Geography and Statistics. Former Mexican President José López Portillo also speaks, praising her initiative and saying, "It is now necessary for the world to listen to the wise words of Lyndon LaRouche." During her ten-day stay in Mexico, Zepp-LaRouche addressed numerous gatherings, and received extensive press coverage. (*EIR*, Dec. 11, 18)

Dec. 18: *EIR*, "Why Expose Gore's Record Now?" LaRouche writes: "The gut of the Gore issue, is that this is no ordinary strategic crisis. By acting as he has done, repeatedly, in the worsening world crisis which erupted this Autumn, in the midst of the most awesome, global financial and monetary crisis in modern history, Gore's foolish actions, like the treachery of the Confederacy's Jefferson Davis, crossed the bloody line. He went beyond his usual, childish foolishness, and crossed that line, which defines where U.S. national-security ends, and intolerable conduct begins."

Dec. 18: *EIR*, "When Economics Becomes Science." The policy initiatives surrounding the Eurasian Land-Bridge that have been launched by Chinese President Jiang Zemin, LaRouche writes, represent "the only source of economic hope for the nearly smashed economy of western Europe. The entire world needs this policy, urgently; only such cooperation, of this intensity, on this scale, can reverse the plunge toward doom which has been unleashed upon us now, by the foolish choices of policy-directions adopted by the trans-Atlantic powers during the recent thirty-odd years."

International Intelligence

ALF puts rat poison in Italian Christmas cakes

On Dec. 10, the eco-terrorist Animal Liberation Front (ALF) in Italy announced that it had injected rat poison into the traditional Christmas cakes called "panettoni," baked by the Motta and Alemagna companies, Italian subsidiaries of the multinational Nestlé. This has created quite a panic in the country, and stores have been forced to remove all of the panettoni on the shelves.

On Dec. 11, laboratories in Bologna and Florence found small quantities of the pesticide Racumin in panettoni that the ALF mailed to the news agency Ansa, in order to show that they weren't bluffing. The ALF has said that it is targeting Nestlé because of its use of genetically manipulated products, in particular, soy. ALF, closely tied to the U.S.-based eco-terrorist Earth First! umbrella group, has previously attacked university laboratories in the United States and Europe where animals were used in medical research. In November, ALF burned a Vail, Colorado ski resort because it was impinging on a wild animal's habitat.

The rat-poisoning case is the most visible among several recent eco-terrorist attacks in Italy, which have included the damaging of high-tension electrical transmission lines, sabotage of high-speed trains, and factory burnings.

White House intervened in Cambodian impasse

Prince Norodom Ranariddh, who agreed to form a coalition government with Prime Minister Hun Sen, told the press that the Clinton administration had worked hard to get him to give up trying to reverse last summer's election results, which Hun Sen had won, after 90% of the eligible voters poured into the polls. Ranariddh spoke to the press on Nov. 27, as the National Assembly was electing its officers, including choosing the Prince as chairman, by agreement with Hun Sen. Ranariddh told the press that U.S. Assistant Secretary of State for East Asian and Pacific Affairs "Stanley Roth and [Under-

secretary for Political Affairs] Thomas Pickering of the U.S. telephoned me personally, asking me to return [to Cambodia] to negotiate the establishment of a new government. They will support the establishment of an equitable government."

Sam Rainsy, the ally of the Khmer Rouge and darling of the GOP's International Republican Institute, was left out of the government, but has returned to Cambodia, and will serve in the Assembly as an opposition. Since his return, Rainsy has resumed his wrecking role by opposing Cambodian membership in the Association of Southeast Asian Nations, and opposing the creation of a new Senate, which was an essential element of the agreement to form the new government.

Executive Outcomes folds its tents

The British/South African mercenary firm Executive Outcomes announced that it is going out of business as of Jan. 1, 1999. Owner Nico Palm claimed that the firm is closing because there is no further need for the company's services. "African countries," said Palm, "are busy working out solutions in Africa. Let's give them a chance. I am going to get involved in other things which keep me out of the limelight. I am going to close the company, and I will not be involved in the security business." Executive Outcomes and other "security" firms became infamous for providing their services to embattled African governments in exchange for mining or extraction rights, especially in areas of interest to the British Empire.

Intelligence sources in Africa commented that the announcement was "academic," since Executive Outcomes had not been functioning for some time as a corporate entity. They pointed out that other entities linked to raw materials firms, including Branch Energy, Diamond Works, and the rest of the corporate network, will take over the company's operations. Nonetheless, various press reports suggested that earlier high-profile press coverage of a company whose business is normally shrouded in secrecy, had a lot to do with its decision to fold.

EIR widely circulated its articles over the past two years exposing the British forces behind the creation of Executive Outcomes and other mercenary companies.

Le Pen's National Front on verge of fracturing

A factional struggle has broken out inside France's populist-fascist National Front (FN), which may well lead to the party's breakup. Tensions have been rising between FN founder Jean Marie Le Pen and his number-two man, Bruno Megret, who is considered the architect of the movement's electoral successes in recent years. The fight centers on whether the party should seek electoral alliances with the right-wing parties. Le Pen, a Mussolini-style fascist, is against all parties, left and right, and rejects any party alliances; Megret, whose is known for his tirades against Jews and immigrants, prefers to seek an alliance with the right-wing parliamentary parties, especially the RPR (President Jacques Chirac's party) and the UDF (former Interior Minister Charles Pasqua's party). Le Pen has accused Megret, a former RPR member, and Jean Yves Le Gallou, a former UDF member, of running an operation against him from within the National Front in favor of the RPR and UDF. He also accused Megret of working with Pasqua.

Le Pen has purged some of Megret's closest associates, sparking all-out war between the factions, with elected FN officials and the party hierarchy leaning toward Megret, and the base and the old guard remaining with Le Pen. Since the National Front cannot survive if either Le Pen or Megret leaves, the fracture of the movement seems likely.

Malaysian Senate demands Camdessus resign from IMF

Following a two-day debate in early December, Malaysia's Dewan Negara, or Senate, passed a motion calling on Michel Camdessus to resign as managing director of the International Monetary Fund, for failing to

MYANMAR has refused visas to British ministers and officials, the British Foreign Office announced on Dec. 1. London officials say this because of Britain's role in pushing "democracy and human rights" in Myanmar (which they refer to as Burma), and its support for opposition "democrat" Aung San Suu Kyi.

ZIMBABWE'S President Robert Mugabe was snubbed during a recent "private visit" to Britain, after he requested meetings with either Prime Minister Tony Blair or Foreign Secretary Robin Cook. According to the Dec. 2 *Independent*, London is miffed that Mugabe is militarily backing the Congo against the Rwandan-Uganda invasion, and that he broke the air ban on Libya and flew to Tripoli to meet with Muammar Qaddafi.

RUSSIA'S Chief of Staff, Gen. Anatoli Kvashnin, arrived in Washington on Dec. 10 to meet with head of the U.S. Joint Chiefs of Staff Gen. Henry Shelton and to visit the Pentagon. Kvashnin had begun his U.S. tour with stops at the U.S. Pacific Command headquarters in Hawaii, Nellis Air Force Base near Las Vegas, the Army's National Training Center in Ft. Irwin, California, and to the aircraft carrier *USS John F. Kennedy*, in Jacksonville, Florida.

GEN. OLUSEGUN OBASANJO, Nigeria's former President, announced in November that he is a Presidential pre-candidate for the Feb. 27 elections. He was a military ruler of Nigeria during 1976-79. Obasanjo was then in the opposition, and worked for the Ford Foundation. He was involved in a coup attempt against Gen. Sani Abacha in 1995, which had the support of the then British Colonial Minister Lady Lynda Chalker.

FRANCE will lead the NATO rapid rescue force based in Macedonia, to protect 2,000 observers from the Organization for Security and Cooperation in Europe in war-torn Kosova. This is the first time that the United States has not led such a force.

take suitable measures to solve Asia's economic crisis. In the debate, Sen. Datuk Mohd Zuki Kamaluddin blasted IMF conditionalities which required countries to use IMF-approved loans to pay off foreign bank debts as a top priority. Mohd Zuki was quoted in Singapore's *Straits Times* on Dec. 11: "Only after settling the foreign loans, is the balance used to overcome domestic economic problems."

Sen. Datuk Sairin Karno said that even after it was proven that IMF measures were a failure, some other leaders wanted Malaysia to bow to the IMF—perhaps an oblique reference to ousted Finance Minister Anwar Ibrahim. He added, "Now it has been proven that Malaysia's implementation of currency exchange rate controls have curbed ringgit [Malaysia's currency] speculation and we are actually on the road to recovery." Sen. Datuk Yee Lung Fook said that derogatory remarks by Al Gore and George Soros have only strengthened Prime Minister Dr. Mahathir bin Mohamad's position: "Only time can tell that the [currency control] measures taken by Dr. Mahathir will bear fruit. If these measures succeed, then people like Soros who participated in currency speculation will be badly affected, especially when other countries affected by the economic downturn emulate the same measures." Sen. Tee Thiong Hock said, "The most disappointing is that the IMF had failed to take any action against hedge funds which had caused a lot of sufferings and severe political and social unrest to the affected nations."

MI6 may seek extradition of Richard Tomlinson

The *Times* of London reported on Dec. 12 that the British government is preparing to force the extradition of former MI6 agent Richard Tomlinson on charges of violating the Official Secrets Act. Tomlinson is currently living in Geneva, Switzerland. According to the report, a senior MI6 director in charge of security made an extraordinary visit to the *Sunday Business* newspaper, which had recently published an article that cited statements by Tomlinson. The weekly had reported that senior British editors are on the MI6 payroll and that MI6 routinely

cooperates with the British business community. The article had also reported Tomlinson's allegation that MI6 maintains a high-level agent in the Bundesbank, Germany's central bank.

Britain's Treasury Solicitor has warned the paper that its reporting of Tomlinson's allegations regarding the Bundesbank, was possibly a breach of the Official Secrets Act. The paper's police sources say that no extradition request has been filed with Swiss authorities, but a British request from the Swiss police for permission to interview Tomlinson, has been turned down.

In September, Tomlinson had been booked on a Swissair flight, which crashed attempting an emergency landing in Newfoundland.

Singapore, Japan fear upheaval in Indonesia

Singapore's *Straits Times* on Dec. 13 reported on the four-day visit of Deputy Prime Minister and Defense Minister Tony Tan to Japan, at the end of which Tan told reporters that all the Japanese ministers he met with agreed with his concern about the situation in Indonesia, and fear a repeat of the bloody May riots in which more than 1,200 people died in less than 72 hours. Tan said, "If there is instability and lawlessness in Indonesia, this could lead to, for example, a greater outflow of illegal immigrants as well as threaten the safety of passage of ships in the Strait of Malacca and the South China Sea. . . . We hope that the Indonesian government will be able to keep these pressures under check and restore stability for the good, not only of Indonesia, but of the whole region."

Tan also briefed Japanese defense chief Hosen Norota on the recent visit of Chinese Defense Minister Chi Haotian to Singapore, which Tan described as part of Singapore's strategy to increase defense interactions with Beijing "step by step." Tan reported that for the first time during Chi's trip, a senior Chinese official gave a public lecture on China's defense policy in a Southeast Asian country. Tan told reporters that his Japanese hosts were not concerned with Singapore's defense ties to China.

