

EIR

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Gore lays out 'Brave New World' strategy
How Henry Stimson bombed Hiroshima and Nagasaki
Milosevic plays the imperial 'Great Game'

**The Russia-China partnership:
Good news for human survival**



*The issue of individual human freedom, is not the issue of "democracy."
The essence of freedom, is the right to define oneself as a world-historical
individual—to be a resident of the simultaneity of eternity—rather than
some self-debased libertarian fool.*

—LYNDON H. LAROCHE, JR.
May 28, 1998

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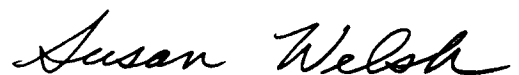
From the Associate Editor

Take a long, hard look at the happy faces on the cover of this magazine. What do Chinese Prime Minister Zhu Rongji and Russian Prime Minister Yevgeni Primakov have to smile about, that most people in the United States are utterly unaware of—to their own peril?

Lyndon H. LaRouche, Jr. explained it, in his document “The Road to Recovery,” published in *EIR* on Feb. 19. The world is currently divided into three power-blocs, he wrote. First, is the so-called Anglo-American bloc of bankers and their retainers, who are so fanatically committed to the bankrupt financial system, that they are willing to go down with the sinking *Titanic*. Second, is the “poor man’s club,” the Euroland group of increasingly tawdry and desperate relics of formerly sovereign nation-states. Third, is the Survivors’ Club, a triangle whose corners are China, Russia, and India, and which includes sections of the former Soviet Union and of East and South Asia. These nations are proceeding, with proud determination, to forge cooperative alliances to protect themselves from what they increasingly understand to be an inevitable collapse of the global speculative bubble. With China taking the lead, they are constructing the Eurasian Land-Bridge—the magnificent project which has the British oligarchy chewing the rug.

In this issue, we provide exclusive reports on each of these three power blocs, starting with the breakthroughs achieved by Prime Minister Zhu Rongji during his visit to Moscow. Our *Economics* section documents the views of the Group of 15 and Developing 8 countries, and particularly of Malaysian Prime Minister Dr. Mahathir, in defense of their national sovereignty. We also analyze the sorry economic and political condition of both “Euroland” and Ibero-America—where, however, a political backlash is developing that could lead to a positive shift of alliances.

As for the first power bloc, the British-American-Commonwealth (BAC) grouping, we present two feature reports. First, a *Strategic Studies* analysis of the corrupt faction behind the U.S. bombing of Hiroshima and Nagasaki. Second, a *Dossier* on what is really behind Al Gore’s hypocritical campaign against “corruption,” showing what kind of deindustrialized Dark Age will confront us, if American patriots do not defeat the evil agenda of Gore and Prince Philip.



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Professor Nickel has a chair at the Rhine-Westphalia Technical University at Aachen, Germany, and was director of the Institute of Materials for Energy Technology at the Research Center in Jülich. He was for many years active in the reactor safety commission of the federal government, until it was closed down by the new federal Environmental Minister, Jürgen Trittin.

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The Russia-China partnership: Good news for human survival

by Jonathan Tennenbaum

With his official Feb. 24-28 visit to Russia, China's hard-working Prime Minister Zhu Rongji has gone a long way toward making the global strategic revolution, proclaimed by Chinese President Jiang Zemin during his Nov. 22-25 trip to Moscow and Novosibirsk, into an unstoppable process. Zhu's successful trip has given a substantial boost to the growing collaboration among Asian-Eurasian nations, to safeguard the economic security and the well-being of their populations from the ongoing collapse of the world financial system—a collaboration referred to by Lyndon LaRouche as the “Survivors' Club.” At the same time, Zhu provided a crucial margin of support to the Primakov-Maslyukov government, at a critical moment in their struggle to consolidate the political-economic situation in Russia, in the face of destabilization attempts from inside and outside the country.

The strategic context

On one level, Zhu's mission was very straightforward: by hook or crook, to get economic relations between Russia and China, which had stalled almost to a standstill during 1998, moving forward again at a brisk pace. Zhu Rongji's almost legendary capacity for busting through bureaucracy, corruption, chaos, and inertia in order to get a vital job done, as well as his experience in dealing with difficult economic and financial problems in the hands-on management of China's complex economy, made him highly qualified for the task. And to judge from the indications so far, Zhu has scored significant success.

Above all, however, Zhu's visit must be seen in the context of rapidly developing, “tectonic” changes in the world strategic situation.

The imminent perspective of a new, devastating earthquake in the hyper-bankrupt global financial system, has

thrown the dominant group in the international financial oligarchy, the British-American-Commonwealth (BAC) faction, into a state of unparalleled hysteria. That hysterical state is reflected in the dangerous, flight-forward of the “Principals Committee” nexus around U.S. Vice President Al Gore, Defense Secretary William Cohen, and Joint Chiefs of Staff Chairman Gen. Henry Shelton, which has run amok ever since it successfully rammed the Anglo-American bombardment of Iraq down the throat of a weakened and distracted Bill Clinton. Not slowed in the least by the defeat of the Republican impeachment drive against Clinton—which would have put Gore directly into the President's seat—the BAC faction immediately cranked up anti-China hysteria in the U.S. Congress and elsewhere, bringing it to new heights of absurdity. They are determined to destroy every vestige of the special partnership that Clinton had begun to build together with Chinese President Jiang Zemin.

At the same time, the Gore-Cohen-Shelton-“Principals Committee” has mounted a mad drive to “globalize” NATO strategic doctrine, targetting so-called “rogue states” and announcing a dangerously incompetent plan for unilateral anti-missile defense. By provocatively including North Korea alongside Iraq on the list of “rogue states,” Cohen et al. brought the threat of Western military intervention directly to China's back door. With the background of live preparations for a large-scale special forces attack against Iraq, an accelerated push for eastward expansion of NATO, the insane drive of Israeli Prime Minister Benjamin Netanyahu for a new war in the Middle East, and related developments, these actions were calculated to infuriate and provoke the Russians and Chinese alike.

Indeed, the very same BAC forces are attempting to destabilize the Primakov-Maslyukov government in Russia, using

such tools as Russian “financial oligarch” Boris Berezovsky. The first step, evidently, is to try to eliminate First Vice Prime Minister Yuri Maslyukov, who is responsible for Russian internal economic policy, as well as cooperation with China, and who has come under concentrated attack for his resistance to the International Monetary Fund (see article, p. 9). If Prime Minister Yevgeni Primakov were to fall, the likely result would be violently anti-Western dictatorship, or total chaos.

Lyndon LaRouche put the matter most simply: “The Wall Street-London crowd always do that. When they are going bankrupt, they try to start a war. If there is no enemy, they try to create one. They are culturally conditioned to think that way.”

In fact, the “doomsday” policy rampage of the BAC’s Gore-Cohen-Shelton-Principals Committee group has not failed to elicit reactions from the Chinese, Russian, and other sides—reactions which, however, may not altogether be the expected ones.

Indicative is a highly unusual signal piece published on Feb. 26, during Zhu Rongji’s visit to Moscow, in the official Chinese *People’s Daily*. Entitled “Global Capital Flows and the Projection of Military Force,” the article draws a direct connection between the threat to the sovereignty and economic security of entire nations, and counterposes the aggressive role of hedge funds and “international financiers” on the globalized financial markets, and the transformation of U.S. military policy in the direction of creating highly mobile, “global expeditionary forces” for armed intervention at any point on the Earth. The article correlates with an angry piece, published a couple of days earlier in the Chinese military’s *Liberation Daily*, denouncing NATO’s eastward push against Russia, and discussing China’s highly unusual step of vetoing the extension of UN force’s mandate in Macedonia. Shortly thereafter, *People’s Daily* answered the U.S. publication of a “1998 Human Rights Report” denouncing China, with a long article documenting massive human rights violations in the United States itself. The next day came a follow-on piece in *People’s Daily*, clearly differentiating between Clinton’s constructive approach in discussions with China, and the “moral arrogance” of the revived anti-China campaign, which goes against “the true national interest of the U.S.” In advance of Zhu Rongji’s arrival, the Chinese Ambassador in Moscow emphasized to the Russian press, that the strategic partnership between Russia and China represents “a new type of relation between states, whose essential characteristics are, that it is not an alliance, not confrontational and not directed against any third party.”

China’s turn toward a decidedly tougher, while still differentiated stance in dealing with the United States and the West generally, also correlates with remarkable progress in consolidating the southern flank of the Asian-Eurasian “Survivors’ Club.” As reported in last week’s *EIR*, the “bus-ride” summit between the leaders of India and Pakistan has the makings of a historic revolution, which could reverse decades of British

and Anglo-American geopolitical manipulation, pitting the one nation against the other. The growing partnership between Russia and China, traditional allies of India and Pakistan, respectively, doubtless played an important role in making the new breakthrough possible. This, in turn, strengthens the basis of mutual confidence among the “triangle” of Russia, China, and India especially, and opens the way toward a potential boom in economic relations among well more than 2 billion people.

Zhu Rongji in Moscow

Zhu Rongji’s visit to Russia, his first in the capacity of Chinese Prime Minister, took place in the context of a joint policy of regular top-level meetings between the two countries, agreed upon by Jiang Zemin and Russian President Boris Yeltsin. The special Commission for preparing the regular meetings, led by Russia’s Vice-Prime Minister Yuri Maslyukov and Chinese State Council member Wu Yi, had worked day and night to lay the basis for Zhu’s visit. Two days before that visit began, a top-level Chinese delegation arrived to take part in preparatory talks, including Director of the State Planning Commission Ceng Peiyan; Director of the Commission of National Defense Science, Technology, and Industry Liu Jibin; Minister of Railroads Fu Zhihuan; Minister of Foreign Trade and Economic Cooperation Shi Guangsheng; and Deputy Minister of Science and Technology Xu Guanhua.

This weighty group of Chinese decision-makers was expanded further by Vice Secretary General of the State Council Shi Xiushi, Vice Foreign Minister Wang Yingfan, and Deputy Director of State Council Research Office Wei Liqun, all of whom arrived in the plane carrying Zhu Rongji and his wife Lao An.

The Chinese Prime Minister and his accompanying party landed at Moscow in the afternoon of Feb. 24, and were greeted by Vice Prime Minister Maslyukov in a grand welcoming ceremony. The next morning, Zhu Rongji went to the Kremlin for an unusually warm and enthusiastic official meeting with President Yeltsin. The meeting was also attended by Maslyukov and Russian Foreign Minister Igor Ivanov. Yeltsin hailed the strategic partnership between China and Russia, established by him and Jiang Zemin, as “unique in the world.” He praised China for its great efforts to fulfill the cooperative agreements already reached between the two countries, and said that it was Russia’s turn to do more. He remarked that this year, 1999, is the 50th anniversary of the founding of the People’s Republic of China and the establishment of Russia-P.R.C. diplomatic relations. “The Russian people will celebrate this great holiday,” Yeltsin said.

Zhu Rongji replied that he would work hard with Prime Minister Primakov to expand cooperation, especially in trade and economic relations, where an enormous potential exists. Raising a central theme of his later meetings, Zhu underlined the high degree of *complementarity* between the Chinese and Russian economies, which must now be brought into full play.

Zhu passed on a personal invitation from Jiang Zemin, for Yeltsin to visit China this year "as soon as possible." Yeltsin responded enthusiastically.

In the afternoon of Feb. 25, Zhu Rongji met with Russian Federation Council head Yegor Stroyev. Stroyev told Zhu that Russia very much appreciated how China had stood up to the test of the Asian financial crisis. Russia greatly values the experience of China's reform and the buildup of its national economy, he said, and hopes to gain valuable lessons from this for Russia. Zhu emphasized the necessity of bringing trade and economic cooperation up to the level of the political relations between China and Russia, which have become extremely close and harmonious in the recent period.

On the same afternoon, at the official meeting of the two Prime Ministers, Zhu and Primakov, 11 major cooperation agreements were signed. The meeting reportedly lasted an hour and a half, rather than the originally planned half-hour, and was followed by a grand banquet given by Primakov in the Lenin Hills, with elegant toasts from both sides.

The Russian daily *Izvestia* reported that Primakov and Zhu Rongji agreed to set up a direct telephone "hot line" between their two offices.

During the official meeting with Primakov, Zhu pointed to the unprecedented nature of the present exchange, and stated: "Many issues have already been resolved, and this is mainly thanks to the efforts of Wu Yi and Vice Prime Minister Mas-

lyukov, who together lead the committee for the periodic meetings of the two prime ministers and have carried out a great deal of preparation." Primakov welcomed Zhu in a most cordial tone, and remarked that the degree of unanimity on all major questions discussed, reflects the excellent state of relations between the two countries. The decision by Jiang Zemin and Yeltsin, to embark on a relation of strategic partnership, was "wise and brilliant," and completely in agreement with the interests of both peoples. "The number-one goal now is to promote concrete cooperation," especially in trade and business, which until now have been the "weak links" in relations between the two giant nations. But, Zhu emphasized, "the potential is huge." Primakov noted that President Yeltsin was "extremely happy" with his discussion with Zhu. "This visit is a milestone."

The cooperation accords

According to various reports, the 11 state-to-state cooperation accords signed by Prime Ministers Primakov and Zhu Rongji included, among other things: a protocol on the protection of intellectual property; a general agreement on the preparation of the technical-economic basis for a gas pipeline from the giant Kovyktinskoe condensed gas deposit in the Irkutsk region to northern China; an agreement on delivery of Siberian oil; a contract on joint production of televisions and air conditioners based on Chinese technology; and agreements on nuclear power as well as provision for the possible large-scale export of hydroelectric power from Siberia.