Thousands 'raise hell' to save Presidency, appoint LaRouche

by Marianna Wertz

Following a week of escalating crises and treason against the U.S. Presidency and nation, on Dec. 17, Lyndon LaRouche issued a call to all Americans. Rephrasing French Gen. Charles de Gaulle's 1941 appeal to patriots during the Nazi occupation of his nation, LaRouche said, "Help me! Help me to save the honor and future of these United States!"

LaRouche was responding to the commencement of bombing of Iraq by Anglo-American armed forces the previous night, and the impending impeachment of President Bill Clinton, which may have already occurred by the time you read this article.

Mass-based political actions to stop the impeachment, to stop the ongoing coup on behalf of Vice President Al Gore, and to force President Clinton to bring LaRouche into his administration as economic adviser, crescendoed in intensity all during the week of LaRouche's call. The mobilization peaked on Dec. 17, with thousands of political, trade union, and civil rights forces rallying in Washington, D.C., joined by the LaRouche movement, to demand that Congressional Republican extremists stop the "cold coup" of impeachment dead in its tracks. Similar large demonstrations against impeachment occurred in cities across the nation all week.

Schiller Institute Founder Helga Zepp-LaRouche kicked off the week's mobilization at a Dec. 12 town meeting in Los Angeles, speaking via telephone from Germany. She challenged the audience of more than 100 people, including several Democratic Party officials, to "leave this room and organize like hell," as we approach "the most extraordinary crisis in the history of mankind." Zepp-LaRouche said, "We are not just looking at the danger of a total disintegration of the entire financial system," but at "a crisis of civilization, where every institution, every value, can go out the window in a very short period of time," unless the measures proposed by Lyndon

LaRouche for a radical reform of the financial system, and rapid implementation of the Eurasian Land-Bridge, are accomplished.

Getting personal, Zepp-LaRouche challenged the audience, "Permit me to say this. Get off your behind and mobilize like crazy to prevent the impeachment. Get across to Republicans and Democrats they will be roasted if they do this" to Clinton.

International 'Day of Action'

The Schiller Institute launched the historic week with an international "Day of Action" on Tuesday, Dec. 15. From the United States and Europe, to Ibero-America and Australia, thousands rallied, demonstrated, and gathered petition signatures, demanding an end to the witch-hunt against the Presidency and calling on Clinton to appoint LaRouche as his economic adviser. More than 75,000 signatures have been gathered to date in the United States alone.

In Washington, D.C. on the Day of Action, a rally of about 40 activists at noon in front of the Cannon House Office Building drew a great deal of media attention, especially with the "special guest appearance" of Al Gore, costumed as a wooden cigar store Indian, complete with headdress and blanket. Speakers at the rally included the District's U.S. Shadow Senator, Florence Pendleton, and Deputy U.S. Marshal Matthew Fogg, who recently won a civil rights suit against the Department of Justice.

Breaking their typical blackout policy against the LaRouche movement, dozens of media outlets filmed the rally and interviewed its participants. National Public Radio's prime-time broadcast, "All Things Considered," ran an item on the opposition to impeachment nationally, featuring the Schiller Institute's rally, including, for the first time on U.S.

national media, the call to appoint Lyndon LaRouche as Clinton's economic adviser. In the background, the loudspeaker blared, "Wake up America and stop the impeachment of the President. Impeachment is an operation to topple the U.S. government."

A pungent message

Activists, inspired by the urgency of the crisis, came up with original and polemical tactics. In Georgia, a LaRouche supporter visited the office of his Congressman with a sack of rocks, including one personally for the Congressman, with the message, "Let him who is without sin, cast the first stone." Across the country, rock deliveries began to occur in very public places, as the word spread. At a meeting on Dec. 15 in Norwalk, Connecticut, some 2,000 people gathered to grill undecided Connecticut Republican Rep. Christopher Shays, as a LaRouche supporter delivered a rock directly to a stunned Shays on the podium. "Let him who is without sin, cast the first stone," she said. Shays replied, "I'm not throwing stones at anyone," as he reached for the stone. This created quite a stir in the audience, as did the sign the activist was holding: "Don't Let Confederate Hyde Impeach Clinton."

In Illinois, activists heavily targetted the suburban offices of Rep. Henry "Dr. Jekyll" Hyde (R-Ill.), who ran the railroad of Clinton in the House Judiciary Committee. The message burning up fax and phone lines from hundreds of LaRouche supporters was, "If you don't stop this impeachment treason, you should apply for political asylum at the British Embassy, because there's no home for you here!" A dozen activists set up a protest line outside Hyde's headquarters, while one of their number went inside to deliver a rock and message to a Hyde aide.

In Texas, House Majority Whip and former bug exterminator Rep. Tom DeLay — the chief attack-dog in the Clinton impeachment effort — received a gift-wrapped box of rocks at his office. A leery aide opened the box and found the top rock with DeLay's name on it. The LaRouche activists told the aide that DeLay is no Christian, as he claims to be, and is committing treason. Dumbfounded, the aide said he'd pass on the message.

On the West coast, dozens of LaRouche activists held demonstrations and vigils in Seattle, San Jose, San Francisco and, Los Angeles on the International Day of Action, and helped lead thousands of anti-impeachment protesters in numerous other actions which spontaneously broke out as the political fever mounted during the week.

The same day, in Pennsylvania, State Rep. Harold James (D-Phila.), head of the Black Legislative Caucus and a leader of the Schiller Institute-inspired Americans to Save the Presidency, held a press conference with leading Democratic officeholders and labor leaders, calling on citizens to join "an all-out, nonpartisan mobilization to stop the impeachment." James released the names of other state representatives who have endorsed his initiative, and reviewed the success which

he and these leaders had had with the Americans to Save the Presidency mobilization in the fall.

James also issued a call for citizens to join civil rights and labor leaders at the Dec. 17 rally and Prayer Vigil at the Capitol in Washington. "I am also calling for vigils and rallies outside the district offices of Congressmen around the country, or outside Federal Buildings and/or other public places. . . . Our message is: *No impeachment*. Enough is enough! Let the President do his job, because that's what the American people want."

A vigil held at the Liberty Bill by the Schiller Institute the next day drew much public and media attention.

Capitol Hill rally denounces 'coup'

An estimated 3-5,000 people joined the anti-impeachment rally at the nation's Capitol on Dec. 17. Buses sponsored by civil rights and labor organizations came from around the East Coast and as far away as Ohio. The rally had been called, in separate releases, by Rev. Jesse Jackson, the Pennsylvania Black Caucus, and the national AFL-CIO. LaRouche supporters were out in force, saturating the rally with literature and urging that LaRouche be brought in as Clinton's adviser, to solve the crisis.

Speakers, including numerous Congressional Black Caucus members and labor leaders, repeatedly and angrily referred to the impeachment drive as a "coup" against the Presidency. Rep. Jerry Nadler (D-N.Y.) demanded to know why President George Bush hadn't been impeached as a result of the Iran-Contra drugs-for-weapons scandal.

AFL-CIO President John Sweeney, who had launched an all-out mobilization of the labor federation against impeachment earlier in the week, told the Washington rally that the attempt to impeach Bill Clinton is an "arrogant, hypocritical attempt to deny the will of the people. . . . We hope that the strength of our numbers and the clarity of our words will compel every member of the House to stop, look, and listen before proceeding any further down this treacherous road. . . .

"Two-thirds of the American people want no more lurid details, no more Starr-chamber proceedings, and no more impeachment," Sweeney said. "The Republican Party shouldn't be moralizing about the private sins of a President who strayed badly before confessing; it should be apologizing for the public sin of political retribution. . . . Let us pray that justice comes soon. And let us remind our elected officials that until we get justice, we will not rest."

On Friday, Dec. 18, as the U.S. Congress began its descent down the slippery slope to impeachment, LaRouche activists escalated their mobilization to stop this unconstitutional, treasonous operation. The only question remains, as LaRouche has repeatedly said: Is America morally fit to survive, or will this episode mark the beginning of a centuries-long Dark Age, the end of civilization as we know it? What each of us does in the coming few days and weeks will decide the answer.

It didn't start with Monica: the five-year campaign to bring down President Clinton

by Edward Spannaus

In an impeachment proceeding riddled with lies, fraud, illegally, and unconstitutionality, perhaps the biggest lie of all is that if President Clinton had only “told the truth” about Monica Lewinsky, none of this would have happened.

A review of how we got to his point, will demonstrate, once again, that the pending impeachment of President Clinton has nothing to do with Monica Lewinsky or any of the specific accusations against him. And it will show that nothing Clinton could have said or done last January, by way of a concession to his adversaries, or any time since, would have been likely to have stopped, or even slowed down, the British-American cabal that has been out to topple him for the past five or six years.

Since 1994, *EIR* has emphasized that the impulse for what we termed the “assault on the Presidency” came principally from outside the United States—from a London-centered cabal which we have identified as being personified in the Hollinger Corporation. We have, over the past few years, painstakingly identified the key players involved, in London, Canada, Israel, and the treasonous networks inside the United States.

Our purpose here will be somewhat different, and supplementary. Here, we shall show another facet of this process which has remained unexamined until now: how the demands for Clinton's impeachment began long, long ago—well before anyone had heard of Monica Lewinsky, and how a very small circle of people, centered around Washington lawyer Theodore Olson and his patron Richard Mellon Scaife, have been conspiring to bring President Clinton down since at least 1993.

The 1996 elections

Before the November 1996 elections, this news service was told by knowledgeable sources that Clinton's enemies realized they could not prevent his re-election, but that the plan was to escalate the attacks on him so that he would be, in essence, a “lame duck” President throughout his second term.

In its Nov. 4, 1996 issue, the *Washington Times* “Insight” magazine ran a feature entitled, “Will Clinton Be Impeached?” The article said that Congressional Republicans were reviewing the 1974 Nixon impeachment proceedings, with an eye toward how the Watergate precedents could be used against Bill Clinton. The alleged “crimes” specified were

perjury and obstruction of justice—around Whitewater. No mention of Monica Lewinsky.

Around the same time, the December 1996 issue of the *American Spectator* was issued, with an article entitled “Impeach or Indict?”—which told its readers that it was probable that Clinton, as a sitting President, could not be indicted by Kenneth Starr, and therefore should be impeached. The article urged Congress to start thinking about impeachment, since Starr would be sending evidence of possible Clinton crimes to Congress at some point soon. The areas cited were Whitewater, Filegate, Travelgate. Again, no mention of Monica Lewinsky.

In spring 1997, the first actions around impeachment were initiated in the House of Representatives. At the beginning of March, the *Washington Times* prominently ran an op-ed by columnist Bruce Fein calling upon House Judiciary Chairman Henry Hyde (R-Ill.) to initiate impeachment proceedings. Now, the issue was campaign finance, and allegations that Clinton had sold his office to contributors, and to China, for political gain.

In mid-March, Rep. Bob Barr (R-Ga.), a member of the House Judiciary Committee, asked committee chairman Hyde to begin an impeachment inquiry against both President Clinton and Vice President Al Gore for fundraising abuses. Barr also began preparation of articles of impeachment. Hyde himself publicly was a bit more cautious, saying, “I want at least one smoking gun before we proceed with impeachment.”

However, Hyde acknowledged that the Judiciary Committee was already involved. “We are studying the law of impeachment, the procedures of impeachment,” Hyde said on March 16, 1997. “We have some staff who remember and participated in the Nixon hearings, and we'll be ready when the time comes and when we have the credible evidence to go ahead on. . . . We want to know what the law and the procedure is, in case something happens.”

That same day, the *Sunday Times* of London reported that “the possibility of impeaching the President is increasingly a topic of private discussion among politicians.”