Besides economic, trade, science and technology, energy, transport, and other areas of state-to-state cooperation, the inter-regional partnerships were concluded between important Chinese and Russian provinces and regions: Amur region and Shanghai, Primorsky Territory and Jiling Province, Novosibirsk region and Heilongjiang Province, Bashkortostan with Liaoning Province, and the Altai territory with the Xinjiang-Uigur autonomous region. *Izvestia* wrote, "Zhu Rongji thinks these [inter-regional] agreements will be more substantive than the agreements between the ministers. Information from many Russian regions confirms this. . . . For instance, China accounts for half of the trade balance of the Khabarovsk territory. China competes with the U.S. and other Western countries in cooperation with the Novosibirsk Academic Settlement. The Ulan-Ude aviation plant has exported five helicopters to China, which was the largest transaction in recent times. This transaction allowed the plant to eliminate four months' worth of wage arrears." In fact, even at the present, relatively low level of Chinese-Russian trade, orders from China have permitted many Russian industrial plants, particularly in the machine-building sector, to continue operating.

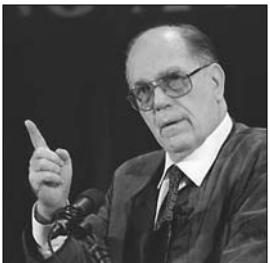
Among high-level Russian officials attending the signing ceremony with Primakov and Zhu Rongji, were Minister of Atomic Energy Yevgeni Adamov; the Russian ministers of Fuel and Energy, Transport, and Science; the heads of numerous high-level China-Russia cooperation committees, diplomatic representatives, and so on. Adding the numerous Chi-

THE WORLD FINANCIAL COLLAPSE LAROUCHE WAS RIGHT! An EIR Video

What does Indonesia's Minister of Economy, Finance and Industry, Ginandjar Kartasasmita, know about the global financial crisis that you don't?

Here's what the Far Eastern Economic Review reported July 23:

"It seems the IMF isn't the only organization



entitled, 'The World Financial Collapse: LaRouche was Right.' Lyndon LaRouche . . . has been arguing for years that the world's financial system was on the brink of collapse due to unfettered growth in speculative funds; he says now that the Asian crisis is just the beginning. . . ."

supplying economic advice to the Jakarta government. . . . [Reporters] were surprised to spot, among [Ginandjar's] papers a video

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nese ministers and other top Chinese officials present, one had the impression as if two entire governments, or at least a major chunk of them, were sitting together to plot out the future for their nations.

The next day, Zhu made a ceremonial visit to pay his respects to the Tomb of the Unknown Soldier in Moscow, and then joined Maslyukov for a luncheon meeting at the President Hotel with 100 top leaders of Russian industry. Present in the audience were also 10 government ministers, as well as journalists, whom Zhu had expressly invited to participate. Commenting both on the agreements already signed, and perspectives for the future, the Chinese Prime Minister announced that China will make major direct investments into the Russian economy, including in joint-venture factories for production of consumer goods. This will “help Russia save precious foreign exchange,” he said, by producing televisions, refrigerators, washing machines, air conditioners, and other consumer durables domestically — an area where “China has made great progress in recent years.” He also stressed joint projects for oil, gas, and lumber industries, where the two countries are carrying out feasibility studies for projects which will “increase the value-added of Russian exports” and create employment.

Interestingly, Zhu gave the most detailed attention to the example of cooperation to develop Russia’s forestry and wood industries, which, given Russia’s natural conditions, have an enormous potential. China has made extensive and rather successful experience in its cooperation with Southeast Asian nations in this sector. At the same time, Zhu also pointed to Russia’s “first-rate” position in advanced technology, including in the field of space technology, calling for the two sides, by increasing mutual trust, to greatly expand cooperation in the high-technology field.

Food supplies for Russia

The other, crucial area of cooperation, raised by Zhu Rongji at the meeting, was the possibility for China to become a large-scale supplier of food for Russia. “China’s strong point is agriculture,” stated Zhu. “As a result of a correct agricultural policy, China is not only self-sufficient in food, but can export, while greatly increasing its food reserves. In spite of the terrible floods of last year, which caused \$30 billions of losses, there was no reduction in China’s food output. China’s grain, oil, meat, vegetables, and fruit are plentiful and cheap, and could be exported in large quantities to Russia.”

The strategic importance of this Chinese suggestion, can be seen from the fact, that following the devastation of Russia’s domestic agriculture and food industry as a result of the IMF’s “shock therapy,” an estimated 60% of Russia’s food supply has come from imports (in the case of major Russian cities, the import percentage reached up to 80%). But with the Russian currency collapse in August last year, the buying power of the population has collapsed, and with it also food imports, creating major food shortages, especially in certain regions. By shifting away from an almost exclusive depen-

dence on hard-currency food imports from or via the West, substituting barter and other state-to-state arrangements with China, Russia could gain a crucial margin of maneuvering room to rebuild its agricultural sector.

In the afternoon of Feb. 26, Zhu Rongji completed his official agenda in Moscow and, after a departure ceremony with Maslyukov, flew to Russia’s famous city of St. Petersburg. In addition to meetings with the St. Petersburg government, visits to the working-place of Lenin, the Hermitage Museum, and other historic points, Zhu Rongji toured the Izhorskiye Zavody machine-building plant, which is producing key components for the nuclear power station in China’s “Land-Bridge” port, Lianyungang.

After this most successful trip to Moscow and St. Petersburg, Prime Minister Zhu Rongji returned to Beijing, where he will shortly be addressing sessions of China’s main governing bodies. Zhu’s next major foreign visit will be to Washington, D.C., where his problem-solving talents might be less well appreciated, but are no less sorely needed.

Documentation

Russian commentators on the Zhu Rongji visit

***Izvestia*, Feb. 27, “China’s Wealth Will Be Increased by Siberia”:**

“The Chinese delegation led by Chinese Premier Zhu Rongji is taking home very important documents from Russia. From now on, all significant projects in eastern Siberia and the Far East will be implemented with the participation of China and partly in favor of that country. As a result, China will overcome its enormous deficit of energy and energy carriers in a few years. Moscow is also satisfied with the visit of the Chinese delegation. Now Primakov’s government has an economic base for Russia’s reorientation toward the East. . . .

“Representatives of Russia and China finally signed an agreement on a feasibility study for development of the gigantic Kovyktinskoe condensed gas deposit in the Irkutsk region and the construction of a gas pipeline to China. SIDANKO company, to which the license for development of this deposit belongs, will be able to export about 20 billion cubic meters of gas to northern China after the pipeline is built (in all, 35 billion cubic meters will be extracted). Gas deliveries will bring up to \$1.5 billion annually to SIDANKO, the Irkutsk region, and the federal budget.

“The available supplies of the Kovyktinskoe deposit are assessed at 870 billion cubic meters. Thus, the project of gas export to China is to be implemented over several decades. Gazprom intends to join the project in order to build a pipeline

from Siberia with the assistance of China. . . . Moreover, Korea and Japan intend to cooperate with Russia after China. But it is not only gas that China and its neighbors need: they are also interested in oil and electric energy.

“Russian producers of electric energy need only complete the construction of two hydropower plants, the Boguchanskaya and Bureiskaya ones, and build an energy bridge to China. . . . These projects require money, and it is more sensible to appeal to China for it than to any other country.

“China’s need for oil will be about 50 million tons a year in the next decade, according to some estimates. The YUKOS company . . . is ready to build a pipeline between Angarsk, in the Irkutsk region, and northern China, together with the Tatneft company, which has a monopoly on the construction and usage of oil pipelines. Other great oil deposits, such as the Yurubcheno-Takhomskoe deposit in the Krasnoyarsk territory and the Verkhne-Chonskoe deposit in Yakutia, will soon join this pipeline. However, Chinese assistance is also needed in order to include these deposits in the pipeline network.”

***Pravda*, Feb. 26, “The Russian-Chinese Nuclear Power Plant Will Be the Largest in Asia”:**

“Political observers consider the visit of the Chinese Prime Minister to be a turning-point in the relations between both countries. . . . What will this bring Russia? They say, billions of dollars. Thank God for them!

“The plan for a gas pipeline from Siberia to China is realistic. . . . This project alone, if it can be realized, would bring Russia over a billion dollars a year for 30 years. The pipeline could be built in six years, giving China the possibility to change over electricity plants from coal to gas. And the new orders for equipment also means new jobs, for Chinese as well as Russians. . . .

“Russia has signed the contract to deliver two reactors [to the power station at Lianyungang]. Following successful realization of this project, another two reactors would be supplied. In all, the nuclear power station would have four blocks, making it the largest in Asia.”

***Nezavisimaya Gazeta*, Feb. 27:**

“Zhu Rongji demonstrated in Moscow the qualities which have made him the chief manager of the huge and complex economy of China. In the words of Yuri Maslyukov, co-president of the Russian-Chinese economic commission, it was Zhu himself who was the initiator in organizing the meeting of businessmen of both countries in the ‘President Hotel,’ to which also the press was invited. He was the ‘star’ of the event, taking upon himself the role of lobbyist for Chinese products on the Russian market. . . . He showed some curious aspects in the ideas of the present Chinese government, about what areas of cooperation should now be pushed.

“Beijing is namely intending to push Western competitors as much as possible out of the Russian market for consumer

goods, using the mechanism of barter for this purpose—exchanging its goods for Russian raw materials. It must be recognized, that such a strategy of Zhu Rongji is absolutely rational, given the collapse of the buying power of most Russians since Aug. 17. Under these conditions barter gives excellent possibilities for an attack on competitors and is very advantageous for both sides. And in some cases it can run parallel with the import of China’s best technologies.”

***Izvestia*, March 3:**

“It is maintained in the numerous anti-Chinese publications in the U.S., British, and German press that great misfortunes lie in store for China—from the devaluation of the yuan to a social explosion. . . . But the Chinese yuan is stable and is becoming currency number one in Southeast Asia. Many foreign trade deals there are financed in yuan today. And if the yuan consolidates its position in Asia, it will be very hard to oust it from there in the conditions of the world crisis, even by the efforts of the so-called ‘advanced countries.’ . . . At the same time, the G-7 countries have been making no progress in reforming world finances and creating a new Bretton Woods currency system. . . . Under conditions of the crisis of IMF ideology . . . neither Russia nor China can expect the world financial institutions to encourage investors to work in these countries. . . . So it is only logical that regional integration will receive a fresh impetus in conditions where the globalization of financial markets fails. Evidently the capacity of the Chinese and Indian markets opens up vast opportunities for Russian energy and military exports, while India and China have increased opportunities for food export to Russia.”

Commentator Dmitri Privalov:

“Notwithstanding the prognoses of Western and domestic skeptics, who with jealous stubbornness foresee an unhappy future in our relations with the great neighbor to the East, the strategic partnership between Moscow and Beijing is being filled with concrete content. A new proof of this was the visit of Prime Minister Zhu Rongji. . . . During his stay in the capital the distinguished guest fully fulfilled his renown as ‘a pragmatist down to the marrow of his bones’: In the Kremlin, in the government, in the Duma, and everywhere in meetings with Russian leaders he carried on concrete discussions on the problems and perspectives of business relations between our two countries. . . . A stable foundation is being laid for a future boom (the time is coming!) in business cooperation. . . . To launch this, after the ‘big fish,’ it is absolutely necessary to push forward the small and medium-sized industries. Moscow and Beijing are clear about the fact, that without broad, active support ‘from below’ all plans made ‘from above’ will remain only nice wishes. . . . Observers from among the pessimists insist on their standard epithets, ‘mere protocol,’ ‘commonplace exchange of pleasantries,’ etc. But the truth is, that an economic partnership between Russia and China . . . has made an irreversible turn onto the track of following the much more far-advanced political relations.”

Russian foreign debt: The banks blink

by Rachel Douglas

The pyramid scheme of Russian government bonds with double- and triple-digit returns, also known as GKO and as the “world’s hottest emerging market” in 1996-97, died on Aug. 17, 1998, when the Russian government froze payments on that ruble-denominated debt. August 17 marked phase two of the terminal stage of collapse of the post-Bretton Woods world financial system. Deep into early 1999’s phase three, with its epicenter in Brazil and new storms sweeping world bond and share markets, the ghost of the GKOs has risen as a reminder of how fragile and desperate major international financial institutions are.

During the last week of February, Deutsche Bank, followed on March 1 by Crédit Lyonnais and Chase Manhattan, broke ranks with other members of a London-based committee of banks, representing foreign holders of GKOs. Deutsche Bank had headed the negotiating committee for talks with the Russian government. These institutions accepted the Russian offer to restructure the GKO debt, while Crédit Suisse First Boston (CSFB) and some British banks wanted to keep up the demand for better terms. When the GKOs were frozen, foreigners held approximately \$15 billion of a total stock of GKOs priced at 250 billion rubles, or \$40 billion at that time. The restructuring offer includes a phased payment of 10% of the GKO face value in cash, 20% conversion into investment bonds that may be used to purchase shares in Russian companies, and 70% conversion into new, long-term rubled-denominated bonds. The offered workout has been estimated at between 2¢ and 20¢ on the dollar, return on the speculatively invested funds.

Sources at the banks that accepted the Russian GKO terms said they were resigned to the impossibility of “a better deal.” They also happen to be institutions with a longer history in the Soviet Union and then Russia, as opposed to the whiz speculators from CSFB, who specialized in scooping up assets during post-1992 privatization, in speculation, and in derivatives operations with Russian underpinnings. Chase has invested in Russian oil and gas extraction since the 1970s, while Deutsche Bank was a major German lender to the Soviet Union. The judgment by these banks that they could have an investment future in a recovered Russia, if they have any future at all, evidently played a part in their decision, as did the possible implications of a refusal of the GKO terms, for restructuring of the Soviet-era (London Club) debt that they hold. During February, ex-Premier Sergei Kiriyenko visited

Germany for talks with German bankers, during which, Russia media described him as an unofficial emissary of the Primakov government. On Feb. 8 in Bonn, Kiriyenko called for writing off up to one-half of the Soviet-era debt.

The London *Financial Times*, among others, rang alarm bells that the GKO situation could lead to “a comprehensive restructuring package,” in which post-Soviet Russian Eurobonds would be included, as well as the Soviet-era debt. The paper claimed on March 2, that a current sell-off in Russian Eurobonds “was sparked by demands by the Paris Club of government creditors that Pakistan restructure the terms of its international bonds as part of an overall foreign debt reorganization,” which move “was seen as presaging a similar demand on Russia, which has \$16 billion of outstanding bonds.”

Apocalyptic scenarios for a global Russian default were circulated also inside Russia, as in a March 3 *Izvestia* article that said the West had no choice but to continue debt talks with Russia, “otherwise the Russian government may simply refuse to pay at all.”

IMF bluffs

The other Russian debt matter looming over international finance is the nearly \$5 billion Russia owes this year on International Monetary Fund loans. Premier Yevgeni Primakov and First Deputy Premier Yuri Maslyukov have both emphasized, that the only source for making those payments will be new loans from the IMF — which, in turn, will not be used for any other purposes, such as covering current budget spending, as was the case under previous governments. The Fund, however, has evidently not grasped the new rules of conduct with Russia.

Bankrupt though he may be, IMF Managing Director Michel Camdessus struck his customary pompous posture, in a lengthy interview in the Feb. 16 issue of the Russian newspaper *Novyye Izvestiya*. Among other things, Camdessus said that “the IMF has never done anything bad to Russia,” and lectured the interviewer, that “your main problem is that you accomplished only partially some of the things that should be accomplished on the path of market reform, and on some things you have drawn a blank.”

Camdessus raised the scenario of Russia’s being declared an *outlaw state*: “You haven’t completed real market reforms. It is a big mistake to stop mid-way when so much has already been done. Even if the IMF weren’t by your side, forget about everyone and move forward. There are voices in Russia which say that you should renounce cooperation with the IMF and you should build a fence between yourselves and the whole world and follow ‘your own way,’ as is Russia’s tradition. Practice shows that such a course is wrong. (*I personally don’t want Russia to become a Cuba or North Korea.*)” (Emphasis added.)

At a Feb. 10 press conference of the Right Cause political grouping, former Finance Minister Boris Fyodorov used the very same language. Denouncing Yuri Maslyukov for having

raised the question of “writing off debts,” Fyodorov said there would “be no restructuring and no writing off debts unless an agreement with the IMF is reached. . . . So, if the government really wants to relieve the debt burden, . . . we should urgently present an economic program that will earn the trust of the IMF and consequently of investors . . . because nobody wants to see Russia as an isolated state, a *North Korea which sits there with its unpaid debts and snarls at everyone*” (emphasis added). Fyodorov, an intimate of George Soros, nearly succeeded, with the patronage of Al Gore, in reentering power in August 1998 as economics chief under the reinstated former Premier Viktor Chernomyrdin, and in imposing the British imperial “currency board” model on Russia.

On March 2, Maslyukov was quoted by Interfax: “Mr. Camdessus has pressured us so much, and is so persistent to make us accept conditions which are unacceptable, that it is just unseemly.” Maslyukov suggested that the IMF’s demand for the creation of new institutions to allow more foreign exploitation of Russian oil and natural gas resources would only “give birth to a new crowd of thieves.” Camdessus’s posturing notwithstanding, Maslyukov said on March 4 that he had “a pretty clear idea of what Russia can do to reach a compromise while honoring its commitments under the 1999 budget, and believe[d] that a real rapprochement of the negotiating positions is possible within days.”

The same *Financial Times* author, John Thornhill, who emphasized the potential for the Russian debt crisis to spread to the Soviet-era debt and Eurobonds, also joined the Boris Berezovsky-owned media inside Russia, in beating the drums for Maslyukov to be fired.

Throughout the foreign debt flap, it remains clear that the Primakov government, making Russia a member of the “Survivors’ Club,” has an agenda that overrides its continuing diplomacy with the IMF and the foreign banks. The last days of February saw the success of Chinese Premier Zhu Rongji’s negotiations in Moscow (see p. 4). Last week, we noted the formation of a State Council for the revival of Russian industry, under Maslyukov. At a press conference on Feb. 8, Finance Minister Mikhail Zadornov reported that “we have lived through the most difficult economic and political period since the August crisis. It was little noted, but during this period we have managed to approve and implement the plan of financing the fourth quarter without departing one iota from the guidelines determined in October, neither the printing of money, nor the payments on the foreign debt, nor the payments to households. Let me remind you that on Feb. 1-2 we fully paid back arrears to federal employees and we do not have budget debts. That is, all the commitments that we undertook in early October we met.”

As we go to press, financial “oligarch” Berezovsky, who has campaigned relentlessly against Primakov and Maslyukov, has been removed by President Boris Yeltsin from the post of Executive Secretary of the Commonwealth of Independent States.

European farmers protest Agenda 2000

by Rosa Tennenbaum

Europe has been experiencing an upsurge of protests by farmers in recent weeks, the likes of which have not been seen since the beginning of the 1970s. In most of the 15 member-states of the European Union (EU), demonstrations, blockades, interventions into political party meetings, and so on, have been the protest vehicles against the Agenda 2000 program of the EU Commission. The high point of these actions so far was a huge demonstration of more than 50,000 angry farmers from all over Europe in Brussels, the headquarters of the EU. On Feb. 28, they besieged the city in a desperate attempt to bring some reality into the sterile world of this huge “Eurocracy,” which has been dictating the agricultural policy of Europe for 34 years.

The Belgian authorities, fearing for the security of the EU bureaucrats, passed special restraining orders that forbade farmers to bring tractors or heavy machinery into the capital between Feb. 15 and March 1, while Belgian farmers were forbidden to move their tractors more than six miles from their farms; violations were punished with prison sentences! Schools and kindergartens were closed the day of the demonstration, the staff of the European institutions got a day off, and the European Parliament was shut down. The EU Commission hid behind barbed wire, and the EU Foreign Ministers preferred to relocate their meeting from Brussels to Luxembourg. All this hysteria aside, the demonstration was harsh in words, but civilized in action.

Expansion of the EU

Agenda 2000 defines the principles according to which the EU wants to integrate new member-states, such as Poland, the Czech Republic, Estonia, Slovenia, and Hungary, which are supposed to join within a few years. Before they do, however, a number of national laws have to be changed and made congruent with the regulations of the EU, and the very different national administrative systems have to be adjusted. To achieve this, in every country, an army of bureaucrats has to be trained and prepared for its future tasks of surveilling and administering the new regulations. These bureaucratic preparations will eat up several billions of dollars per year. Nobody talks about developing the run-down economies of these post-communist states or the need to invest in infrastructure that is so dearly needed; the only preoccupation of the EU is to set up similar administrative apparatuses in all countries.

As the economic situation across Europe has been worsening, the growth of Gross Domestic Product has been shrinking and unemployment rising, and the governments of the 15 current EU member-states are not willing to expand the EU budget to finance the enlargement of the Union. So, there are only two possibilities for the EU Commission: to postpone the enlargement to some later date and hope for better circumstances, or to get the needed money by restructuring the budget and cutting existing programs. The commission decided for the latter, and put it in writing as the Agenda 2000 program.

Destruction of agriculture

The centerpiece of Agenda 2000 is a set of massive reductions in farm prices: Prices for milk will be lowered by 15%, grain by 20%, and beef by 30%. This comes on top of prices that had already reached a historic low in most cases. After these cuts, prices would be far below the world market level, while the biggest trading companies could export as many goods as they wished without needing any subsidies from the EU. The fact that producers need a parity price so as to be able to deliver goods to the trading firms, is no issue in this debate, which is concerned only with the price paid by the consumer, not the continuation of production.

These price cuts would have horrendous consequences. The income of European farmers would be lowered by 15 billion deutschemarks (\$8.8 billion) annually, and, with more than half the farms already cannibalizing its capital base, thousands would be forced into bankruptcy. German farmers, for instance, would lose DM 4 billion per year, which would force 40-60,000 farms out of business per year. This alone would add up to 100,000 jobs lost.

But agriculture plays a central role for the overall economy, as farmers are buyers of industrial goods as well as suppliers for the food-processing industry. Every seventh job in Germany depends directly on agriculture. In the food-processing industry, the fifth most important economic sector, 300,000 jobs will be lost immediately. Throughout Europe, some 2-3 million jobs will be destroyed.

The bankruptcy of tens of thousands of farms every year will cause a profound restructuring of the food-processing industries, as well as in the industries supplying equipment and materials to agriculture. Middle-sized companies will have to close down, and cartels will determine what is produced, and its price to the consumer.

Agenda 2000 is an attempt to turn history back 200 years. With the big land reforms at the very beginning of the 19th century, the huge estates that were owned by feudal landlords were cut into smaller entities, and the farmer became the owner of the land he worked on. With these reforms, independent farms became the most productive entities of the economy. Now, "investors"—banks, insurance companies, and other firms—will buy up the collapsing farms, and "managers" will direct an army of miserably paid farm workers.

With Agenda 2000, the EU commission is also paying tribute to the World Trade Organization (WTO) negotiations that will begin in the autumn. The deadly price reductions, in particular, were welcomed as "going into the right direction, but not far enough," by a phalanx of free traders around U.S. Vice President Al Gore, Secretary of Agriculture Dan Glickman, and Trade Representative Charlene Barshefsky. Al Gore's arrogant demands for deeper price cuts and total free trade in agriculture are destabilizing governments, already confronted with massive resistance among their populations, and they are accelerating the economic breakdown of Europe.

Agenda 2000 also demonstrates the dilemma that international politics is facing. The European governments find themselves facing an impossible choice: If they do not reach an agreement by the end of March, which is the original timetable for proceeding with the enlargement of the Union, then the stock markets will collapse, as will the common European currency, the euro. If they pass the Agenda 2000 program, the economic slide will be accelerated significantly. Every decision within the existing financial and economic geometry will end up in a disaster. The only solution is Lyndon LaRouche's New Bretton Woods program for a profound reform of this bankrupt international economic and financial system, as Agenda 2000 clearly demonstrates.

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Fault lines emerge across Euroland

by William Engdahl

The failure of the Feb. 26 European Union summit in Petersburg, Germany, to agree on an EU budget reform proposal, part of the far-reaching "Agenda 2000" negotiations among the 15 EU member-states, exposes more than a dispute over members' payments into the EU budget. It reveals deep fault lines within the artificial supranational structure of the European Monetary Union (EMU), with its new euro single currency.

Significant is the degree of bitterness between the two core members of Euroland, France and Germany, which has emerged over a proposal by the German government of Chancellor Gerhard Schröder (Social Democrat) for a major reform of the Common Agriculture Program (CAP). French President Jacques Chirac made an extraordinarily blunt critique of the German government's chairmanship of the Petersburg summit, telling media, "I have never seen such bad preparations for a summit, so little attempt to sound out the other governments."

Under EU rules, each of the 15 governments assumes a six-month rotating presidency of the EU Council, the highest authority in the Union. On Jan. 1, it was the turn of the Schröder government to take over the presidency until July 1. The EU Council president has significant powers to set the discussion agenda.

Confirming how serious the cleavages are which erupted into the open at the summit, after the talks broke down in utter failure, Schröder told reporters, "There could be difficulties on financial markets if heads of governments do not succeed in putting a financial agreement together," a reference to the recent fall in the euro, as well as to nervous stock markets across Europe.

The summit talks breakdown stems from a divergence between France and Germany. The German government is politically committed to reduce its 24 billion deutschemark (roughly \$15 billion) annual contribution to the EU budget. It was a major election pledge of Schröder's Social Democrats, whose members rarely include the conservative farm bloc. But, Germany's demand to cut its over-size contribution to the EU budget, the largest of any EU state by far, was made well before Schröder's election victory in October 1998 over Christian Democratic Chancellor Helmut Kohl.

For its part, the French government is determined to defend the interests of France's most powerful political lobby—agriculture. To date, France is refusing to even consider a German "co-financing" plan that would limit future CAP spending. At present, the spending for the CAP agricultural portion of the EU annual budget makes up fully 50% of all EU spending, which this year totals DM 100 billion. This large agriculture subsidy, as some EU states argue, comes despite the fact that today only 6% of the EU population is engaged in farming.

Germany is proposing what it calls "co-financing" as a solution to the rising farm budget. The present total EU farm budget would be frozen at today's level for the next seven years. To do that, while bringing the farm-dependent economies of Poland and Hungary into the EU, requires severe cuts in current crop payments to EU farmers, according to Bonn's proposal. But, the German plan would allow a member government to "co-finance" or supplement payments to its farmers out of its own national budget. That plan has Paris hopping mad, as France has traditionally been the largest recipient of CAP funds. Germany, so the argument goes, as the largest contributor to the EU budget, has, in effect, been financing the French agriculture sector.