The impeachment drumbeat picked up again in the fall, with a *Wall Street Journal* op-ed by one of its contributing editors simply entitled “Impeach.” The author, Mark Helprin, argued:



Former Speaker of the House Newt Gingrich (Ga.) and Majority Leader Rep. Dick Armey (Tex.) The plot to oust Bill Clinton from office began long, long before anyone had ever heard of Monica Lewinsky.

“The Republican Party and its intellectuals have been searching hard for theme and direction. Futurism, the Contract with America, national greatness, capital gains: These have fallen flat. . . . Politically, there can be only one visceral theme, one battle, one task. If the party embraces it, the party will solidify. If it rejects it, it will drift.

“The task is to address the question of President William Jefferson Clinton’s fitness for office. . . .

“When that moment arrives. . . . It will come, if it does, in one word. One word that will lift the fog to show a field of battle clearly laid down. . . . One word that will break the spell. . . . One word. Impeach.”

One word *not* mentioned in the *Wall Street Journal* is “Monica.”

Also in early November, Representative Barr and 17 Republican Congressmen called upon the House Judiciary Committee to initiate an inquiry of impeachment against President Clinton, citing Whitewater, Travelgate, alleged misuse of FBI files, suppression of an RTC investigation, etc.

Shortly after that, the editor of the *American Spectator*, R. Emmett Tyrrell, and a co-author dubbed “Anonymous,” published a book called *The Impeachment of William Jefferson Clinton*. A review of Tyrrell’s book by former Federal judge Robert Bork was featured as the cover story in the December 1997 issue of the *American Spectator*. Tyrrell’s book was based on a narrative of the projected 1998 impeachment proceedings against President Clinton, with hearings set to begin in Henry Hyde’s Judiciary Committee in June 1998—even before Starr has submitted his final report. Hyde’s problem, Tyrrell projects, is that “of an embarrass-

ment of riches.” It includes Whitewater, Travelgate, Filegate, Hillary’s missing billing records, the Riady-China connection, the suppression of the RTC investigation.

But no Monica. This is still 1997.

Bork writes in his review: “Henry Hyde knows that impeachment ultimately depends upon persuading the public of its necessity,” the problem being that respect for the institution of the President can sustain the man who holds the office for a long time. But, Bork writes, the premise of the book is that “a similar anti-Clinton fervor can be created by nationally-televised impeachment hearings in the House of Representatives that make plain to the public the many abuses of power of this administration.”

But that was before Monica, and before the Starr Report.

Bork concludes that, at that point, it is a “close call” whether Clinton should be removed from office by impeachment—Bork professing concern about the precedent that this might set for future Presidents. Bork himself concludes that, as of late 1997, an actual impeachment of Clinton is unlikely, but he notes that “Tyrrell-Anonymous rely for their expectations of a successful impeachment not on a single dramatic event, but that is not to be ruled out, but on the steady, unremitting succession of scandals that will gradually erode public support to the point where the removal of the President seemed inevitable. . . . Perhaps it is realistic.”

The Olson Salon

What do these writers and publications have in common, besides a hatred for Bill Clinton? During this period, a group of longtime friends and associates regularly got together on

Friday evenings in the Washington suburb of Great Falls, Virginia, in an expensive, secluded residence accessible only by a private road. Attendees at these gatherings were reported to include Bork, *American Spectator* editor Tyrrell, *Wall Street Journal* editorial page editor Robert Bartley, Supreme Court Associate Justice Clarence Thomas, and D.C. Circuit appeals judge Laurence Silberman — and Kenneth Starr. The weekly “salon” is held at the home of Theodore and Barbara Olson.

Starr’s presence at these gatherings would not surprise anyone. Ken Starr and Ted Olson were partners in the Los Angeles-based Gibson, Dunn & Crutcher law firm in the late 1970s. They joined the Justice Department together in 1981 when another partner, William French Smith, became Ronald Reagan’s first Attorney General. Olson became the head of the Office of Legal Counsel, an office previously headed by both William Rehnquist and Antonin Scalia. Starr, whose position was Counselor to the Attorney General, worked closely with Olson in the Justice Department, until he was appointed to the U.S. Appeals Court for the District of Columbia Circuit in 1983. In 1989, at the request of George Bush, Starr resigned from the court to become the U.S. Solicitor General, a position which he held until 1993.

Olson has been described as the person who runs Starr. He is the one with the “overview,” according to informed sources; it is Olson who serves as Starr’s link to the Justice Department permanent bureaucracy and who recommends whom Starr should hire for his staff.

Both Starr and the Olsons are activists in the mis-named Federalist Society, an organization of self-identified “conservative” lawyers founded in 1982 under Scalia’s direction. One of the most active speakers on the Federalist Society’s circuit is Appeals Court judge David Sentelle, who heads the judicial panel which appointed Starr as independent counsel in August 1994 — after it abruptly fired the first independent counsel, Robert Fiske.

Starr and Olson are also associated together in various of the so-called “public interest” law firms funded by Scaife and related intelligence-linked foundations, such as the John M. Olin Foundation (which is also the primary funder of the Federalist Society).

Another aspect of this “Get Clinton” salon has been presented by David Brock, the author of the famed “Troopergate” article published in the *American Spectator* at the end of 1993. Brock has written about how he was a guest at the wedding of Ted and Barbara Olson in the summer of 1996, where, he wrote, “the entire anti-Clinton establishment” was on hand, including Starr, Bork, former Bush White House Counsel C. Boyden Gray, and the *Wall Street Journal*’s Bartley. In an article called “Confessions of a Right-Wing Hit Man” in *Esquire* magazine, Brock wrote that Barbara Olson then disinvited him from another party at her home a few weeks later — after word had leaked out that Brock’s new book, *The*

Seduction of Hillary Clinton, was too sympathetic to its subject.

The beginnings

Back in 1993, the impeachment of Bill Clinton was only a gleam in Ted Olson’s eye. But the groundwork was being laid already at that time, with the help of the Olson Salon’s stable of right-wing journalists, and a few million dollars from the “Daddy Warbucks” of the “Get Clinton” operation, Pittsburgh billionaire Richard Mellon Scaife.

It ostensibly began, you may recall, with “Whitewater.” During the 1992 Presidential campaign, a politically motivated investigator in the Resolution Trust Corp. (RTC) saw her opportunity to “alter history” by trying to instigate a criminal investigation of Bill and Hillary Clinton in connection with the RTC’s review of the failure of Madison Guaranty Savings & Loan in Arkansas.

Bush administration officials, including Attorney General William Barr and White House counsel C. Boyden Gray, personally intervened to attempt to get a criminal investigation of the Clintons opened before the November elections, despite the fact that the responsible officials in the Justice Department, both in Washington and in the Little Rock United States Attorney’s office, found no merit whatsoever in the Madison referral.

The operation backfired, however, and eventually the RTC opened an internal investigation of Jean Lewis and her supervisor for improper disclosure of confidential documents and other violations of RTC rules. The RTC internal investigation was stopped cold by Kenneth Starr; Starr’s first act as independent counsel, on Aug. 22, 1994, was to subpoena the RTC’s records on Lewis. A month later, Starr ordered the RTC to suspend its investigation — an investigation which would have shown that the Madison referral was, in fact, a Bush election-campaign “dirty trick.”

Meanwhile, Jean Lewis or her protectors thought she needed a lawyer, and she got one, courtesy of the Landmark Legal Foundation — one of a number of legal foundations financed by Mellon Scaife. A little earlier in the summer of 1994, another project of Landmark was the preparation of a legal brief on behalf of Paula Jones. The brief was to be written by the former Solicitor General of the United States, now in private practice, Kenneth Starr. This project was interrupted by Starr’s appointment as independent counsel in August — but, as the world now knows, Starr never gave up his interest in the Paula Jones case.

Jean Lewis was, in the fall of 1992, assigned to the Kansas City field office of the RTC. Around that same time, the Bush administration shut down the Chicago RTC office and apparently transferred its functions to Kansas City. Another former RTC investigator, Fred Cedarholm, has said that the Bush administration shut down the Chicago office “for strictly political reason,” undercutting the RTC investigation of a subur-

ban Chicago bank, Clyde Federal Savings and Loan—of which now-House Judiciary Committee chairman Henry Hyde was a former director. Despite the attempts of the Bush administration to sabotage the Clyde probe, Hyde and his fellow directors were eventually sued the next year by the RTC for \$17 million; but Hyde has, to this day, evaded paying his portion of the settlement (see accompanying article).

Brits vs. Clinton

Now, how did a clumsy, failed effort to instigate a politically motivated criminal investigation of Madison Guaranty in 1992, end up with the appointment of the Whitewater independent counsel in January 1994? And how did that lead to the eventual abandonment of the whole Whitewater investigation, in favor of having the new independent counsel virtually take over the Paula Jones case in January of 1998?

The first major event which gave Clinton's enemies an opportunity to contrive new accusations against him, was the death of White House aide Vincent Foster in July 1993. Speculation around the death of Foster, whose body was found by Park Police in Ft. Marcy Park, was an especially hot topic in the British press, and in particular for the admitted British intelligence stringer Ambrose Evans-Pritchard, who had come to Washington in 1992 in the guise of the Washington correspondent of the London *Sunday Telegraph*. Evans-Pritchard became a close collaborator of Emmett Tyrrell and others of the "Olson Salon."

On July 25, 1993, in an article entitled "Death in Clinton Clique: In Italy and America, Scandal and Peer Pressure Surround Suicides at the Top," Evans-Pritchard wrote that Foster's death "has set off a flurry of conspiracy theories," that some people think it was murder. Evans-Pritchard commented on Foster's role in the White House Travel Office affair, and he raised the question of whether Foster "had been drawn ineluctably into something that had got out of hand."

Throughout 1993, Evans-Pritchard's more-or-less weekly columns attacked the new Clinton administration, particularly on foreign policy matters. As early as June 1993, Evans-Pritchard was showing signs of concern that Clinton might break with the British in a way no U.S. President had done for decades. Evans-Pritchard worried out loud that a "special relationship" was emerging between Washington and Bonn, and that this "pro-German tilt" in Washington would end up "relegating Britain to the status of a secondary ally."

Adding to the fears of the British and the financial oligarchy by the end of 1993 were the signs of a potential U.S. break with International Monetary Fund policies, with Clinton administration officials openly criticizing the brutal IMF shock therapy being applied to Russia, and calling for "less shock, more therapy."

From the British standpoint, things went from bad to worse during early 1994. When Clinton invited Sinn Fein leader Gerry Adams to the White House in March, the Brits

went ballistic. On March 19, the *Sunday Telegraph* screamed, "The United States is no friend of Britain." It charged that Clinton was seeking the breakup of the United Kingdom. When Clinton stood at the Brandenburg Gate in Berlin in July, and called for a new German-American partnership, the British accused Clinton of betraying the mother country and killing off the "special relationship" between the United States and Great Britain.

But, we get ahead of the story.

Hale and Whitewater

On July 20, 1993—the same day that Vincent Foster died—FBI agents raided the office of Little Rock businessman and former municipal judge David Hale. Hale had come under scrutiny by Federal authorities already in the 1980s for questionable transactions involving the Small Business Administration; he later testified about almost a dozen illegal loans to himself or companies he secretly controlled during 1985-86. These were a few of the many fraud schemes he was running.