New EU members

Behind the farm reform issue is a deeper split within Euroland involving the imminent membership of Poland, Hungary, and the Czech Republic. In Poland, more than 25% of the population is engaged in farming. In Germany, only 2%. The German insistence on CAP reform is tied to the fact that with the eastern European states, which are large agriculture producers, set to become EU members, they, too, would be entitled to receive significant new cash transfers from the EU Cohesion Fund, much as have Spain and Portugal, as well as from the CAP.

In the 11 states in the EMU, including France and Germany, the sharp economic downturn is beginning, while they are also in the self-imposed straitjacket of the Maastricht Treaty's ceiling on national budget deficits, which can be no more than 3% of Gross Domestic Product. The 3% deficit ceiling is regarded as vital to the euro, a sign to investors that governments will not permit fiscal "recklessness." Holding to that 3% deficit provision is regarded as essential, especially now, in order to retain the confidence of international financial market investors in the euro markets.

Since the 11 nations started the new currency experiment on Jan. 4, the euro has already begun to weaken significantly. Within the first two months, the euro has already fallen 8% against the dollar, quite opposite to what confident Euroland governments and bankers were expecting. The collapse of especially German exports, as the world economic depression spreads from Asia, Russia, and Ibero-America, is the chief reason.

The fault lines around the Agenda 2000 proposal run along a north-south divide, with France being backed by Spain, Portugal, Italy, and Greece. Germany is backed by Austria and the Scandinavian members, the United Kingdom, and Holland, all of which claim that they are net contributors into the CAP, and are demanding a ceiling on farm costs. Former EU Commission President Jacques Delors calls this split the “greatest problem threatening the EU.” Chirac and the French charge that the Schröder government, currently EU Council president, is violating the fundamental basis of the 1960s Franco-German accord, in which French President Charles de Gaulle and German Chancellor Konrad Adenauer agreed that in any dispute, Paris and Bonn would give in to the demand of the other if the issue were one of vital national interest. The heart of the fight is that between Paris and Bonn over CAP reform, the French say, and a break with four decades of EU policy is at stake.

The de Gaulle-Adenauer agreement

When the six governments of what became the European Economic Commission met in 1958 to sign the Treaty of Rome and create the Common Market, the heart of the EEC was an agreement between de Gaulle and Adenauer. Under that pact, France in effect agreed to unhindered German industrial growth and exports—which French policy had tried desperately to block after World War II, for fear of German rearmament. In return for allowing free trade in German machine tools and high-precision engineering equipment within the Common Market, France got Germany’s support for the EEC to funnel the bulk of member contributions, via the CAP, to the benefit of French agriculture. Last year, France got the largest chunk of the CAP budget, some DM 18 billion.

One consequence of the flow of CAP monies into French agriculture has been to make France today the world’s second-largest food exporter, after the United States. Much of that food goes to Germany, in return for French purchases of German engineering goods.

Over the past four decades, an informal system of conflict resolution evolved around this Franco-German core, under which, if either Paris or Bonn held any issue to be one of its “vital national interest,” the other party was obligated to respect that. All issues were resolved first in bilateral French-German government negotiations; then a common policy concord of the two largest states in what is now the European Union, would, with rare exception, become European Union policy.

Not this time. After the failed Petersburg talks, French officials accused the Schröder government of “not understanding European realities” and the nature of the Franco-German relationship. The French charge that Schröder is pushing German national interest in cutting the budget for the CAP, without prior consensus from Paris. One European

diplomat remarked, “What is new is that France finds itself in the dock, with the Germans wanting their money back.” France is threatening to use its veto to block the German proposal on Agenda 2000. In early March, Chirac pledged to French farmers that he will remain firm in opposing the German demands. Germany has called for a final decision on Agenda 2000 by the time of the next EU summit on March 24.

More fissures

But the split over CAP finances is far from the only one emerging in the new “one-size-fits-all” European Monetary Union. At the last Group of Seven meeting at the end of February, France suddenly distanced itself from earlier support for a German call for a system of currency bands among the euro, the dollar, and the yen, proposed by German Finance Minister Oskar Lafontaine. According to informed European banking circles, France has begun to fear a fixing of the euro which might benefit German exports at the expense of French exports.

Further strains in the Franco-German core of Euroland emerged as well in recent weeks when German Environmental Affairs Minister Jürgen Trittin, a member of the radical Green party, unilaterally declared that he would stop reprocessing all spent fuel from German nuclear power plants. For years, German reactor fuel has been reprocessed at the French facility at La Hague, a major support facility for the immense French nuclear power industry. Trittin declared the halt without consulting France. Only through the last-minute intervention by Schröder to delay the decision, was a major rift between the two countries averted.

There are indications that British Prime Minister Tony Blair is trying to take advantage of this rift. Blair told the British Parliament on Feb. 25 that he supports British entry into the euro. Blair’s support for the German position on Agenda 2000 has added further suspicion to French fears of a German go-it-alone policy on farm reform.

While this battle is likely to end in some compromise between France and Germany on the CAP reform, the new north-south fault line across Euroland will in no way be eliminated. With the euro now trading at 1.08 to the dollar, a drop of 8% in just two months, the danger is that nervous financial markets might soon conclude—as anyone could have told them—that the most radical monetary experiment since 1945, has been a failure. That creating a single supranational currency and central bank for 11 nations, involving a surrender of basic national monetary and economic sovereignty on the part of member-states with no parallel political structure to counter the independent European Central Bank, is likely to rip apart from its internal contradictions and lack of a common, sound economic foundation. Were investors to conclude that, the euro could rapidly turn into an millstone around the neck of Europe.

The high cost of Germany's phase-out of nuclear energy

Professor Hubertus Nickel has a chair at the Rhine-Westphalia Technical University at Aachen, Germany, and was director of the Institute of Materials for Energy Technology at the Research Center in Jülich. He was for many years active in the reactor safety commission of the federal government, until it was closed down by the new federal Environmental Minister, Jürgen Trittin. This interview was conducted by Michael Vitt.

EIR: What effect will the nuclear phase-out policy of the red-green government have for Germany?

Nickel: The demands of the Environmental Ministry and the draft change of the nuclear legislation, the consensus discussion of the Chancellor and the energy producers, and the statements of the Economics Ministry, are not compatible. Therefore, your question cannot be clearly answered. What cannot be disputed is that the goal of the federal government is to write into law the phase-out of nuclear energy and to stop the shipments of spent fuel to Cape La Hague and Sellafield [European reprocessing facilities in France and England].

The direct shipment of waste to a depository would serve as a "proof of disposal" for the nuclear plant operators after the ban on processing. The energy producers in the consensus talks accepted the political mandate to end reprocessing and direct disposal of spent fuel, on the condition that in the coming negotiations there would be an agreement about the acceptable time allotted to run the existing plants. The government proposed two phase-out strategies. The first is a "fast track" version, designed to hamper the operation of the plants, and the other is a "legislative" version, with prescribed lifetimes for the plants. What appears from the first consensus talks is a desire to go the second way. It is indisputable that with a "fast track" approach, financial damages will be incurred, because of the destruction of capital; in the case of the power plants, this alone will amount to hundreds of billions of deutschemarks. Secondly, Germany's business relations will be called into question with our partners in Great Britain and France and internationally, as well as the relations between the energy producers and the large customers, and the relations of the German nuclear industry and their international customers and partners.

But also with the slow phase-out option, an extremely competitive branch of industry with high productivity will be

lost. Secondly, a substantial number of valuable jobs will be lost. That concerns the plant manufacturers as well as the utilities. And thirdly, Germany's commitment to CO₂ reduction can not be achieved.

EIR: The center of the new Bonn nuclear policy is the question of what to do with spent fuel. Can you explain this?

Nickel: Because of radioactive decay, the spent fuel elements must be temporarily stored for several decades before they can finally be disposed of. This can be easily done with the so-called Castor containers. At Gorleben and Ahaus, there is enough capacity for this intermediate storage. [Gorleben and Ahaus are the sites for this in Germany; Gorleben has also been researched as a long-term facility.] But the federal government does not want to use these facilities for this purpose, in order to avoid transport of the waste in Castor containers [which has been the target for huge demonstrations, with many casualties and millions in damages in the past]. They are demanding that the energy producers themselves erect such facilities on their premises. Because that is not technically feasible in the time frame demanded by the Environmental Ministry to end reprocessing, this deadline is also not tenable. Concerning the question of final disposal, the current federal government does not wish to continue to operate the planned site at Konrad, as well as the recently finished facility at Morsleben, which had been intended for low-heat-producing waste (comprising 95% of the volume with 1% of the radioactivity).

The extensively investigated site for high-heat-producing waste (5% of the volume and 99% of the radioactivity) in the salt deposit at Gorleben will not at this time be further tested. Here the phase-out policy also leads to a dead end, because without the final depository, all of the waste will be inherited by future generations.

An additional problem is posed by international agreements with France and Great Britain, by which the entire amount of highly radioactive waste in the form of glass blocks, that is, fuel elements that are no longer processed, must be sent back to Germany and stored in intermediate and then in final disposal facilities.

EIR: A little while ago, Trittin said in a newspaper interview that "we have now, as we have had before, surplus capacity

that greatly exceeds the power produced by nuclear power plants.” For that reason, we can shut them down “without causing a real problem.”

Nickel: A statement like this does not take into account that for the total amount of electricity produced, the same amount is not available to be used, because the possible duration of use is dependent on the maximal output of the plants. Nuclear power plants are capable of producing 8,000 hours per year, while sun or wind can produce 1,000 to 2,000 hours per year. Taking just the necessary capacity for average use, that means one must install four or eight times as much capacity to replace the same amount of electricity produced from nuclear. An additional problem is that one cannot expect the necessary capacity to be available when it is needed from solar and wind. The 19 nuclear power plants in Germany produce together 22,000 megawatts (MW), which is 36% of the entire electricity produced. If one wanted to replace that with wind or solar power, this would require either a surface of 2,000 square km — one-fifth the area of Saarland — or 180,000 windmills with a capacity of 500 kw each. The current overcapacity is calculated at 10,000 MW, not including old plants that have been shut down due to environmental problems. For a secure energy supply, the maintenance of such reserve capacity is absolutely necessary. I find Trittin’s statement therefore untenable.

EIR: What does the dissolution of the reactor safety commission mean?

Nickel: First, let’s look at the facts. In a communication dated Dec. 21, 1998 from State Secretary Rainer Baake from the Ministry for Environment, Protection of Nature, and Reactor Safety, all former members of the commission were informed that the reactor safety commission had been dissolved and that, as of Dec. 22, 1998, a new statute for the reactor safety commission would go into effect. The new commission would consist of just 12 members, with different areas of expertise. They should represent a variety of opinions, as had been the case. The decisions should be more transparent, and their reasons more clear.

My comment on Mr. Baake’s statement is that there is nothing wrong with bringing in new personnel to a body like the reactor safety commission. It is, however, bad form, when the members of the commission have to find out about the decision from the media. Above all, the political orientation of the members should not be put above competence. The reactor safety commission was established by the federal government 40 years ago, as an independent body. Since then, the commission has advised all governments in matters pertaining to the peaceful use of nuclear energy, and has helped officials by its recommendations in safety-related decisions. The commission takes exclusive responsibility for the safety of all nuclear facilities — the reactors as well as the fuel cycle and the transport and storage of waste. The decisive criterion for membership was technical competence and not political orientation.

Today the relative international availability of the equip-

ment is proof of the high security standard of German nuclear plants. Not least of all, it is the tireless striving of operators, systems engineers, inspectors, and officials, and their mostly positive interaction, which accounts for sustaining and continuously upgrading the necessary level of safety. The reactor safety commission, since its inception, has played a pivotal role in the safety technology of today’s nuclear power plants, through the establishment of guidelines, through comprehensive safety technology evaluations of individual systems, as well as the continued development of safety technology. Not least in this effort was the continual intensive exchange of experience between the commission and sister organizations in the U.S.A., France, Japan, and Switzerland, in the area of nuclear safety. A successful continuation of this cooperation with the foreign organizations will not be possible with the new commission, if it adheres to the phase-out policy of the new government.

EIR: You recently visited China and India. Many of your students have taken leading positions in the scientific and the energy sector. What do they think about the energy discussion in Germany?

Nickel: First, a word about China, which I have regularly visited in the last ten years. I was there primarily to give lectures at the renowned Tsinghua [Qinghua] University in Beijing, at the Institute of Nuclear Energy Technology (INET), where I was guest professor. In addition, by invitation, I visited a series of universities in different cities, gave lectures, and had intensive discussions about energy generation, development of nuclear power, and the environmental situation.

The current installed power generation capacity in China is about 250 gigawatts for 1.25 billion people, of which about 70% is coal-fired and a little less than 30% is hydroelectric. Nuclear energy is only about 1.3% of the mix. There are extensive programs to expand the nuclear power technology, including with France and Russia.

Next to the development of light and heavy water reactors, there is a considerable effort to develop the fast breeder and helium-cooled high-temperature reactor, using the design of the German pebble-bed configuration. A 10 MW test reactor of this type is being built at Tsinghua University. There is currently no acceptance problem in China, although, according to experts at several of the nuclear sites, there is more opportunity to discuss the issue, due to the recent liberalization there. The per-capita energy consumption in China is about one hard coal unit per year. In Germany it is about six hard coal units per year. With a gross rate of growth of 8.8% in 1997 and inflation of only 2.8%, there is a concerted effort to cover energy needs. Environment naturally does not play a primary role.

Our Chinese colleagues cannot fathom the discussion about stopping nuclear energy in Germany. They refer constantly to the high safety standards of the German plants.

Our Chinese colleagues cannot fathom the discussion about stopping nuclear energy in Germany. They refer constantly to the high safety standards of the German plants.

Because they cannot judge the political situation, their comment is: Germany is too rich! The answer of Indian colleagues is similar. The country has currently available only about 90 GW of installed electrical generating capacity for about 950 million people, which is less than one hard coal unit per capita. A construction program of 10 GW per year is planned (mostly coal). India today has an installed nuclear capacity of about 1,700 MW in ten blocks, mostly of the heavy water CANDU type of reactor. That is about 2.3% of the capacity. There is not only an extensive R&D program for the heavy water reactors, but also, in cooperation with Russia, the light water reactors and the Indian fast breeder technology.

EIR: Does the deregulation of the European energy sector make sense?

Nickel: The liberalization of the energy market is a reality. Since February 1997, the internal market guidelines for electricity have been in force. The consequence, as a result of market pressure on the individual producers, is a stiff price competition and a current fall in prices. That is certainly a positive development for the consumer. Partial overcapacity and the generation of electricity from combination gas and steam plants based on natural gas, set new standards in price. Here, one should not forget the question of security, in terms of price monopoly and delivery capacity, because of dependence on the natural gas-supplying countries. The requirement of the electricity generators that the mix be maintained of brown coal, hard coal, and nuclear, should be respected, on grounds of supply security and price stability.

EIR: What does the phase-out mean for German science?

Nickel: Naturally the decision is disastrously negative for the entire area of nuclear research, both for basic research and for applied research. That pertains to the German universities and the national labs, and includes the industrial research facilities; it does not exclude the loss of international cooperation. That has been the experience on the state level, where there has been a drastic reduction in chairs at the universities, most often by reorienting the department or not renewing the contracts of departments that contribute to the education of engineers in nuclear technology.

The general discussion in the media and in politics in our society about nuclear technology, often with negative tones in comparison with the past, has naturally contributed to insecurity among young people, and thereby to a drastic reduction

in the number of students in these departments. Especially negative has been the reduction of project financing at the universities and research centers. A cut-off of state financing for nuclear safety or contract research, in the context of international projects, would lead to an unacceptable loss of knowledge in the medium term. Considering the phase-out policy of the federal government and the medium- to long-term lifetime of the existing plants, or in connection with the necessary transport and storage of waste and the risks this poses for society, a loss of such know-how is not tolerable or acceptable.

EIR: The high-temperature reactor (HTR), a child of the research program at Jülich, is praised around the world. Will this inherently safe reactor ever find a place in Germany?

Nickel: I personally worked for 20 years on the materials and fuel element development of this inherently safe helium-cooled reactor, and deeply regretted the decision at the end of the '80s to stop its development. I am not speculating, when I say that, at least for the medium-term, there is no chance for the HTR in Germany. As I understand the phase-out policy of the federal government, there is no chance for *any* reactor.

Because of its potential, the HTR is being developed in the following countries:

In Japan, a 30 MW HTR module test reactor for helium temperatures of 950°C is going into operation. In addition, advanced fuel elements are being developed, a reactor ring core is being developed, as well as the concept of coupling a 10 MW gas turbine with the HTR.

I have already mentioned the construction of a test reactor in China. In China, they are expecting criticality on the 10 MW module test reactor with the pebble-bed of German design at INET at Tsinghua University in Beijing, by the year 2000.

There is a currently a great deal of effort in the Republic of South Africa to build HTR reactors. The South African utility ESCOM is working on the German module concept, formerly developed by the company HRB. The idea here is to build a pebble-bed module of 100+ MW for economic reasons, and to couple that with gas turbines.

In Russia, they are trying to maintain their HTR know-how intact; among others, there is a Russian-American project for development of an HTR module which could be used with weapons-grade plutonium. Contracts were signed between General Atomics and the Russian Energy Ministry in 1995.

Argentina privatizes its electricity company . . . and the lights go out

by Gonzalo Huertas

During a message to the nation on Feb. 2, Mexican President Ernesto Zedillo announced a set of reforms intended to privatize the Federal Electricity Commission (CFE), supposedly in order “to assure an adequate supply of reliable, quality, and competitively priced electricity for the long term.”

However, recent developments in Argentina should serve as a warning to those politicians or rulers — be they in Mexico, Brazil, Russia, or Indonesia — who are planning to sacrifice public services and the national patrimony on the altar of “free trade.”

On Feb. 15, at 4:00 a.m., a fire broke out in the Azopardo 2 substation belonging to the EDESUR electrical company, located in the San Telmo neighborhood of Buenos Aires; nearly half a million people were left without electricity, along with innumerable stores and small and medium-sized companies. The blackout occurred at the peak of the summer, with temperatures at their highest.

The more than ten-day delay in restoring electricity to the area, has caused multimillion-dollar losses both to companies and families. In the commercial area affected by the blackout, where 15-story buildings are the norm, not only did the elevators cease functioning, but 240 traffic lights went out, and health clinics and pharmacies lost medicines and serums which have to be refrigerated to prevent spoilage. There was also an increase in domestic accidents, as well as crimes against property in the afflicted area.

Making matters worse, the National Electricity Regulator authorized the electricity distribution companies to increase their rates by 3-4%, retroactive to Feb. 1. This caused outrage among the affected population, which declared itself on permanent mobilization, including holding street demonstrations in front of the EDESUR offices.

The Argentine government has been silent and unresponsive in the face of this disaster. Four days after the blackout, it managed to come up with a call to the Armed Forces and Federal Police to supply water and some generating equipment to the population. On Feb. 21, President Carlos Menem ordered the creation of a “crisis committee” to deal with the problem.

But the essence of the problem is that President Menem has based his entire economic strategy on privatizing everything in sight, to satisfy the demands of the International Monetary Fund and creditor banks. Between 1988 and 1997, Ar-

gentina privatized some \$19 billion worth of state property, including Entel (telephones) and Yacimientos Petrolíferos Fiscales (oil), putting the country in fourth place in the world in terms of privatizations; only Australia, Brazil, and Mexico have privatized more.

EDESUR: ‘a model privatization’

In August 1992, the government of Argentina carried out the privatization of the Buenos Aires electrical company SEGBA, which was responsible for the generation and distribution of electricity in greater Buenos Aires. This was done on the excuse that SEGBA was losing \$1.2 million a day. Then-Economics Minister Domingo Cavallo considered the auction of SEGBA as the “model privatization” of his term.

The privatization was conducted under the format of a “concession contract.” The state company was split into seven new companies: three distributors (EDESUR, EDENOR, and EDELAP) and four energy producers. The Argentine government received \$1.7 billion for the sell-off.

The southern distributor EDESUR, whose stocks were largely in the hands of the Chilean company Enersis International, Ltd. and Argentina’s Naviera Perez Company, paid only \$911 million, according to the newspaper *Clarín*—just \$111 million more than the \$800 million the company had invoiced in 1998, one year earlier. In 1997, EDESUR had revenues of \$870 million, including \$90 million in profits.

Once EDESUR took control of a portion of SEGBA in September 1992, it didn’t take it long to reduce energy safety measures, for the purpose of increasing financial profits, putting the service itself in serious danger. Last Feb. 16, Claudio Zlotnik, of the daily *Página 12*, wrote that in its last report, EDESUR explained that it had reduced its payroll “by more than half since taking over the concession.” In 1992, it had 7,541 workers, and by the end of 1998, it was down to just 2,999 workers, with “a zeal to lower costs and to prove to stockholders how profitable it is to be a partner of the company.” EDESUR’s directors boasted of the decision, saying that “levels of productivity continue to improve on a sustained basis, reaching an index of 698 clients per worker, which represents a 6.9% improvement over 1997.”

Zlotnick explained that in the electricity sector, “they are not unaware that a large number of the workers laid off with

the privatization of SEGBA were specialized labor, pushed aside to cheapen costs and squeeze the maximum profit from the deal,” and that “of every 100 pesos that EDESUR gained in 1998, sixty were obtained by spending less on salaries and social obligations.”

It is under these circumstances that the Azopardo 2 substation of EDESUR, which had been inaugurated only a month earlier, burned down. An engineer linked to Argentina’s electricity sector assured *EIR* that “there was inexperience in running the place, and they did not respect safety norms.”

A former technician for the defunct SEGBA, explained to the daily *Tiempos del Mundo* that “it was nearly inevitable that a disaster would occur at that plant: It couldn’t hold up. They should have built three smaller and more manageable plants, but this would have cost them more money. Now they are really sunk, because besides being corrupt, it turns out they are inept.”

A preliminary report by the Engineering Faculty of the University of La Plata had already warned that EDESUR had been violating safety norms: “The distributor had failed in its obligation to install, operate, and maintain its installations and equipment in such a way as to not pose a danger to public safety,” and committed “abuse of its dominant position in the market,” the report states.

But worst of all is that this precarious situation was nothing new for the Menem government. On Jan. 28, the Auditor General of the Nation had sent a report to the Argentine Congress on electricity distribution in Buenos Aires, which warned of EDESUR’s inefficiency in supplying electricity to its users.

Popular opposition

As *Tiempos del Mundo* wrote in its Feb. 25 edition, the electricity crisis has meant that, “for the first time since 1989 . . . the policy of privatizations carried out by the government and supported by the opposition is now in doubt among the broadest layers of the population.” The crisis has also caused “the entire private structure in charge of providing services to wobble. . . . Stated another way: The myth of private efficiency collapsed in the shadows of this merciless February.”

The government’s response has been to give all the state entities in charge of public services (electricity, gas, telephone, and water) a period of 50 days to conduct a revision of all emergency plans for those services.

The political opposition, which never offered any serious resistance to the privatizations, is trying to make political hay out of the situation. Fernando de la Rúa, Presidential candidate of the Alliance, who is also Buenos Aires Mayor, has simultaneously demanded that the government undertake a “technical intervention” into EDESUR and annul the state concession, and also offered to help the blackout victims by any and all means.

With each day that passed in which EDESUR was unable

to fulfill its promise to restore service, the social situation became more and more uncontrollable. Finally, the political authorities decided to act. On Feb. 19, the offices of the National Electricity Regulator (ENRE), of the central office of EDESUR, and of the Azopardo 2 substation, were searched by order of federal Judge María Servini de Cubría, a Menem supporter who was “responding” to a suit by lawyer Ricardo Monner Sans.

Former ENRE chief Carlos Mattaush told *La Nación* on Feb. 20: “I have no precise knowledge of the technical incident, but what there was, was a stinginess in investments throughout this period. . . . The regulatory scheme is based on economic sanctions that kick in when quality falls, but which were never applied in the last two years. The grid required important investments that were never made.”

Privatizations in danger

As if the scandal weren’t enough, all sectors screamed to high heaven when they learned that in the contract signed between the government and EDESUR, there were only two clauses—in fine print—in favor of the user, in the event services were suspended. Neither clause guaranteed indemnification for damages.

As of this writing, the fine ENRE hopes to collect from EDESUR has already surpassed \$100 million. José Antonio Guzmán, president of Enersis, has already declared from Chile that his lawyers will fight not to pay a single peso, either to the government or to the population of Buenos Aires.

The situation is so politically explosive that all kinds of rumors have already begun to circulate about EDESUR’s future. On Feb. 25, on the television program “Hora Clave,” which has molded public opinion in Argentina in favor of privatizations, moderator Mariano Grondona presented three possible alternatives:

1. “Green light,” if the government wins an agreement with the current owners of EDESUR, for them to pay the fines and the indemnifications;
2. “Yellow light,” or warning, if the government uses its power to keep 51% of EDESUR stocks in reserve, to expropriate or sell them to a new bidder;
3. “Red light,” that is, total danger, if the government, using its powers, re-nationalizes EDESUR.

Grondona concluded this introduction to his program, by noting that this third point would fulfill the slogan that has become popular in protest rallies nowadays: “SEGBA come back; all is forgiven.”

‘General collapse’ looms

The architect Rodolfo Livingston drew the obvious conclusion, when he told a magazine that this crisis “is nothing but a warning: The city is in continuous danger of a general collapse of all its services. Private businesses, out of control, only aim to win immediate profits, and do not invest with foresight.”

Brazil ratifies pact with IMF, Soros

by Silvia Palacios

To prove that he still maintains political control in the country, which in turn is supposed to guarantee implementation of his agreements with the International Monetary Fund (IMF), Brazilian President Fernando Henrique Cardoso pulled every string he could to assure two political victories in late February.

On Feb. 26, the nomination of George Soros agent Arminio Fraga was approved by the economic commission of the Brazilian Senate, to hold the position of Central Bank president, along with bank directors to be named by him. In a lengthy session, eyed nervously by the entire country as well as by the international financial markets, what predominated was not the nationwide indignation expressed by insistent accusations against Fraga linking him to the speculative practices of his boss, but rather the most blatant moral corruption of the majority bloc of senators who back President Cardoso's economic policies. Senate President Antônio Carlos Magalhães, in particular, personally undertook to push through Fraga's approval, and at the end of the session was heard to say, "This was a vote of confidence in the choice of the President, and in Arminio Fraga's capability. Ethics are relative. I was convinced by his explanations."