Immediately after the raid, Hale had his lawyer contact the U.S. Attorney in Little Rock, and offer that Hale could provide damaging information about the "political elite" in Arkansas. The prosecutor was not interested in bargaining, so Hale then went to one of Clinton's long-standing adversaries in Arkansas, "Justice Jim" Johnson, an ardent segregationist who appears on the "Clinton Chronicles" videotape promoted by televangelist Jerry Falwell (and filmed, by the way, in the offices of the now-Speaker-elect of the House, Rep. Bob Livingston). Johnson, in turn, put Hale in touch with Floyd Brown of Citizens United—the producer of the "Slick Willie" tract during the 1992 election campaign, who maintains a massive database utilized by private and Congressional anti-Clinton writers and investigators. David Bossie, Brown's investigator, who later (along with Barbara Olson) worked for Rep. Dan Burton's (R-Ind.) House Governmental Affairs and Oversight Committee, had a long telephone conversation with Hale; and then put Hale in touch with NBC. The tale Hale was peddling, was that Bill Clinton and Jim Guy Tucker had pressured him to obtain a \$300,000 loan to the McDougals through the Small Business Administration (SBA).

Meanwhile, "Justice" Johnson also put Hale in touch with Cliff Jackson, another Clinton enemy, who by this time was already involved in something else: coordinating the publicity and money-making schemes of a number of state troopers who had been part of Clinton's personal security detail when Clinton was Governor. Jackson was in contact with Peter W. Smith, a wealthy Chicago investment banker and a key funder of Newt Gingrich's GOPAC; Smith put about \$80,000 into efforts to dig up dirt against Clinton, including cash payments of \$6,700 each to two of the troopers. Some of these troopers were also recipients of monies originating from Richard Mellon Scaife.

Despite Hale's efforts to arrive at a plea-bargain, he was indicted in September 1993 on charges of conspiracy and three counts of making false statements to the SBA. But Hale was more successful peddling his story to the "Get Clinton" journalist gang than to Federal prosecutors. His story, which eventually made its way into the *New York Times* and the *Washington Post*, was instrumental in the appointment of the first Whitewater independent counsel, in January 1994. Hale struck a deal with the first independent counsel, Robert Fiske, agreeing to cooperate, and to plead guilty to two felonies—but not to be sentenced until later. (Later, Hale admitted that he had lied under oath to the judge in that case during his guilty plea.)

It was during 1994 that Hale became a federally protected witness, and he was then hidden away for two years by Starr, while Starr and his deputies built their case against the McDougals, Tucker, and Clinton. This was all based upon Hale's story that Clinton and Tucker had pressured him to make the loan to the McDougals for Whitewater—even though, in a 1989 FBI interview concerning the loan, Hale had never mentioned Clinton or Tucker!

Enter the 'Arkansas Project'

By late 1993, Hale had come under the protection of another group of benefactors: Theodore Olson and the "Arkansas Project." The Arkansas Project was organized by Olson in the late fall of 1993, as a covert operation to develop derogatory and potentially incriminating information on Clinton; this included buying sources and manufacturing witnesses. The project was financed by over \$2 million from Scaife, and operated under the auspices of the American Spectator Educational Foundation, the tax-exempt umbrella under which the *American Spectator* magazine was published. Olson was the attorney for the American Spectator Education Foundation, and also a member of its Board of Directors.

The British intelligence-trained Scaife (he ran a joint CIA/British Intelligence proprietary called Forum World Features in London in the early 1970s) was no stranger to media propaganda operations or other covert intelligence operations, and he quickly became the "Daddy Warbucks" of the anti-Clinton secret conspirators. Why was Olson involved? As one source familiar with the Arkansas Project told *Salon* magazine, "Olson is somebody who Scaife would trust to see that nothing went wrong and that his money would not be wasted."

Olson didn't just operate out of his Washington law firm—where he enjoyed a reputation as a top appellate lawyer and one of a small circle of experts on the independent counsel law. Olson also picked up David Hale by no later than November 1993, and became his lawyer.

During the March-April 1996 trial of Gov. Jim Guy Tucker and James and Susan McDougal, the issue of Starr's ties to Olson came up, and Starr's deputies went to extraordinary lengths to block any testimony concerning the relationship. During the cross-examination of Hale by George Col-

lins, the attorney for Governor Tucker, Collins had gotten Hale to acknowledge that he had retained Olson as an attorney in December 1993—over strenuous objections from Starr's prosecutor Ray Jahn:

Mr. Collins: Did you know that Theodore Olson was a former partner of Kenneth Starr?

Mr. Jahn: Your Honor, Your Honor, that is outrageous. Counsel is engaging in unscrupulous conduct at this point.

Mr. Collins: That is not unscrupulous, Your Honor.

Mr. Jahn: It is, Your Honor. The Court has already sustained an objection to this line of questioning.

Mr. Collins: I think I'm entitled to know that he's personally represented by—

Mr. Jahn: They live in the same city. So what? We object to it, Your Honor. We object to it.

As a Federal Witness Protection Program protectee, Hale never went anywhere without an FBI escort. During 1994-96, Hale would regularly go from meeting with Starr's prosecutors in Little Rock, to the Hot Springs, Arkansas bait shop run by Clinton-hater Parker Dozhier, and to meetings with other operatives of Scaife's Arkansas Project. Hale was regularly debriefed, and the information passed along to investigators and journalists, particularly ones working for the *Wall Street Journal* and the *American Spectator*.

David Hale was one product of the Arkansas Project. Paula Jones was another.

'Troopergate'

The big bombshell at the end of 1993 was David Brock's "Troopergate" story, which broke on Dec. 19, 1993, triggering a media uproar which soon resulted in President Clinton's Jan. 12, 1994 request for the appointment of an independent counsel.

While the "Troopergate" frenzy was erupting in the last part of December, the *New York Times* and *Washington Post* both reported that Whitewater files had been removed from Vincent Foster's office on the night of his death. The *New York Times* solemnly called for a Congressional investigation, and, by Jan. 4, it was calling for the appointment of a special prosecutor. The *Washington Post* followed suit the next day. On Jan. 12, the embattled White House announced that the President would ask Attorney General Janet Reno to appoint an independent counsel. (She made the appointment, rather than the court, because the independent counsel statute had been allowed to expire.) On Jan. 20, Reno announced the appointment of Robert Fiske.

Clinton's concession only fed the media's appetite, which tried to come up with something new every day. Over the next few months, a succession of new "scandals" was cooked up almost weekly—many of them by the British press, which then laundered them into the U.S. media through what has been dubbed the "media food chain." Already, on Jan. 2,

1994, Ambrose Evans-Pritchard was complaining that most of the U.S. news media had “diluted” the Troopergate story, and he suggested that the American public “probably knows less detail than the British public at this point.”

On Jan. 23, Evans-Pritchard scored his first “exclusive” scandal story, with a front-page *Sunday Telegraph* spread about a former Arkansas beauty queen who claimed that Clinton had threatened to maim and kill her. This fairy-tale soon made its way across the Atlantic into the *Washington Times* and other U.S. media outlets. By Feb. 6, Evans-Pritchard was in Little Rock, predicting—slightly prematurely—that Bill Clinton would be forced out of office by the end of the year.

The Ken and Paula show

The *American Spectator*’s “Troopergate” article had mentioned an incident involving a woman named “Paula”—with no further identification. Paula was persuaded to go public by Ambrose Evans-Pritchard, who, by his own account, convinced Jones and her family to file a lawsuit against Clinton. In a series of articles written in May 1994, Evans-Pritchard described the Paula Jones case as a “ticking time bomb” under the Presidency.

At the same time, in May 1994, according to his own account, Pritchard attended a dinner party during which he discussed the Jones case with Judge Laurence Silberman. Whether the discussion took place at one of the regular gatherings at Ted Olson’s house is not known, but Pritchard did describe how Silberman was analyzing the Jones case, and the question of whether the suit might be delayed until after the 1996 elections, on grounds of Presidential immunity.

Meanwhile, Starr, still a private lawyer, was also getting involved with the Paula Jones case. At the request of Rosalie Silberman, a founder of the Independent Women’s Forum and the wife of Judge Silberman, Starr was preparing to draft an *amicus curiae* legal brief to be filed on behalf of Jones by the Landmark Legal Foundation, arguing against Presidential immunity from a civil suit. Starr also consulted with Jones’s lawyers at least half a dozen times, before being appointed independent counsel in August.

The public was not aware of any further involvement by Starr with the Paula Jones case until Jan. 21, 1998, when the Monica Lewinsky story crashed onto the front pages. Five days earlier, attorneys from Starr’s office and from the Justice Department had gone to Judge Sentelle and the special three-judge court to obtain official authorization to expand Starr’s investigation into allegations of perjury and obstruction of justice in the *Jones v. Clinton* case.

Much information has since emerged, showing that the court approval authorizing Starr to get involved in the Jones case was simply rubber-stamping what had already been going on for some time.

It is an absolute lie by Starr’s defenders, to claim that he only began probing into the President’s sex life in January 1998 because of the Monica Lewinsky allegations. The truth

is that within weeks of the November 1996 elections (when public discussion of Clinton’s possible impeachment was already beginning among the Starr-Olson circle), Starr deployed his own agents to interview every trooper for Clinton’s former security detail, asking about women with whom Clinton was rumored to have had sexual affairs.

On June 25, 1997, the *Washington Post* ran a front-page story headlined “Starr Probes Clinton Personal Life,” reporting that FBI agents and prosecutors from Starr’s office were questioning Arkansas state troopers and others about any extramarital affairs Clinton may have had. This included asking about Paula Jones by name. “They asked me all about Paula Jones, all kinds of questions about Paula Jones, whether I saw Clinton and Paula together and how many times,” former state trooper Roger Perry was quoted as saying. “The asked me if I had ever seen Bill Clinton perform a sexual act.”

Sound familiar?

Lucy Goldberg’s back channel

In October 1997, the Rutherford Institute, which had just taken over funding of the Jones case, received a number of anonymous calls, reporting that a woman named “Monica” had sex with the President in the White House. These calls apparently came from Linda Tripp’s “literary agent” Lucianne Goldberg. At about same time, Jones’s Dallas lawyers called Tripp, after Tripp had been cited in a *Newsweek* article,

**“Long before Paula Jones,
long before Monica Lewinsky,
there was a conscious decision, made in
London, that there would be a full-scale
campaign to destroy Bill Clinton,
and to destroy, once and for all,
the credibility of the office of the
Presidency of the United States.”**

—Lyndon H. LaRouche, Jr.



A 56-minute video featuring LaRouche, *EIR* Editors Jeffrey Steinberg and Edward Spannaus. **\$25** postpaid
Order number EIE 98-001

EIR News Service P.O. Box 17390 Washington, D.C. 20041-0390
To order, call 888-EIR-3258 (toll-free). We accept Visa or MasterCard.

and Tripp gave them Monica Lewinsky's name. Shortly after this, Tripp began illegally taping her conversations with Lewinsky — at the direction of Goldberg.

Goldberg was an old intelligence hand who had cut her teeth on political dirty tricks during the 1972 Nixon campaign. In a career path which tracked that of Starr's patron Scaife, Goldberg had got her start working for a joint CIA/British intelligence propaganda front, the North American Newspaper Alliance. Scaife got his training by heading another CIA/British propaganda front in the early 1970s, known as Forum World Features, headquartered in London.

It is now well known how Goldberg created a "back channel" to Starr's office through a circle of lawyers who are all members of the Starr-Olson-Bork "Federalist Society." It has also been publicly disclosed that by December 1997, Olson himself had been told about Tripp's involvement with Lewinsky, and was asked if he would represent Tripp. (It is utterly inconceivable that Olson could have been aware of the Lewinsky story without immediately passing that information on to Starr.)