Global speculator Soros also expressed his satisfaction in an interview in the Feb. 28 Argentine daily *El Clarín*, in which he stated that, despite the gravity of the Brazilian crisis, "the preconditions for resolving it are present in the country, and it is of utmost importance that it be successful." In the face of public charges that he had received confidential information from Fraga which enabled him to speculate with Brazilian debt paper, Soros had the nerve to respond: "The rumor is that we bought Brazilian foreign debt bonds. What the country needs is international investors to buy its bonds, so that in this case, we were helping Brazil."

Ship of fools

The second event of the day was President Cardoso's meeting with 26 of the country's 27 governors, called to Brasilia to try to patch up the serious financial crisis in which the states of the Brazilian federation find themselves. The government managed to pull in, through political manipulation, the six opposition governors who, together with Minas

Gerais Governor Itamar Franco, have opposed Cardoso's economic policy. The only one who did not attend the Brasilia summit was, in fact, Itamar Franco, who has remained steadfast in his resolve to maintain a moratorium on state debt owed to the federation, and not to negotiate until the federal government unfreezes the state's funds.

From the standpoint of reality, the result of the Brasilia meeting was practically nil: The government offered a few crumbs to alleviate the critical situation in the states, in exchange for their tacit backing for his agreement with the IMF, which over the coming months will plunge the nation into a brutal recession.

This black picture is publicly acknowledged by Finance Minister Pedro Malan, who recently admitted that there will be a 3-4% decline in the GNP during 1999. The violent contraction that Brazil's economy will suffer in the coming months will make any credibility Cardoso has won with the two Feb. 26 events, quickly evaporate in the face of public rejection of the IMF program.

The leaders of the ruling coalition parties have already advised the President that the nomination of Arminio Fraga is the last "credit line" his government will receive from them. Even Senate President Magalhães, in a combined act of realism and opportunism, found himself forced to question the government's relationship with the IMF, describing it as "a lack of respect for sovereignty." What is behind these words is growing concern over military discontent that is quietly sweeping the country.

Definition of a traitor

Despite Cardoso's success in isolating Itamar Franco from the other governors, this does not in any way mean that Franco has been defeated. This is evident in the counterblow he dealt those who would submit to the IMF, when, during a Feb. 26 address to a support rally by thousands of Minas Gerais students, Franco said: "With this expression of patriotism and nationalism, we are going to show Brasilia that we are going to change this unjust economic order. The problem is a Federation corrupted through international intervention into the Brazilian economic order by the International Monetary Fund. No to the IMF! The problem is not Minas, it is not [the state of] Alagoas. It is Brazil."

The difference between Governor (and former President of Brazil) Itamar Franco and the rest of the governors is that he maintains a strong identity with national history, and in particular with the founding fathers of his state, who produced a long line of fighters for Brazilian economic and political independence, some of whom were inspired by the American Revolution. That is why, in his ongoing public brawl with President Cardoso, whom he has dubbed a traitor to Brazilian history, Franco declared: "The traitor is one who puts himself at the service of international interests, of the speculators, who ignores the most immediate needs of the people for work, education, security, and prosperity."

Developing nations say, 'general welfare' central to global financial reform

by Gail G. Billington

On Feb. 10-12, leaders of the Group of 15 developing nations met in Montego Bay, Jamaica, for their ninth heads of state summit since the group's founding in 1989. Slightly more than two weeks later, on March 1-2, in Dhaka, Bangladesh, the "Developing 8" (D-8) group of leading Islamic nations met in their second leadership summit. A central theme sounded from both groupings, which together represent a significant proportion of humanity: that the much-ballyhooed discussion of "new global financial architecture" must reflect the needs and aspirations of the entire community of nations, especially those nations most vulnerable to the whims and vagaries of today's globalized so-called "free markets."

Jamaican Prime Minister P.J. Patterson raised this theme in his opening remarks to the G-15 heads of state meeting on Feb. 10: "The vast opportunities that emerge from the forces of globalization and liberalization are equally matched by repercussions which threaten the very economic survival of many countries within the developing world. The pace and direction of globalization, which threaten defenseless nations and endanger millions of vulnerable people, will have to be curbed," he said.

The "Jamaica Consensus" that emerged from this meeting was described by Prime Minister Patterson as "one of the defining moments in our continuing struggle to overcome a history of external control and dependence."

Malaysia's Prime Minister Datuk Seri Dr. Mahathir bin Mohamad played a key role in bridging these two conferences, and in transmitting the G-15 consensus to the D-8 meeting, as reflected in the 33-point "Dhaka Declaration," issued at the end of the D-8 meeting, which identified "a compelling need for reforms to guard against possible recurrence of . . . crises," and underscored that "for the effective functioning of the market economy, governments must play a positive role in the development and management of international financial institutions, systems, and infrastructure."

The G-15, set up to promote South-South cooperation, brings together leading developing nations from Asia, Africa, and Ibero-America. Members are Argentina, Brazil, Chile, Mexico, Peru, Venezuela, Jamaica, Algeria, Egypt, Kenya, Nigeria, Senegal, Zimbabwe, India, Indonesia, Malaysia, and Sri Lanka.

The D-8, founded in 1997 as a project-oriented collaboration among Islamic countries, includes Bangladesh, Egypt,

Indonesia, Iran, Malaysia, Nigeria, Pakistan, and Turkey.

In the interests of furthering the spread of this "consensus," and informing a U.S. and European audience of what the majority segment of the world's people think is crucial to "new global financial architecture," *EIR* here excerpts Dr. Mahathir's speech to the G-15 meeting on Feb. 10, and the final communiqué, the "Jamaica Consensus."

Mahathir: the assault of the 'new capitalism'

Here is the statement by Prime Minister of Malaysia Dr. Mahathir bin Mohamad, on behalf of the Asian member-states, at the opening session of the ninth summit of the G-15 in Montego Bay, Jamaica, on Feb. 10:

... 3. This summit in Montego Bay comes at a very crucial moment in history. We are now at the threshold of a new century and a new millennium. If what is happening to the world today is an indication, the new century is going to bring a lot of challenges for us in the developing countries. We must therefore take stock of things and examine the trends and the systems which are being foisted on us in a unipolar world.

4. First the unipolar world itself. We had welcomed the end of the Cold War believing that peace and freedom would now be ours. But unfortunately we find that losing the option to defect to the other side has deprived us of the little leverage that we had in defending our interests.

5. The defeat of Communism and Socialism means that only one politico-economic creed is allowed. When Communism and Socialism were contesting with Capitalism, the latter modified itself in order to be more acceptable. Today capitalism finds little need to compete for acceptance. As a result, the worst aspects of the system have been bared. Anything done in the name of capitalism must be accepted on pain of being labelled a heretic.

6. In East Asia we experienced the new capitalism in the form of the free flow of capital across our borders. We had welcomed foreign capital in order to boost our growth. We



Malaysian Prime Minister Datuk Seri Dr. Mahathir bin Mohamad tells the Group of 15 summit in Jamaica, "I feel a need to shout my warnings. I know I will be ridiculed, but that is a small price to pay."

still do, but now we realize the damage to our economy when that capital is suddenly withdrawn. From being miracle economies, we have now become impoverished nations.

7. The great Asian tigers are now no more. Reduced to whimpering begging, they are but a shadow of their former selves. Their people are starving, rioting, and looting. Their governments have been overthrown and their political system so undermined that they cannot govern effectively. They have to accept foreign direction of their internal affairs.

8. But the assault on them is far from over. Whether it is planned or not their impoverishment has exposed them to the danger of losing their independence. A condition for getting aid from such institutions as the IMF is to open up their economies to unrestricted penetration by foreign businesses. They may not protect their indigenous banks and industries. These may be taken over or shouldered aside by foreign giants.

9. As if the foreign corporations are not big enough, they are now engaged in consolidating themselves. Banks and industries in the developed countries are merging into super-big entities, each bigger than the developing countries. When these super-big giants move in, their local counterparts will just suffocate to death.

10. I am sure it is not their intention to interfere in local politics, but we know that in the Banana Republics the managers of banana plantations wield more power than the Presidents of these countries. The temptation to interfere in local politics might be too much for the foreign giants to resist.

11. Globalization and a borderless world seem very attractive in this Information Age and advances in transportation and communication. We now live in a global village. We will

all be citizens of the Planet Earth. But apparently we are not going to be equal citizens.

12. While borderlessness is being interpreted as the right of capital to flow anywhere unconditionally, the poor people may not cross borders into rich countries with equal freedom. For them, the barbed wire fences and the border guards will remain.

13. Even as globalization is being promoted, the powerful are actively increasing the traditional basis of power, i.e., military strength. The defeat of the Communist was initially thought to end the arms race. But the quest for ever more destructive weapons has not abated. Huge sums are spent on research into destructive weapons and equipping vast armies in the use of these weapons.

14. To recover the money spent, the poor countries are persuaded to buy ever more sophisticated weapons. The result is not only tension and minor arms races, but misallocation of their limited funds. Less is being spent on the well-being of society.

15. While misbehavior on the part of the weak may attract rockets and bombs, the massive violations of human rights in such places as Bosnia-Herzegovina and Kosova, go on with impunity.

16. Power not only corrupts but it must also be free of any challenge. If anyone has the temerity to criticize those with power, the result can be very painful for the critic. Every weapon at the disposal of the power will be employed maximally against the critic.

17. Among these weapons is the media. If anyone criticizes the actions of the mighty, the media will demonize the critic and cause him to lose credibility. That way the

abusers of power will remain free to continue their abuses.

18. We are 17 countries scattered over three continents. We are weak. We are poor. And we are linked with each other only by thin and friable beliefs that we have something in common, that we have common problems, that we need to cooperate to enhance the little strength that we have and to use it to enable us to survive. I must say in all these we are not succeeding too well.

19. On the other hand the rich and the powerful are consolidating, forming powerful cohesive politico-economic alliances. They meet, they plan, and they execute strategies impacting on the world. Clearly, we want to safeguard our future; we have to be aware of the forces around us, to consult with each other more often and to have a common stand on most issues.

20. I have painted a very gloomy picture of the future, of the new century and the new millennium. Maybe I am over-pessimistic. Maybe I am exaggerating. I have been wrong before, and I may be wrong again. But I was right many times also, and it is possible that I will be right again this time, if not fully at least partly. And if I am partly right even, it is not going to be good for us in the developing world. We may find our newly won independence eroded away.

21. Malaysians took four centuries to liberate themselves. We have been independent just for 41 years. We do not relish losing that independence. Just as we struggled hard to gain independence, we will struggle equally hard or harder to retain it.

22. We have not just seen the signs, but we are actually going through a painful experience of the kind of world the future will bring. For the time being we have been able to retain our freedom, but we are not sure that we can successfully fend off future challenges.

23. Paradoxically, the greatest catastrophe for us who had always been anti-Communist, is the defeat of Communism. The end of the Cold War between East and West has deprived us of the only leverage we had, the option to defect. Now we can turn to no one.

24. As a member of the G-15, I feel a need to shout my warnings. I know I will be ridiculed, but that is a small price to pay. The world may not see a clash of civilizations, but the disparities between the weak and the strong is such that might will continue to be regarded as right. . . .

26. When I condemned the currency traders at the height of their attack on the East Asian countries, I was punished by having the currency of my country devalued further. I was told to cease and desist. I did not, and the currency and the stock market and the image of Malaysia suffered. What I have said today may attract other punitive actions.

27. That is a risk that I have to take. That is a risk that my own country will take. But I have to say what I have to say.

28. I hope and pray that our Summit will result in a greater understanding of the problems which lie ahead and greater collaboration between us.

From the G-15 heads of state summit

Here is the joint communiqué of the Feb. 10-12 ninth summit of the heads of state and government of the Group of 15, in Montego Bay, Jamaica:

1. We, the Heads of State and Government of the Group of Fifteen, meeting in Montego Bay, Jamaica, on 10-12 February 1999 for our Ninth Summit, reaffirm our solidarity, and our commitment to promoting growth, employment, and general welfare. We recognize that only through a "community of interests" between developed and developing countries that this can be achieved, and so shape a just and equitable global economy.

2. An overview of the world economy, at the end of this decade and century, points to the need for a more equitable share in the gains from the processes of globalization and liberalization. We must therefore identify and build convergences on those complex issues relating to the social and economic impact of globalization, and through a high-level dialogue and viable partnerships, meet the challenges facing the international community.

3. We remain committed to market-based policies. Equally, we recognize that for the effective functioning of the market economy, governments must necessarily play a strong and effective role in the development and management of institutions, systems, and infrastructure. The great leaps in scientific discovery and technological application in all spheres of human endeavor, especially in the information, communication, and health fields, if ethically directed, hold even greater promise of raising living standards across continents. To fully reap the benefits from these discoveries and innovations, developed and developing countries should place greater emphasis on, and increase their collaboration in, the fields of science and technology.

4. The most recent projections and scenarios for growth, development, and distribution of benefits require our most urgent attention. The systemic impact of the financial crisis, high levels of structural unemployment, widening income gaps within and among countries, and the threat of a resurgent protectionism have led to slower growth. In the most affected countries, the crisis is increasing poverty and, generally, social instability.

5. In concert with developing countries and other members of the international community, we approach the next summit in Egypt in the year 2000 confident that with timely and appropriate multilateral action, prospects for the world economy will be improved.