In November, Jones's lawyers issued a subpoena to Lewinsky, and her deposition was scheduled for Dec. 18. The deposition was postponed, and on Jan. 7, Lewinsky signed an affidavit denying that she had had an affair with Clinton; that affidavit — now a subject great controversy in the impeachment proceedings — was submitted by her attorney in an attempt to prevent her from having to testify.

Linda Tripp herself was no stranger to Starr's office. She had been interviewed by Starr's staff in 1995, during Starr's investigation of the death of Vincent Foster, and it is likely she remained in contact with them, directly or indirectly.

In any event, on Jan. 13, Tripp was wired up by the FBI, to record her discussion with Lewinsky at a hotel near the Pentagon. Starr then had Tripp set up another lunch meeting with Lewinsky for Jan. 16, on which day Lewinsky walked directly into the arms of waiting FBI agents and Starr's deputies. Tripp spent the afternoon at the same hotel talking with FBI agents and lawyers from Starr's office, and then went to meet with Paula Jones's lawyers that night, who were getting ready to take a deposition from President Clinton the next day, Jan. 17.

At that point, Starr abandoned everything he and his friends had been doing since 1994 and threw all of his resources into trying to construct a perjury and obstruction-of-justice case against the President around Lewinsky and the Jones case — which would provide the pretext for initiating the impeachment that the President's enemies had been planning for years.

Recall that Henry Hyde had said, in March of 1997, "I want at least one smoking gun before we proceed with impeachment. . . . We'll be ready when the time comes." Monica Lewinsky may not quite have been the smoking gun Henry expected, but he certainly was ready to use her to implement his anti-Constitutional plans.

Hyde's secret life of corruption and coverup

by an EIR Investigative Team

Would you hire a home protection agency whose chief executive officer's background includes a history of adultery, coverup of adultery, investigation for bank fraud, lying about hiring investigators to track opponents, refusal to pay fines ordered by a Federal regulatory agency, and conflict of interest? If your answer is no, you'd better think again about the assault on the Presidency, and how House Judiciary Committee Chairman Henry Hyde (R-Ill.) hijacked the U.S. government.

For the last month, the fate of the U.S. Constitution has been held in the hands of Hyde, whose career includes all the above-mentioned elements, earning him title of the "most corrupt hypocrite" in the U.S. House of Representatives. As the impeachment railroad opened before the full House on Dec. 18, Hyde again proved he deserves that title, by declaring in the opening speech that there cannot be "one law for the rulers" and another law for everybody else.

Hyde's charmed life shows that it exactly under that double standard that he has survived.

Hyde and Clyde

On Nov. 19, 1998, major media ignored a story that appeared in *If Magazine*, called "Henry Can't Hyde." The article, by Dennis Bernstein, began, "Rep. Henry Hyde, who argues 'no man is above the law' in President Clinton's impeachment inquiry, escaped legal responsibility as a former director of the failed Clyde Federal Savings and Loan because of his political clout, according to investigators and others in the S&L case."

One person close to the investigation of the Clyde failure, Resolution Trust Corp. (RTC) investigator Fred Cedarholm, claims that the Chicago RTC office in 1992 was even closed down by Bush administration "for strictly political reasons," to undercut the investigation of Clyde and other Illinois savings and loans.

The Clyde S&L, in suburban Chicago, finally failed in 1990 due to speculative operations, necessitating a \$68 million bailout, at taxpayers' expense. Representative Hyde was a Clyde director from 1981 to 1984. Another wrinkle in the Clyde case, was its dealings with Guaranty Savings and Loan of Harrison, Arkansas, which also collapsed. The combined cost to taxpayers for the two belly-up banks was more than \$150 million.

Tim Anderson, an independent bank investigator who has

tracked Hyde's politically protected private banking operations, told Bernstein that Hyde's "sleepy Illinois S&L was buying CDs from the Grand Cayman islands where drug-money laundering is the number-one business for banks."

"Hyde was the ringleader," Anderson said. "All board members looked to Hyde for leadership . . . as a former member of [the] House Banking [Committee] with considerable expertise."

In 1995, as the Federal suit against Hyde was being pressed, Hyde hired Chicago private investigator Ernie Rizzo to get information about Anderson. When the news of this investigation came out in 1997, Hyde told the unlikely story that some anonymous "other person" must have hired Rizzo, thinking they were doing him a favor, however unauthorized. When this story collapsed, Hyde admitted that his own attorney had hired Rizzo.

But there is more. The bank's 1990 collapse cost taxpayers \$68 million. The directors settled the suit for \$850,000 — and Hyde has refused to pay his share of the settlement!

Gary Ruskin, head of the Ralph Nader-linked Congressional Accountability Project, wrote to Federal Deposit Insurance Corp. Chairman Ricki Helfer on Jan. 24, 1996, to ask: "Has Chairman Hyde used his position as chairman of the House Judiciary Committee to escape responsibility in the civil suit against him and Clyde's other directors?" The question remains unanswered.

'Nothing but the truth'?

Henry has plenty to hide. When it was recently revealed that he had a lengthy affair with a married woman, he lied about the duration, and called it a "youthful indiscretion" (even though it continued till he was nearly 50 years old!). Then he gloated when his anti-Clinton cronies covered up for him by screaming that the FBI should investigate the White House for spying on Hyde!

Hyde was 41 years old when he began an affair with hairdresser Carrie Snodgrass. She said that Hyde lied to her, and had never told her that he was married. Snodgrass's daughter said her mother is "so fed up with [Hyde], with how two-faced he is. . . . She thinks he's bad for the country, he's too powerful and he's hypocritical."

In politics, Hyde philosophically defended lying — in the case of his political ally Ollie North, during the Congressional investigation into the Iran-Contra scandal. During the 1987 hearings, Hyde read to North a quote from Thomas Jefferson, who said that there are higher obligations than a "strict observance of the written laws," and that "every good officer must be ready to risk himself in going beyond the strict line of law, when the public preservation requires it."

"Why did you have to lie to Congress?" Hyde asked North during North's testimony on July 13, 1987. Hyde justified North's lying, by the fact that the Contra program was so controversial, and that with a Republican administration and a "liberal, Democratic Congress," you have "a recipe for grid-

lock" and you "cannot get the consensus that's necessary" — so don't tell the truth. To Hyde, the whole North investigation was "a witch-hunt." In his "supplemental views" attached to the Congressional Report on Iran-Contra, Hyde wrote, "All of us at some time confront conflicts between rights and duties, between choices that are evil and less evil, and one hardly exhausts moral imagination by labeling every untruth and every deception an outrage."

Paid to get Clinton?

As Hyde's only witness against Clinton, Kenneth Starr, is under investigation for accepting testimony from witnesses paid by right-wing billionaire Richard Mellon Scaife, evidence is mounting that Hyde himself is directly tied to the institutions that survive only thanks to Scaife's largesse.

Hyde has been a member of the Advisory Board of the Center for Security Policy, making him one of Scaife's stable of Congressmen connected to the anti-Clinton think-tanks of the "Conservative Revolution." The CSP is perhaps the most extremist among the network of think-tanks that includes the American Enterprise Institute, the Heritage Foundation, the Israeli Institute for Advanced Strategic and Policy Studies, and the Cato Institute. For the last five years, the CSP, and individual members of its institution have virtually accused President Clinton of "treason" for his foreign policy initiatives, especially for being "pro-Palestinian," and for pursuing relations with China.

Hyde is one of a handful of sitting Congressmen on the advisory board, including incoming House Speaker Bob Livingston (R-La.) and Christopher Cox (R-Calif.), the leading China-basher in Congress. The CSP advisory board also has a density of suspected members of the "X Committee," Israeli agents who were part of the espionage network, at a higher level, of which only Jonathan Jay Pollard was identified and jailed. Other members of the board are hard-core agents of British-Israelite geopolitics. They include:

Richard Perle: board member of Conrad Black's Hollinger Corp. media cartel, along with Henry Kissinger and Lady Margaret Thatcher;

Ed Feulner: head of the Heritage Foundation and the Mont Pelerin Society, which is leading the fight to prevent Clinton from allying with nation-states against free trade, in the direction of Lyndon LaRouche's proposal for a New Bretton Woods monetary system.

Kenneth deGraffenreid: the author of Executive Order 12333 (under which LaRouche was railroaded to prison), and one of LaRouche's enemies on the National Security Council of President Reagan while LaRouche was serving as a U.S. back-channel to the Soviet Union on beam weapons defense. Reagan later adopted LaRouche's policy as the Strategic Defense Initiative.

Elliott Abrams: Assistant Secretary of State for Latin American Affairs; involved in the Ollie North cocaine-for-guns network during the Iran-Contra affair.

Book Reviews

Does 'PBS' mean, 'Praise for the British System'?

by Denise Henderson

Africans in America: America's Journey Through Slavery

by Charles Johnson, Patricia Smith, and the WGBH Series Research Team
New York: Harcourt Brace & Company, 1998
494 pages, hardbound, \$30

When the PBS series "Africans in America: America's Journey Through Slavery" aired from Oct. 19-22, 1998, newspapers around the country, to varying degrees, condemned the series for its shallowness, its historical inaccuracies, and the way in which it myopically portrayed the history of the problem of slavery in America—and all rightly so.

Beyond these criticisms, there was the scandal around Patricia Smith, the *Boston Globe* journalist and co-writer of the series and its companion book. Smith was fired for having made up people in her articles, as well as for fabricating quotations for her stories in the *Globe*.

Ironically, the series was financed in large measure by Bankers Trust, which is now merging with Deutsche Bank in a desperate attempt to paper over its financial bankruptcy. Perhaps the disaster that this series became, contributed to Bankers Trust's insolvency.

While it is easy to pick *Africans in America* apart piece by piece, fact by fact, chapter by chapter, let's start with the most glaring fact of all. *Africans in America* has as its overall theme, that the United States is the villain when it comes to slavery, and Great Britain and its imperial possession, Canada (which gave safe haven to the men who plotted the assassinations of both Lincoln and Kennedy), were the great champions of freedom for African-Americans.

Any American who wishes to understand not so much the complexities, but the actual nature of the historical fight surrounding slavery in America—which was part and parcel

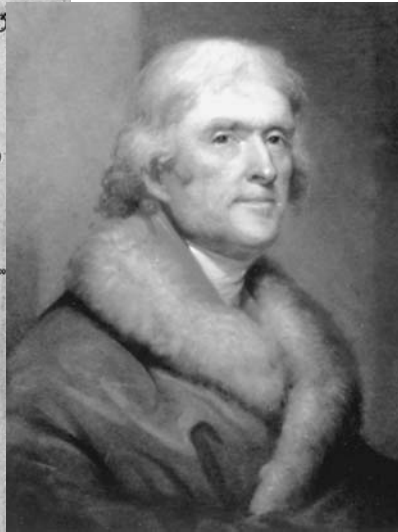
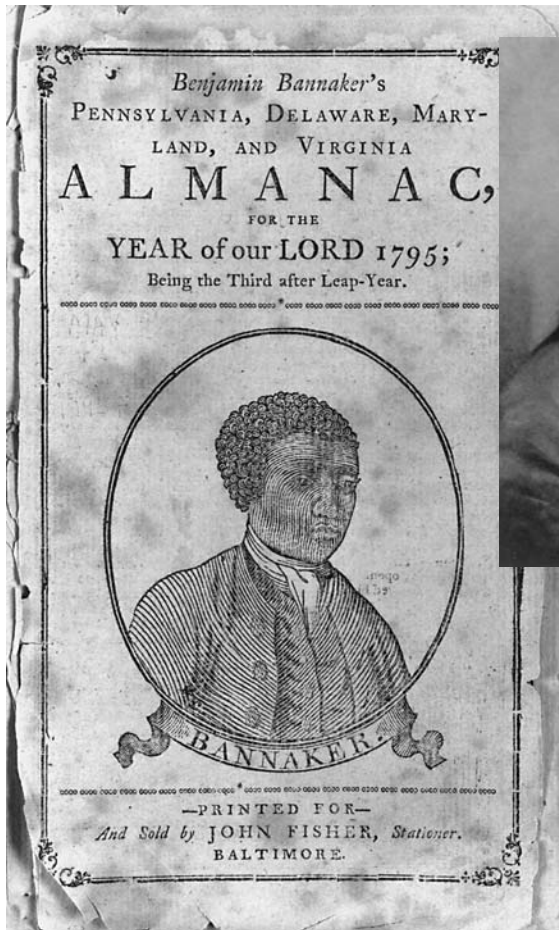
of the fight against the international oligarchy—should begin by reading Anton Chaitkin's seminal work *Treason in America*, as well as H. Graham Lowry's *How the Nation Was Won*. Chaitkin details the treasonous, pro-imperial, pro-feudal networks that operated in the United States, including those who tried to sell out the American Revolution, among them those who fomented and laid the basis for the Civil War, by ensuring that economic backwardness, embodied in the use of human servitude, was allowed to fester for decades. Lowry demonstrates that the United States, from the very founding of the Massachusetts Bay Colony, was a struggle against oligarchism.

The third crucial source, is W. Allen Salisbury's *The Civil War and the American System*, in which Salisbury lays out what precisely the American System of political economy was, and how the fight for a physical economy based on industrial development, was the crucial fight in the United States before, during, and after the Civil War. Salisbury's introductory essay discusses that fight. His book includes writings by Henry Carey, E. Peshine Smith, and other American System economists of the 19th century, most of whose writings were unavailable prior to the publication of Salisbury's work.

All three historians make the point that the fight against imperialism, which was global, was picked up and carried on by the American System republicans, who knew that the British plantation system, not merely in the U.S. South, but around the world, had to be destroyed and replaced by a policy of economic development for all mankind. That was the focus of the republican fight against the Confederacy at home, and also against British, Dutch, and other imperialist powers.

Our African-American intellectual heritage

With these three books under one's belt, the reader can then address the issue of slavery in America. Let us take a detour into the field of American history, and the fight earlier



The cover of Benjamin Banneker's Almanac. PBS gives short shrift to intellectuals like astronomer Banneker, Frederick Douglass, and historian Carter G. Woodson, who fought to bring alive the promise of the U.S. Constitution for all Americans. Banneker exchanged letters with Thomas Jefferson (see inset) in which he argued against chattel slavery.

project of the Library of Congress to tape-record interviews with former slaves. The wealth of this dramatic documentation, and the passion of its authors—always relying on primary source material—helped tell the truth about African-Americans in U.S. history.

Prior to the efforts of these historians, the lying romanticism of “Birth of a Nation” prevailed. As Mark Calney has detailed (*EIR*, April 2, 1993), that film promoted the revival of the Ku Klux Klan, and sought to deepen racialism in America.

In contrast, the pro-republican historians began from the same standpoint as Frederick Douglass after he founded his newspaper, *The North Star*, in the 1850s. Douglass believed that the U.S. Constitution represented a promise to all Americans, whatever their race or creed. And that the fight over slavery in America—a slavery which was fostered by British imperialism, while the British Crown banned slavery in the Empire in order to hypocritically set themselves up as the champions of emancipation—was the fight to

redeem that promise: the fight to finish the Unfinished American Revolution. It was for this reason that the Civil War and the brief period of Reconstruction became known as America’s Second Revolution.

The historians engaged in this fight, used as their primary weapon, primary-source documentation of the *intention* of the Founding Fathers, from the 1668 Germantown Friends’ “Protest against Slavery,” to the attempts to implement Abraham Lincoln’s Reconstruction policy after the Civil War, to ensure that the *inalienable rights* of all men, women, and children were implemented and respected.

The Journal of Negro History played a major role in disseminating this history, including the history of Benjamin Banneker of Maryland, America’s first black astronomer, who attempted to set Thomas Jefferson straight on the issue of race through an exchange of letters, who helped to lay out the streets of Washington, D.C., who created the first astronomical almanac in America. Nowhere in either the PBS book or the series itself, is this great scientist mentioned. Instead, PBS explores in intimate detail, the story of a Maryland African-American property owner, whose rights were gradually eroded. Banneker himself lost much more than that: His house, containing all of his astronomical calculations and

in this century, to truthfully portray African-American history over the 1621 to 1868 period. Beginning in the 1920s, with the founding of the *Journal of Negro History* by Carter G. Woodson, through to the creation of Black Nationalism in the late 1960s, a school of historians developed among both African-American intellectuals—scholars who had taken seriously their responsibility to study, to read primary sources, and to educate the American population—as well as white historians. This school began to counter the myth of the romantic “Lost Cause” of the Confederacy and phonies like Claude G. Bowers, the journalist-turned-Confederate apologist whose *The Tragic Era* alleged that African-American rule during Reconstruction was an unmitigated disaster for the lily-white, home-grown oligarchs of the South.

These historians range from Alrutheus A. Taylor, who produced an excellent physical-economic study of South Carolina during Reconstruction, to John Hope Franklin’s insistence on digging up primary sources, to Willie Lee Rose’s seminal (if flawed) study, *Rehearsal for Reconstruction*, of the issue of “40 acres and a mule.” Dorothy Sterling used primary sources to document the history of African-Americans intellectuals, teachers, singers, and builders, as well as the tragedy of the slave’s life. Invaluable, too, is the 1930s

his library, was burned down by individuals hostile to the idea that an African-American could be a scientist.

In choosing to highlight the property-owner, and not the scientist, the PBS team showed their preference for John Locke's British System of "life, liberty, and property," over Gottfried Leibniz's and the Founding Fathers' actual intent of "life, liberty, and the pursuit of happiness."

The American versus the British system

Another glaring example of this bias, is how, in contrast to Benjamin Quarles, the PBS team treats the American Revolution. The African-American republican has always written of the American Revolution as a great opportunity, a rebellion against an intolerable imperial power. Quarles, in his books, highlights the role of the African-American soldier in George Washington's Continental Army, as well as in the Civil War. *Africans in America*, however, puts the weight on the side of the British, and waxes eloquent about the "bravery" of those African-American slaves who escaped behind British lines, in exchange for a promised freedom; some later were freed, but others who boarded British boats as the Redcoats sailed out of America, wound up as slaves in Britain's Caribbean possessions.

The larger issue, of republicanism versus imperialism, is outside the purview of PBS's theme. How British agents-of-influence were used to sabotage efforts at resolving the problem of slavery in America, is not explored. For example, PBS highlights the rebellion of Nat Turner, rather than the more profound debate on whether slavery should be abolished, which was argued out in the Virginia State House in the aftermath of the Turner rebellion. In that debate, the lines were clearly drawn between the free farmers—mostly German-Americans in the Shenandoah Valley and the area that later became West Virginia—and the state's oligarchical planters. A young student of history could learn far more about what forces were actually at work from studying the Virginia debate, than from the Nat Turner or Denmark Vesey revolts, both of which had the effect of creating even more restrictions against African-American slaves.

PBS portrays the commitment of Frederick Douglass, and other African-American leaders, to the U.S. Constitution, as a matter of pragmatic politics. But the issue was much deeper than that. Abraham Lincoln, a lifelong opponent of slavery, as a true American patriot, led the change that began to occur from the time of the *Dred Scott* decision to the Harper's Ferry revolt, culminating in his 1860 election, which returned the U.S. Presidency to republicans for the first time in many decades. Douglass played a key role in that history, which PBS merely shrugs off.

Something should also be said about the horribly stilted, phony firsthand narratives which have been inserted in highlighted pages, throughout the book. These sections are written in the voice of a 20th-century speaker, masquerading as "how Americans thought" in previous centuries. To anyone

who knows anything about history, these sections are simply unbelievable: The literacy rate in the 17th, 18th, and 19th centuries was so high that Americans were called the "Latin farmers," for their command of both English and other languages.

Given the richness of firsthand sources which have been painstakingly made available by so many historians (John Hope Franklin was the first African-American allowed to carry on research in many Southern libraries), as well as the work done by those who wrote for the *Journal of Negro History*, there is no need to expose U.S. students to PBS's pro-imperialist, lying claptrap.

It is finally of interest to mention, that in 1962, as the 100th anniversary of the Emancipation Proclamation approached, some of these historians, along with Martin Luther King, Jr., and other civil rights leaders, met with President John F. Kennedy, to ask him to issue a new Emancipation Proclamation, which in effect would have been an official sanctioning of the civil rights movement.

For over a decade now, the Schiller Institute has circulated its proclamation internationally for the Inalienable Rights of Man. Let us take this opportunity to reflect upon the ongoing fight against the brutal, imperialist policies which the City of London, Wall Street, and other centers of oligarchism are currently imposing throughout the world, and instead make this worldwide Emancipation Proclamation a reality for all mankind. Let us thus guarantee that such poorly written, pro-imperialist histories as the one by PBS, wind up where they belong—in the trash bin.

Recommended reading

Roger Burns, editor, *Am I Not A Man and a Brother? The Antislavery Crusade of Revolutionary America 1688-1788* (New York: Chelsea House, 1983).

Henry C. Carey, *The Slave Trade Domestic & Foreign* (New York: Augustus M. Kelly, 1967).

Anton Chaitkin, *Treason in America: From Aaron Burr to Averell Harriman* (New York: New Benjamin Franklin House, 1985).

Frederick Douglass, *The Life and Times of Frederick Douglass* (New York: Macmillan Company, 1962).

John Hope Franklin, *The Emancipation Proclamation* (New York: Garden City, 1963).

John Hope Franklin, *From Slavery to Freedom: A History of Negro Americans*, 3d ed. (New York: Random House, 1967).

H. Graham Lowry, *How the Nation Was Won: America's Untold Story* (Washington, D.C.: Executive Intelligence Review, 1988).

Benjamin Quarles, *The Negro in the American Revolution* (Chapel Hill, 1961).

—, *The Negro in the Civil War* (Boston, 1953).

—, *The Negro in the Making of America* (New York: Macmillan, 1964).

Amelia Boynton Robinson, *Bridge Across Jordan* (Washington, D.C.: Schiller Institute, 1991).

Willie Lee Rose, *Rehearsal for Reconstruction The Port Royal Experiment* (New York: The Bobbs-Merrill Co., 1964).

W. Allen Salisbury, *The Civil War and the American System* (Washington, D.C.: Executive Intelligence Review, 1992).

Dorothy Sterling, ed., *The Trouble They Seen* (Garden City, N.Y.: Doubleday, 1976).

Alruthus A. Taylor, *The Negro in South Carolina During the Reconstruction* (Washington, D.C., 1924).

Social Security reform debate gets under way

All Congressional participants at the White House Conference on Social Security on Dec. 8 and 9, agreed in principle that raising taxes and/or cutting benefits are not viable approaches to strengthening the Social Security system beyond 2032, the projected date when the trust fund will be depleted by retiring baby boomers. That leaves some form of "increasing the return on investment," as the main issue being debated.