6. We have a better appreciation and understanding of the causes, consequences, and corrective measures required to deal with the still-unfolding international financial crisis. The present crisis has brought into focus the risks associated with speculative short-term capital flows, the harmful effects of which have disproportionately fallen on the developing countries, especially on the poor and vulnerable. The injection of liquidity both in international financial markets and through new financing mechanisms in the International Monetary Fund (IMF) and the World Bank, increased resources for social programs, and the development of regional financial instruments, are positive but need to be enhanced. We call on the IMF and World Bank, while responding to the liquidity needs of the most seriously affected countries, to ensure that their mandates are adequately discharged in providing the necessary support to redress current account imbalances and provide long-term development financing.

7. We support those measures which have been taken to increase transparency and accountability; strengthen national financial systems, including prudential supervision; and for the improvement of a multilateral approach to monitoring and management of the international financial crisis. We note the slow pace at which progress is being made in reforming the international financial system and urge that concrete steps need to be taken to develop *inter alia* the following:

- mechanisms and adequate rules to monitor and supervise the operations of large financial market players, including hedge funds and currency speculators. These should provide government with an international framework of principles to act as an early warning system, for the adoption of appropriate policy responses;

- greater coherence between the World Trade Organization (WTO) and relevant international monetary and financial institutions, respecting their mandates, confidentiality requirements, and the necessary autonomy. In decision-making procedures of each institution, and avoiding the imposition of additional or cross conditionalities;

- the inclusion of social safety nets as integral parts of development policies and programs, at both the micro- and macro-levels, ensuring that they meet the basic needs of the poorest and most vulnerable sectors of the population, and also safe-guarding the “human capital” of workers whose jobs are at risk.

8. These supportive and constructive responses demonstrate our “community of interests.” They are clearly not sufficient as the reverberations of the crisis continue to be felt in all parts of the world. The international community must therefore continue to pursue the reforms energetically. There must be institutional reform, more democratic, transparent, and accountable to its members, and a redesign of the policy framework, more appropriate to national circumstances. We welcome the ongoing consideration of steps to strengthen the international financial architecture, with a view to restoring stability and predictability in international financial markets.

The Interim and Development Committees of the International Monetary Fund (IMF) and the World Bank, among others, constitute key institutional mechanisms to carry through the reforms of a systemic nature. Additionally, the opening of the capital account must be carried out in an orderly, gradual, and well-sequenced manner, at a pace consistent with the strengthening of countries’ abilities to manage any unforeseen and unintended consequences.

9. The efforts in managing the crisis in the immediate term and the initiatives to reform the international financial system in the longer term, need to recognize and take into account that the global economy comprises countries with diverse backgrounds. We therefore emphasize the need for both the developed and developing world to have a voice in this process. An international consultative process needs to be established to ensure that the reform architecture of the international financial system accommodates these differences. In addition, the regime and approach for crisis response should have a degree of flexibility to differentiate between and take into account the viability of alternative options depending on the particular country circumstances. The G-15 represents an important group that can and must contribute toward achieving this objective.

10. The international community’s focus on systemic issues must be balanced also by urgent attention to those developing countries, particularly in Africa, who have little or no access to private capital markets, and where Official Development Assistance (ODA) and other concessional flows are critical to achieving their development objectives. The international community must therefore move expeditiously beyond the Heavily Indebted Poor Countries (HIPC) initiative by assisting them to achieve meaningful reductions in both the stock of debt and its servicing—bilateral, multilateral, official, and commercial. We welcome recent initiatives on debt forgiveness for the poorest developing countries by the presidency of the European Union and the G-7, which need to be implemented speedily, to give real hope to the world’s poorest countries.

11. We are deeply concerned at the structural factors which have led to significant falls in prices across all commodity sectors. The international financial crisis which has constrained aggregate world demand and impacted on the terms of trade of commodity exporters has exacerbated the situation. We urge the developed countries to join with us in the appropriate international institutions to adopt remedial measures as part of a comprehensive and integrated approach to restart growth and development.

12. We agree that international trade in general, and particularly the expansion of exports from developing countries, would be facilitated by the reduction of trade restrictive measures, the dampening of excessive volatility, particularly of exchange rates, the avoidance of sudden reversals of short-term capital flows and disruption to trade credits. We are convinced that to stave off any threat of world economic re-

cession, countries must resist the pressures for protectionism and markets must remain open, foreign direct investment must be increased, and access to capital markets, both private and concessional, must be available to developing countries on safe and predictable terms.

13. The severe and serious social consequences of the financial crisis have manifested themselves in dramatic reversals of job creation and increased levels of poverty. At the global level, despite increases in productivity, innovation, and enterprise, the absolute numbers of those living in poverty have increased, and in some countries, this source remains deeply entrenched. We underscore the urgency in dealing with their immediate needs, and indeed call on the international community to give this the highest priority, not only on moral and ethical grounds, but as a means for ensuring international peace and stability. We support the renewed awareness by the Bretton Woods Institutions in addressing longer-term structural aspects of social policy and productive employment in the context of market opening. The commitments taken at the historic World Summit for Social Development invite all people in all countries, and in all walks of life, as well as the international community, to join in our common cause to alleviate poverty, unemployment, and social exclusion.

14. We note with satisfaction that the ILO [International Labor Organization] is undertaking an in-depth analysis of the negative social repercussions of the financial crisis with a view to formulating the necessary responses. We call upon the ILO to launch a comprehensive employment strategy during the ILO governing body and conference at the ministerial level later this year. We will collaborate with all social partners in the ILO tripartite framework, to achieve this objective. An employment strategy, including the right to work, should strengthen our respect for international, recognized fundamental ILO Conventions on workers rights.

15. We commit to, and urge all members of the international community to implement the commitments of the several United Nations world conferences, high-level meetings and summits. We commit ourselves further, to work toward the success of the several summits and UN conferences to be held in the year 2000, including the South Summit in Havana, the UN Conference on Financing for Development, and the UN Millennium Summit in New York and UNCTAD Ten in Bangkok.

16. We reaffirm the importance of a transparent, fair, and equitable rules-based multilateral trading system under the World Trade Organization, effectively integrating all countries and leading to the realization of the objectives of "raising standards of living, ensuring full employment and steadily growing volume of real income and effective demand, and expanding trade in goods and service." To this end, we reiterate again, that unilateral measures with extra-territorial effects are incompatible with the multilateral trading system and threatens to undermine it.

17. We agree to continue our participation in the WTO, in the implementation of its current work program and the ongoing discussions and consultations leading up to the Third Ministerial Conference later this year, when we will join in deciding on its future work program, including further liberalization sufficiently broad-based to respond to the concerns and interests of developing countries. We will consult with our trading partners in the WTO, as the preparatory process unfolds, keeping the following principles in mind, *inter alia*:

- the legitimacy of the development objectives of developing countries and, consequently, the need to preserve economic spaces within the multilateral trading system to implement market-oriented development policies, as well as the need for the full implementation of the special and differential provisions in all spheres provided for in the agreements, as deliberated at the recent G-15 Symposium on Special and Differential Treatment for Developing Countries in the Uruguay Round Agreements;

- the importance of redressing the difficulties faced by developing countries in the implementation of the WTO agreements, to enable them to participate more effectively in the multilateral trading system;

- the lack of implementation or non-fulfillment of obligations of the Uruguay Round Agreements by developed countries can not be used by them as bargaining instruments for obtaining further concessions from developing countries.

18. We note the negotiations on accession in the WTO, and the agreement to review progress. In light of our commitment to the early accession of developing countries, we agree that their terms of accession should be in accordance with the WTO agreements, including the special and differential provisions.

19. We urge the full implementation of the measures agreed at the WTO High-level Meeting for Least Developed Countries (LDCs) and the work program being elaborated to integrate small economies into the multilateral trading system. We also encourage the increased cooperation between the WTO and UNCTAD, to strengthen the institutional capacities of developing countries and thereby enabling them to participate more effectively in negotiations and maximizing benefits from the multilateral trading system.

20. Labor standards shall continue to be set and dealt with within the ILO. We reaffirm our opposition to its inclusion in the WTO work program. The label "trade-related" shall not be used as a pretext for the establishment of standards in one institution and their enforcement in the WTO or any other institutional framework.

21. The relationship between trade and environment is an important and complex issue that requires further analysis. We support the ongoing analytical work on clarifying the relationship between trade and environment in several institutions. This work should continue. We oppose the use of trade measures for achieving environmental objectives and vice versa, and disguised protectionist measures by developed

countries on the grounds of “multifunctionality” in trade sectors.

22. We welcome India’s offer to host a meeting of G-15 countries, at an appropriate level, in preparation for the Third WTO Ministerial Conference. We welcome the further proposals taken to strengthen cooperation among developing nations. . . . We agree, under the coordination of Mexico, to intensify G-15 cooperation in science and technology, and to establish effective and self-sustaining research and development mechanisms. We endorse the proposal made by India to evolve a new, strategic-sectors approach for South-South cooperation, focusing on biotechnology, information technology, and infrastructure development. We welcome also the new project proposed by Jamaica for G-15 collaboration on environmental and nuclear sciences. These projects, like all G-15 projects, will continue to be open to all developing countries. We note with satisfaction the recently concluded Bilateral Investment Treaties (BITs) among several members of the G-15. We commit ourselves to assisting those G-15 and other developing countries most vulnerable to natural disasters, other geographical constraints, and external shocks.

23. We discussed the threat posed by terrorism to peace and stability at national, regional, and international levels. Terrorist acts undermine political and territorial integrity of countries, destroy social fabric, and disrupt democratic institutions. They also undermine economic growth and development. We therefore strongly condemn all kinds of terrorism, their perpetrators, and all those who support them under whatever guise. We call for enhanced regional and international cooperation to prevent and combat this menace, and call upon all states to become parties to multilateral conventions for the elimination of specific acts of terrorism in accordance with the applicable resolutions of the United Nations General Assembly. We also call for the urgent conclusion and the effective implementation of a comprehensive international convention for combating terrorism.

24. We welcome the initiation of the official level dialogue between the Chairman of G-15 and the Presidency of the G-8. We believe this is a positive step at this opportune moment which appears conducive to such a dialogue and which gives effect to the recognized “community of interests.” We look forward to the continuation and deepening of dialogue and constructive collaboration at all levels on the priority issues on the international economic agenda.

25. We welcome Sri Lanka as the seventeenth member of the Group of Fifteen, convinced that it will contribute greatly to furthering the achievement of our objectives and future work.

26. We express our deepest appreciation to Jamaica for its able and effective leadership of our Group during its Chairmanship. . . . This ninth G-15 summit, before the millennium, has allowed us to take stock of our past cooperation and to renew our commitment to continued cooperation in the 21st century. . . .

**Former Mexican President
José López Portillo:**

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for the world to listen to
the wise words of
Lyndon LaRouche.’**



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Business Briefs

South Asia

Iran, India study new gas pipeline network

Iranian Foreign Minister Kamal Kharazzi said that "an Indian delegation is expected to visit Tehran to study the possibility of laying a gas pipeline grid to India," and to finalize a liquid gas purchase, in an interview with the Iranian News Agency on Feb. 26. The interview followed meetings with Indian officials at the tenth Indo-Iranian economic commission meeting, where a memorandum of understanding was finalized which includes plans for cooperation in energy, the transport of oil and gas from Iran to India, and construction of an oil refinery. "India will be needing a lot of fuel in the future, and therefore this is a sound basis for Tehran-New Delhi ties," Kharazzi said.

Kharazzi said that "laying of the gas pipeline grid through the Indian Ocean seems to be the most practical plan, which would require minimum cost and involve limited forms of technology." Unfortunately, this is a departure from sound economic development based on earlier plans for cooperation in the New Silk Road, which included Pakistan. Three years ago, proposals were discussed by Iran, Pakistan, and India to build pipelines from Iran to India through Pakistan, as well as oil refineries and natural gas-related industries near the pipelines in Pakistan, but they were undermined by Indian-Pakistani conflicts.

It is unclear whether currently improving relations between India and Pakistan might revive the original plans. "Laying a gas pipeline grid through Pakistan would need the sanction of the three nations as a second possibility under study," Kharazzi said.

Science

Speed of light 'slowed' in new state of matter

A team at the Rowland Institute for Science in Cambridge, Massachusetts, and Harvard University, headed by Danish physicist Dr. Lene Vestergaard Hau, has succeeded in reducing the speed of light from 186,000 miles

per second to 56 feet per second (38 miles per hour), according to various news accounts on Feb. 18.

Hau and her team accomplished this feat by shooting a laser through extremely cold sodium atoms, which worked like "optical molasses" to slow the light. The sodium gas was cooled to only a few millionths of a degree Kelvin above absolute zero, creating a new state of matter, known as a Bose-Einstein condensate, in which the individual atoms are forced to overlap and merge into "superatoms." This makes the gas as opaque as a block of lead, according to Hau. "We have really created an optical medium with crazy, bizarre properties," she told Associated Press.

The generation of slow light has many potential practical applications, such as the generation of more efficient optical switches for computers based on light instead of electricity, optical communications systems, and new types of television displays and night-vision devices, but by far the most significant is that it portends a host of new types of physical interactions that may be generated in this new state of matter.

Infrastructure

ECO urges Kazakstan rail link to Turkey

Directors of economic planning from the nine Economic Cooperation Organization (ECO) members (the Central Asian Republics, Turkey, Iran, Pakistan, and Afghanistan), meeting in Istanbul, Turkey on Feb. 23, called for opening the rail line between Kazakstan and Turkey to international travel. "Work should begin on opening the Almaty-Tashkent-Tehran-Istanbul Asia Transit railway to international public transportation," they said. ECO also foresees cooperation in banking, finance, agriculture, industry, science, culture, commerce, transportation, and energy.