President Clinton told the meeting that whatever reform plan is agreed to, it must "maintain universality and fairness," and provide a system that "can be counted on regardless of the ups and downs of the economy or the markets."

Republicans are lobbying heavily for personal savings accounts which would put some part of the payroll tax, as much as two or three percentage points, into the financial markets. Sen. Rick Santorum (R-Pa.) said this would "give people the opportunity to have wealth and create wealth and to preserve their own Social Security by growing that pot of money that we now send to Washington."

While not speaking specifically against personal savings accounts, House Ways and Means Committee Chairman Bill Archer (R-Tex.) told reporters the day before the conference that putting any part of the trust fund into the financial markets "involves significant risk, and if the market declines and those trust fund dollars go down, it will compound the difficulty in saving the Social Security Trust Fund." He also expressed concern about corporate governance, should the government become a large stockholder of major corporations as a result of such investment of the trust fund. However, no one discussed the near-term threat of the global financial crisis

and the impact that that will have on Social Security.

GOP discusses changes for 106th Congress

Prior to the resignation of Speaker-elect Bob Livingston (R-La.) on Dec. 19, he had set into motion a discussion of administrative changes in the House of Representatives, including a switch to a five-day work week. Under Speaker Newt Gingrich (R-Ga.), the House typically worked a Tuesday through Thursday legislative week, a schedule which drew fire from Democrats, who complained that the Republicans were trying to do as little work as possible. While some Republicans have complained that a five-day week leaves less time for constituent work and for their families, others, such as John Shimkus (Ill.) and Jo Ann Emerson (Mo.), view it as a commitment by the leadership to get the House's work done, including finishing a budget resolution in 1999.

Livingston also sought to reorganize the leadership, devolving power back to the committee chairmen, in contrast to Gingrich's propensity to form task forces to write legislation.

On the Democratic side, Minority Leader Richard Gephardt (Mo.) accepted an offer from Livingston for 11 new committee seats (the total number of seats was expanded by 15), as against four for the Republicans, a net gain of seven across all committees. The Democrats filled their seats at a Dec. 11 caucus meeting; however, the meeting reportedly turned acrimonious when John Murtha (D-Pa.), a senior member of the Appropriations Committee, became angry because a seat he thought was promised to the Pennsylvania delegation did not materialize. Murtha reportedly threatened

to resign from the Democratic Steering Committee.

GOP, Dems elect Senate leaders

The Senate Republican Caucus affirmed its leaders on Dec. 1, without the turbulence and bloodletting that characterized the House GOP deliberations after the Nov. 3 elections. All of the Senate GOP officers, with the exception of Mitch McConnell (Ky.), the chair of the National Republican Campaign Committee, were re-elected by acclamation. Chuck Hagel (Neb.), who complained that Senate GOP campaigns lacked a positive message, challenged McConnell, but was defeated by a vote of 39-13. Majority Whip Don Nickles (Okla.) was reported to have quietly supported Hagel, who was asked by Majority Leader Trent Lott (Miss.) not to run, thereby possibly sowing seeds for future conflict with Lott.

Lott told reporters after the caucus that he is committed to Congress getting its work done, "including passing a budget, passing appropriations bills," which the 105th Congress failed to do. He promised that this would include cooperating with Democrats, which also was absent in the last Congress.

The Democrats approved all of their leaders by acclamation. Harry Reid (Nev.) was picked to replace the retiring Wendell Ford (Ky.) as Democratic Whip, and Bob Torricelli (N.J.) will take over as head of the Democratic Senate Campaign Committee.

Minority Leader Tom Daschle (S.D.) told reporters that he was "delighted" to hear that Lott intends to work with the Democrats. He said that he thought the outcome of the election will result in better cooperation between the parties.

National News

Virginia inmates present Classical concerts

The Staunton Classical Chorus, made up of inmates at Virginia's Staunton Correctional Center, performed two Christmas concerts at the facility's interdenominational services. The 12 members of the chorus at the medium-security prison presented their program to some 60 inmates, who greeted the music with enthusiasm. The group was formed last spring by two inmates to introduce Classical music to the prison population, using the method of *bel canto* (beautiful) singing. The project transformed the chorus members, each of whom has expressed his surprise, his joy, and his gratitude, in his own way, over the months.

The high points of the concerts were the Prisoners' Chorus from Beethoven's opera *Fidelio*, and "Jesu Joy of Man's Desiring" by J.S. Bach, with a solo violin accompaniment, which made a deep impression on the audience, as did the canons "Dona nobis pacem" and "Im Arm der Liebe." Other choral works included: Mozart's *Ave Verum Corpus*, and the Priests' Chorus from *The Magic Flute*; a Schiller poem, "Selig, durch die Liebe Götter," set to music for three men's voices by Franz Schubert; the Chorale from Bach's cantata *Wachet auf*; and "Va pensiero" from Verdi's opera *Nabucco*. A solo tenor sang "Comfort Ye, My People" from Handel's *Messiah* and Schubert's "Ave Maria," and a baritone sang "Quia fecit mihi magna" from Bach's *Magnificat*.

In his brief comments, one of the chorus organizers explained that the importance of Classical music is not that it is "relaxing," but rather that it stimulates the individual's highest impulses to make the world better.

Ohio welfare cuts hurt children and the economy

A new study by the Council for Economic Opportunities in Greater Cleveland describes the horrendous situation facing welfare recipients who have been forced off

the rolls, and the effect the cuts are having on the Greater Cleveland economy. George Zeller, senior researcher of the council, reported that the number of families leaving welfare is greater than the *total* number of jobs created in Cuyahoga County, not all of which go to welfare recipients. "We are throwing people off welfare regardless of whether they have work," he said. As to the effect on the economy, Zeller said, "We have taken \$1.42 billion a year out of the economy compared with just four years ago. This represents 3% of the total aggregate income of Cleveland alone. Some counties have lost as much as 14% of their income stream."

A study of persons one year after leaving welfare, prepared by Case Western Reserve University's Center on Urban Poverty and Social Change, found that 46% had no annual income at all and 56.3% had income less than the \$4,344 provided by welfare. Two-thirds of people who are on welfare are children, Zeller emphasized. Cutting them off from any income "is a tough way to empower a community."

Dereg hits San Francisco with eight-hour blackout

A blackout left 1 million residents of the San Francisco area without electricity for eight hours on Dec. 9, giving Bay area residents a dark glimpse into the future of California's deregulated electrical industry. The blackout hit during morning rush hour, stranding thousands of commuters on the Bay Area Rapid Transit, and shutting down the Pacific Stock Exchange and San Francisco International Airport.

Spokesmen for Pacific Gas & Electric (PG&E) were quick to blame "human error," citing a repair crew that had improperly grounded a power line. In fact, the city of San Francisco is serviced by only one electrical transmission corridor, leaving the city with no backup. A proposal to build a second transmission corridor has been blocked for years because the multimillion-dollar cost would leave the utility uncompetitive.

Before dereg, California's utilities could be ordered to add plants and transmis-

sion lines. All decisions on adding capacity were based, by law, on projected demand. With deregulation, all decisions for new construction are determined by "free market" competition, among electricity providers. And, new capacity? Banish the thought; one PG&E spokesman suggested that future blackouts could be prevented if utilities could sign up customers for "interruptible lower-cost power," and thus, lower demand.

LaRouche plaintiffs score 'New Dems' arrogance

Lyndon H. LaRouche, Jr. and seven of his supporters—all plaintiffs in a Voting Rights Act suit against the Democratic National Committee, former DNC Chairman Donald Fowler, and four state parties—countered efforts to have their suit dismissed in a filing in Federal court in the District of Columbia on Dec. 11. The suit was brought in 1996, when Fowler used his power to exclude LaRouche, then a Democratic Presidential pre-candidate, from the Democratic national convention. LaRouche garnered almost 600,000 votes in the primaries, and won delegates in Virginia and Louisiana, whom Fowler refused to seat.

The defendants had argued for dismissal by arrogantly contending that First Amendment protections exempt political parties compliance with the Voting Rights Act: Since the DNC and Fowler are not listed as "covered jurisdictions" in the Voting Rights Act regulations, they are not required to submit their party rules for approval to the courts or the Attorney General. Moreover, they argued that the state defendants—from Virginia, Texas, Arizona, and Louisiana—also have no obligation to follow the Voting Rights Act (despite the fact that they are "covered jurisdictions"), because they were following the national party rules.

The LaRouche papers asserted that "a far graver potential for discrimination can hardly be imagined than the nullification of votes . . . by a flick of the chairman's pen." Contrary to the claims of Fowler et al., it is the plaintiffs, who "are not interlopers into the Democratic Party," whose rights have been "trampled" on. They continue:

“LaRouche’s co-plaintiffs span the spectrum of Party adherents, from Mrs. Whitaker who for 44 years has participated in elections and personally experienced blatant discrimination in voting in the past, to Joel Dejean and Maria Elena Milton who have been Democratic candidates for public office, to Eloi Morales, a Vietnam Veteran who became an active Democrat because of LaRouche’s candidacy.”

Gore to run meeting of ‘anti-corruption’ mafia

Vice President Al Gore is the leading organizer for a conference to subvert the nation-state, under the guise of combatting “corruption,” according to the Dec. 7 *Wall Street Journal*. The *Journal* hails Gore’s outrageous performance at the Asia Pacific Economic Cooperation meeting in Kuala Lumpur as the model for a global anti-corruption campaign, crowing that when “Gore last month took the bold step of criticizing the government of Malaysia on its own turf, and calling for a campaign in Asia ‘to root out corruption and cronyism,’ the shock waves went round the world. . . . In Asian countries, Gore was denounced. . . . Back home, political observers took note of one of Gore’s biggest moments yet on the world stage.” Gore told the *Journal*, “This conference will bring together many of the world’s top anti-corruption experts with leaders from all around the world to organize a new global effort to fight corruption where it does the most damage—among key justice and security officials.”

The article also quoted Nancy Boswell, the Washington representative of Transparency International—an “anti-corruption” gestapo founded by Britain’s Prince Philip and headed by former World Bank official Peter Eigen, who described its bizarre “Corruption Perceptions Index” that rates 85 countries.

Gore’s antics in Malaysia earned him bad press in Russia, among Transparency’s top ten most “corrupt” countries. On Nov. 18, *Vremya’s* Yevgeni Antonov made a pun on Gore’s name—*gorye* in Russian means “disaster” or “misfortune”—and described

him as as an awkward and shallow personality, whose intellect makes him unfit for the U.S. Presidency. “As it appeared impossible to make Gore popular domestically, the Democrats decided he’d be better in foreign policy,” continued Antonov. “For that reason, he tried to play the role of a ‘teacher of democracy’ in Kuala Lumpur.”

Sweeney: Don’t privatize Social Security system

Speaking at the Dec. 8 White House Conference on Social Security, AFL-CIO President John Sweeney strongly opposed any attempt to privatize Social Security. “Strengthening the system demands reasoned, responsible changes—not phony schemes railroaded by extremists to ‘save’ the system by scrapping it,” Sweeney said. A week earlier, at a press conference of the recently formed New Century Alliance against Social Security privatization, Sweeney said that this opposition will be “the most aggressive grassroots campaign in the history of the AFL-CIO.”

He debunked the privatization proposals under debate at the White House conference: raising the retirement age to 70 or older would cause hardship to those in physically demanding jobs, and workers of color, who have lower life expectancies; cutting Social Security’s guaranteed benefits (one major proposal cuts them 48%, another reduces the maximum guaranteed benefit to \$410 per month); reducing or eliminating cost-of-living adjustments, hits workers with the longest life expectancies, especially women. Sweeney said that private investment accounts would entail “dramatically higher costs (paid for out of workers’ benefits) to finance a likely unworkable system of 140 million private accounts.”

The changes that Sweeney supported include utilizing part of the projected Federal operating budget surpluses, if necessary, to make up the shortfall after 2013; raising or eliminating the cap on income subject to the FICA tax (forcing the rich to pay more); or indexing the tax rate to account for increasing life expectancy.

THE ‘RAGIN’ CAJUN,’ James Carville, arrived in Israel on Dec. 14, to advise Labor Party leader Ehud Barak in the upcoming elections. Carville earned his nickname as the “ragin’ Cajun” when he was Clinton’s outspoken campaign adviser in 1992. Carville has been unrelenting in his defense of the President against the efforts of GOP friends of Likud’s Benjamin Netanyahu to oust Clinton.

THE FEDERAL ELECTION Commission on Dec. 10 rejected a proposal by its staff that would have required President Clinton to repay \$7 million and Republican Presidential candidate Bob Dole to pay back \$17.7 million to the government for “issue ads,” that were paid for with “soft money,” but had promoted the candidates.

THE WHITE SUPREMACIST Council of Conservative Citizens (CCC) semi-annual convention was keynoted by Rep. Bob Barr (R-Ga.), according to the Dec. 11 *Washington Post*. Barr, a former U.S. Attorney, has been a leading figure in the “Get Clinton” operation on the House Judiciary Committee. On Dec. 16, the *Post* revealed that Sen. Trent Lott (R-Miss.) had praised the CCC in 1992. Lott is now Senate Majority Leader.

THE CENTRAL Intelligence Agency, Defense Intelligence Agency, and National Security Agency kept extensive files on Princess Diana, according to a Freedom of Information Act suit by “APB News.” While the surveillance was, in part, to provide security for the Princess, several news accounts report that U.S. agencies may have passed personal information to the royal family.

FORMER VIRGINIA Governor George Allen announced on Dec. 6 the formation of an exploratory committee for the U.S. Senate seat now held by Democrat Chuck Robb. Accompanied by Sen. John Warner (R), Allen made a populist appeal to 400 cheering Republicans proclaiming a platform of tax cuts, welfare reform, parole abolition, and job creation.

A plot to make Al Gore president?

Violence was done to the American Constitution and Presidency on Dec. 19, 1998, when the House of Representatives' Republican majority pushed through articles of impeachment against President William Clinton. As a result, the global crisis already caused by the failure of the U.S. President to act decisively against the worst financial and economic collapse in centuries, will rapidly intensify in the days and weeks ahead. And the only way in which the escalating series of crises, resulting in a New Dark Age, could be avoided, is if patriots and world citizens mobilize rapidly behind the ideas of U.S. statesman Lyndon LaRouche.

In the immediate future, the American public is faced with the bizarre and dangerous possibility that, with the aid of the Republican jacobins, Vice President Al Gore will be thrust into the position of President.

Over the last several weeks, there has been increasing evidence of a plot to make Gore President. The acceleration of the impeachment proceedings, despite the rejection of the pro-impeachment Republicans in the November Congressional elections, and then the insane instigation of air strikes against Iraq, both point in that direction.

With the passage of the Articles of Impeachment, which were rushed through the lame-duck Congress in an effort to ensure success, there will inevitably be an increased clamor for President Clinton to resign. Leading Republican spokesmen during the floor debate, and in statements to the media, have left little to the imagination. Repeatedly, they have said: Let Gore take over. Whereas at one time Republicans appeared to consider the rabid environmentalist Gore a greater enemy than Bill Clinton, they are now seeking to put him in the nation's highest office.

Why? For one thing, his accession to the Presidency would seem to ensure his winning the Democratic nomination for the year 2000. And, if there's one thing the Republicans think they know, "Cigar-Store" Al Gore is unelectable in a contest with virtually anyone, especially George W. Bush.

The renewed warfare against Iraq, an action which

Vice President Gore did his best to promote (see *International* lead), also points to a plan to get President Clinton out office immediately. The backfire effect of the President launching this effort, in the midst of impeachment and over the opposition of major international partners, is visible already.

In effect, a process of managing a "transition" from President Clinton to a President Gore has been put into effect.

Two individuals who participated in manipulating President Nixon's resignation, rather than submitting to a trial for Watergate, have recently come forward to talk about such a "transition" for Clinton. The first came from Sir Henry Kissinger in mid-October, when he floated the proposal for a secret group from the National Security Council and the Congress to take over work on foreign policy — a group such as he had devised during the time Nixon was being convinced to resign. The second came from one Clay T. Whitehead, who described his role in forming a "secret committee" to plan for Gerald Ford to replace Nixon, in a Dec. 15 article in the *Wall St. Journal*.

Whether admitted or not, whether formal or not, a "secret committee" is clearly operating to try to thrust the bipolar Al Gore into the U.S. Presidency.

The devastating implications of such a shift were spelled out in Lyndon LaRouche's feature article on Gore in our last issue. As Gore signalled when he "came out" during the APEC meeting in Malaysia, he is a serious danger to U.S. national security, who is committed to asserting his irrationality, and the more so, the closer he is to a position of power.

The national interests of the United States, as well as the rest of the world, depend upon President Clinton refusing to resign, and finally beginning to listen to "the wise words of Lyndon LaRouche," as former Mexican President López Portillo recently said. It's high time that statesmen throughout the world, and citizens throughout the United States, realized that they must rally around LaRouche — or face a devastation the likes of which the world has never seen.

SEE LAROCHE ON CABLE TV

All programs are *The LaRouche Connection* unless otherwise noted. (*) Call station for times.

ALASKA

- ANCHORAGE—ACTV Ch. 44
Thursdays—10:30 p.m.

ARIZONA

- PHOENIX—Access Ch. 21
Wednesdays—4 p.m.
- 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
Thursdays—9:30 p.m.
- LANCASTER/PALMDALE
Jones—Ch. 16
Sundays—9 p.m.
- MODESTO—Access Ch. 8
Mondays—2:30 p.m.
- SAN DIEGO—SW Cable Ch. 16
Mondays—11 p.m.
- SAN FRANCISCO—Ch. 53
2nd & 4th Tues.—5 p.m.
- SANTA ANA—Ch. 53
Tuesdays—6:30 p.m.
- SANTA CLARITA
MediaOne/T-W Ch. 20
Fridays—3 p.m.
- 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. 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
Wednesdays—6 p.m.

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
Thursdays—10 p.m.
- NEW ULM—Paragon Ch. 12
Fridays—7 p.m.
- PROCTOR/HERMANTOWN—
Ch. 12
Tue.: between 5 pm & 1 am
- 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.

MONTANA

- MISSOULA—TCI Ch. 13/8
Sun.—9 pm; Tue.—4:30 pm

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. 78
Mon.—8 pm; Thu.—9:30 pm
Saturdays—4 p.m.
- JOHNSTOWN—Ch. 7
Tuesdays—4 p.m.
- MANHATTAN—MNN Ch. 34
Sun., Dec. 27—9 a.m.
Sun., Jan. 10, 24—9 a.m.
- NASSAU—Ch. 80
Wednesdays—7 p.m.
- ONEIDA—PAC Ch. 10
Thursdays—10 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, L.I.—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
Tue: 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
Thursdays—6 p.m.

OHIO

- COLUMBUS—Ch. 21*
- OBERLIN—Ch. 9
Tuesdays—7 p.m.

OREGON

- CORVALLIS/ALBANY
Public Access Ch. 99
Tuesdays—1 p.m.
- PORTLAND—Access
Tuesdays—6 p.m. (Ch. 27)
Thursdays—3 p.m. (Ch. 33)

TEXAS

- AUSTIN—ACT Ch. 10*
- EL PASO—Paragon Ch. 15
Wednesdays—5 p.m.
- HOUSTON—Access Houston
Mon., Jan. 4: 8-9 p.m.
Wed., Jan. 6: 4-6 p.m.
Sat., Jan. 9: 6-7 p.m.

UTAH

- GLENWOOD, Etc.—SCAT-TV
Channels 26, 29, 37, 38, 98
Sundays—about 9 p.m.

VIRGINIA

- ALEXANDRIA—Jones Ch. 10*
- 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.
- SALEM—Adelphia Ch. 13
Thursdays—2 p.m.

WASHINGTON

- KING COUNTY—Ch. 29
Mondays—9:30 a.m.
- SPOKANE—Cox Ch. 25
Wednesdays—6 p.m.
- TRI-CITIES—TCI Ch. 13
Mon.—12 Noon; Wed.—6 p.m.
Thursdays—8:30 p.m.

WISCONSIN

- KENOSHA—T/W Ch. 21
Mondays—1:30 p.m.
- OSHKOSH—Ch. 10
Fridays—11:00 p.m.
- WAUSAU—Marcus Ch. 10
Fri.—10 p.m.; Sat.—5:30 p.m.

WYOMING

- GILLETTE—Ch. 36
Thursdays—5 p.m.

If you would like to get *The LaRouche Connection* on your local cable TV station, please call Charles Notley at 703-777-9451, Ext. 322. For more information, visit our Internet HomePage at <http://www.larouche.com/tv>

Executive Intelligence Review

U.S., Canada and Mexico only

1 year	\$396
6 months	\$225
3 months	\$125

Foreign Rates

1 year	\$490
6 months	\$265
3 months	\$145

I would like to subscribe to
Executive Intelligence Review for

1 year 6 months 3 months

I enclose \$_____ check or money order

Please charge my MasterCard Visa

Card No. _____ Exp. date _____

Signature _____

Name _____

Company _____

Phone (_____) _____

Address _____

City _____ State _____ Zip _____

Make checks payable to EIR News Service Inc.,
P.O. Box 17390, Washington, D.C. 20041-0390.

Put global warming on ice
—with 21st Century Science & Technology's

SPECIAL REPORT

The Coming Ice Age

Why Global Warming Is a Scientific Fraud

This authoritative, 100-page report puts climate science in proper perspective: Based on the past several million years of climate history, the Earth is now coming out of an interglacial period and entering a new ice age.

Partial contents:

- Orbital Cycles, Not CO₂, Determine Earth's Climate by Rogelio A. Maduro
- The Coming (or Present) Ice Age by Laurence Hecht
- An Oceanographer Looks at the Non-Science of Global Warming by Robert E. Stevenson, Ph.D.
- Ice Core Data Show No Carbon Dioxide Increase by Zbigniew Jaworowski, Ph.D.
- What Man-Induced Climate Change? and
- What You Never Hear about Greenhouse Warming by Hugh Ellsaesser, Ph.D.
- Global Warming, Ozone Depletion—Where's the Evidence? by Dr. Dixy Lee Ray, Ph.D.
- Global Cooling and Scientific Honesty by Lee Anderson Smith, Ph.D. and C. Bertrand Schultz, Ph.D.
- Climate Modelling: Linearization in the Small and in the Large by Elisabeth M. Pascali

Plus:

- Foreword by Lyndon H. LaRouche, Jr., Time to Say No to World Government
- Documentation on how the eco-fascists are pulling the strings on global warming

\$100 Postpaid

Order from

21st Century Science & Technology
P.O. Box 16285 Washington, D.C. 20041

Bulk rates available upon request