Meanwhile, Turkish Prime Minister Bulent Ecevit is committed to a major upgrade of Turkey's rail system, complementing earlier administrations' efforts to build new dams, the Turkish daily *Milliyet* reported on March 3. Under Ecevit's direction, the Ankara-Istanbul and Antalya-Alanya rail proj-

ects have moved back to the front burner. Tenders for feasibility studies for the Ankara-Istanbul project, originally proposed in the 1970s, were put out in January, and 18 Turkish and international firms have responded. Tender offers are also being put out for the 120-kilometer Antalya-Alanya line along Turkey's south-central Mediterranean coast.

In February, Japanese Overseas Investment and Financing Organization representatives visited Ankara to discuss both projects. It has also proposed a financing package for a tunnel under the Bosphorus, and a subway system in Marmara.

Turkish diplomatic sources have emphasized that the government plans to use the arrest of Kurdish Workers Party (PKK) leader Abdullah Ocalan to reiterate that terrorism in southeast Anatolia is primarily a result of miserable economic conditions, and that international interests concerned about the Kurds should help Turkey develop the region, including rail, water, and other infrastructure.

Nuclear Energy

Ukraine considers ambitious expansion

Ukraine wants to expand its nuclear power capacities and considers nuclear power key to energy independence, Radio Free Europe reported on Feb. 23. First Deputy Minister for Energy and Chairman of the State Department for Nuclear Energy Mikhail Umanets has presented an ambitious plan to upgrade the country's nuclear power industry. At the moment, there are 11 nuclear power plants in operation, which supply 46% of electricity demand. According to the plan, this share will be increased to more than 50%. Ukraine has large uranium reserves but no oil or natural gas, and coal-fired power plants and old coal mines are creating a lot of problems.

Umanets said that the state-owned nuclear concern Minergo is looking for a new type of nuclear reactor, which must meet international safety standards, use Ukrainian resources, and solve the problem of storing spent fuel. According to Umanets, such a Western-style reactor should go into opera-

IRANIAN President Seyyed Mohammad Khatami on Feb. 23 told students who had won science prizes in international competition, that “scientific development is not the product of economic and political development, rather, political and economic development are based on scientific progress.”

HONGKONG and Shanghai Bank Holdings PLC, the London parent of the Hongkong and Shanghai Bank tied to the drug trade, has signed to acquire a 70% share of Seoulbank for \$700 million. This is a fire-sale price. Seoulbank is one of the largest banks in Korea, and had 292 branches in Korea at the end of 1998.

BURUNDI has concluded a \$700 million deal with a Canadian-Australian firm to develop the Musongati nickel deposit, with an estimated 18 million tons one of the three largest in the world. In 1993, the Energy and Mines Minister of the elected government of Melchior Ndadaye was one of the first targets of dictator Pierre Buyoya’s assassination squads, because he had cancelled such a project with a Commonwealth firm.

LEVI-STRAUSS, the jeans-maker giant, said on Feb. 22 that it will lay off one-third of its American workforce (nearly 6,000 workers) and close half of its U.S. plants, supposedly because of the relatively high cost of doing business in the United States.

MICHEL CAMDESSUS, the Managing Director of the International Monetary Fund, speaking at the Foreign Policy Association in New York on Feb. 25, expressed confidence that the “worst is over” in the global financial crisis. After a similar statement by an IMF official in August 1997, the situation immediately grew worse.

IRAN has reportedly secured a \$900 million loan, arranged in part by France’s *Crédit Agricole*, to develop the South Pars gas field, according to the *Middle East Economic Survey*.

tion by 2012, and then could replace the Chernobyl-type reactors. Negotiations have started with Siemens, Framatome, and Westinghouse.

Russian Atomic Energy Ministry Deputy Minister Bulat Nigmatullin is quoted in the report, that construction of a new Russian nuclear reactor could offer Ukraine many advantages. Several components for Russian VVER reactors (completely different from the Chernobyl-type) are already being produced in Ukraine, including electrical transformers at Zaporozhe, turbines at Khartov, and pumps at Sumy.

More immediately, Ukraine hopes that the European Bank for Reconstruction and Development will approve a \$190 million loan in March, to complete the nuclear reactors at Rivne and Khmelnytsky.

Meanwhile, some 15,000 nuclear power plant workers took part in demonstrations in February, to protest wages that are \$15 million in arrears.

Science Policy

China urges museums to proliferate knowledge

Chinese Vice Premier Li Lanqing, who is responsible for education policy, said during a visit to Beijing’s science and technology museum in February, that science and technology museums must become centers for the proliferation of scientific knowledge among the population. The Beijing museum was founded in 1988 and has seen the number of visitors increase by 20% per year. In 1997, it received 700,000 visitors. In 1996, the State Council decided to expand the museum by some 4,000 square meters.

In a seminar with educators, scientists, and museum officials, Li emphasized that the cultivation of qualified scientists and technicians is an integral part of the policy of “rejuvenation through science and technology” adapted by the party and People’s Congress. He called for science museums across the country to be developed into bases for science education for Chinese students. He encouraged the museums to cooperate with each other, and to exhibit foreign technology that was on the “cutting edge.” He also encouraged Chinese enterprises to dis-

play the results of their technological research.

Also in February, during a visit to Shenzhen, China’s Prime Minister Zhu Rongji called on that city to become a “science and technology city of the future,” and to cooperate closely with Hong Kong to develop high technology. Shenzhen was one of the very first special economic zones of China. The *South China Morning Post* quoted one source as saying, “Zhu said Shenzhen was right to gradually shift from an economy based on services to one anchored upon science and technology.”

Zhu said, “Shenzhen should become a center for research and development as well as manufacturing of high-tech products. It should be a hub for absorbing know-how from abroad and it can also become a center for marketing new inventions.”

A document released by the Guangdong Communist Party and the provincial government on Feb. 21 called for improving economic relations among Guangdong province, Hong Kong, and Macau, and for development of agriculture, high-technology, and science.

South Africa

Debt relief, employment needed, says bishop

Debt relief is needed for South Africa, Anglican Archbishop Njongkulu Ndungane said on Feb. 17. The budget just released by South African Finance Minister Trevor Manuel does not translate into making a discernible difference to unemployed or poor people, he said. Such people are still bearing the brunt of South Africa’s huge national debt burden.

Ndungane said he was deeply distressed that the interest repayment continued to siphon off invaluable resources from the country, impeding reconstruction and development. He called upon the government to establish a task force to examine how to relieve the debt burden. He called for special workers’ brigades to build infrastructure, whereby the workers would not only be employed but would also build the country.

How Henry Stimson bombed Hiroshima, and Nagasaki too

by Stu Rosenblatt

The Colonel: The Life and Wars of Henry Stimson 1867-1950

Godfrey Hodgson

Boston: Northeastern University Press, 1992
402 pages, paperback

There never was, and never will be any conceivable military justification for the August 1945 U.S. nuclear-bombing of Hiroshima and Nagasaki. Among all the evidence available on this matter, the documentary record compiled by several among the relevant primary sources, including the signed confessions of U.S. Secretary of War Henry Stimson himself, is more than sufficient to justify this conclusion. Nonetheless, the witless litany, the lie that that bombing “saved the lives of a million Americans,” has widespread credulity to this day.

The most notable recent public furor over the myth of the “million American lives saved,” erupted in 1994-95, when the Smithsonian Institution launched an exhibition on the “Enola Gay,”¹ the B-29 which delivered the nuclear bomb on Hiroshima. The lobbyists for the litany prevailed, once again, on that occasion, and the truth about the Hiroshima bombing was once again kicked into the ashcan.

So, that Big Lie rolls on, another of those sanctimonious, so-called “patriotic” lies, which continues to contribute so much to the follies of that aberrant species of post-Douglas MacArthur sand-box strategists represented by today’s Gore-Cohen-Shelton-Fuerth-Albright Principals Committee.

The fact of the Hiroshima matter has been summarized,

1. See Lyndon H. LaRouche, Jr., “Hiroshima: Hamlet Bombs Out,” and Paul Goldstein, “Lying Media Shape Hiroshima ‘Debate,’ ” *EIR*, Aug. 18, 1995.

and situated afresh within the just-issued campaign statement of Democratic Party Presidential pre-candidate Lyndon LaRouche. Although the evidence of then-Secretary of War Henry Stimson’s role in the affair has been referenced in a variety of relevant secondary sources, such as former London *Times* editor Godfrey Hodgson’s 1992 book, even so-called informed public opinion has yet to grasp the nature and continuing historic significance of Stimson’s role.

On the cutting-edge of this matter, Stimson’s role in bringing about that bombing, is an outstanding example of one of the deadly varieties of strategic blunders for which our nation is still paying dearly. It is important, for both the honor and future security of our United States, that the policy expressed by the inexcusable Hiroshima bombing, is recognized as one of those types of terrible mistakes we dare not allow, ever again. The evidence fully supporting that judgment of the matter, is there, but, so far, the continuing significance of Stimson’s role in that affair, up to the present day, does not “click” in the most relevant circles of either official policy-shaping or public opinion.

On that account, a review of Stimson’s role is a timely warning against the kinds of dangers to our national security represented by the recent and continuing bunglings and lunacies of what Vice-President Al Gore and his cronies have lately dominated as the Principals Committee.

The war had already been won

By the time of Germany’s unconditional surrender, Japan’s military situation had become hopeless for the short term. Emperor Hirohito’s diplomats had already been seeking terms of surrender prior to President Roosevelt’s death on April 12, 1945. Indeed, the terms of surrender under the MacArthur-led occupation, were approximately those being negotiated through Vatican intermediaries prior to the President’s



Henry Stimson (right) receiving the Distinguished Service Medal from President Truman, Sept. 21, 1945. Stimson, by delaying the Potsdam conference, insisting on “unconditional surrender” in peace negotiations with the Japanese, and other actions, ensured that the United States stayed on course to drop the atomic bomb on Japan—to shape the British-designed “One World” postwar order.

death. Before the bombing of Hiroshima, on Aug. 6, 1945, the U.S. expectation had been that the Japanese commanders would be compelled, by force of the circumstances within the main islands of Japan, to bend to the Emperor’s will and accept terms of surrender during no later than the autumn. Indeed, already on July 13, 1945, Japan’s diplomats had again placed the case before the Soviet government in Moscow.

There was no reason for U.S.—or Japanese—lives to be wasted in an invasion of the main islands of Japan.

Nonetheless, back in Washington, Secretary of War Henry Stimson, by early May now in virtually complete control of the new President Harry Truman, was orchestrating what he intended should become the nuclear-terror bombing of Japan.

From May 1945 on, Stimson took two crucial steps. First, he deliberately prolonged the fighting, including the mass bombings of Japan, increasing the death toll. Second, he proceeded on a forced march to drop the atomic bomb, without warning, on an already-defeated adversary. His intent was to exploit the situation, to usher in the “Age of MAD-ness,” i.e., the doctrine of Mutual and Assured Destruction (MAD), to terrorize the world into submission to his “globalist” oligarchical schemes.

To carry out his plan, Stimson had to first put Truman into his pocket. To prevent an early summer peace negotiation, Stimson convinced the suggestible President Truman to delay the planned Potsdam conference until after the bomb’s construction had been completed and the design given its first test. He was determined to make the bomb the centerpiece of U.S. and British post-war strategy. This, as he detailed in his later writings on this subject, was his way of dealing with the Soviets, the Japanese, and, in fact, the entire world. Most

revisionist historians, who focus solely on U.S.-Soviet relations, such as Gar Alperovitz writing from London, miss the point. London-controlled Stimson had crafted a lawyerly joint strategy of Wall Street and the British monarchy, to pre-set the agenda for the new United Nations and the post-war world as a whole.

Stimson succeeded in convincing Truman to push back the date for the Potsdam meeting with Churchill and Stalin, until July, and also told all witting circles to keep quiet, for the time being, on the reasoning behind this delay. The initial reason to hold the Potsdam conference was to renegotiate the Yalta agreements in the Far East. Stimson noted in his diary that “the questions cut very deep and were powerfully connected with our success with” the atomic bomb.

Stimson wrote on May 14, urging such a delay: “I tried to point out the difficulties which existed and I thought it was premature to ask those questions; at least we were not yet in a position to answer them. . . . It may be necessary to have it out with Russia on her relations to Manchuria and Port Arthur and various other parts of North China, and also the relations of China to us. Over any such tangled weave of problems . . . [the atomic bomb] secret would be dominant and yet we will not know until after that time, probably . . . whether this is a weapon in our hands or not. We think it will be shortly afterwards, but it seems a terrible thing to gamble with such big stakes in diplomacy without having your master card in your hand.”²

The next day Stimson had a private meeting with his Assistant Secretary of War and protégé John J. McCloy, where

2. Gar Alperovitz, *Atomic Diplomacy* (New York: Penguin Books, 1965), p. 49.

he underscored his thinking: “The time now and the method now to deal with Russia was to keep our mouths shut and let our actions speak for words. The Russians will understand them better than anything else. It is a case where we have got to regain the lead and perhaps do it in a pretty rough and realistic way. . . . This is a place where we really held all the cards. I called it a royal straight flush and we mustn’t be a fool about the way we play it. They can’t get along without our help and industries and we have coming into action a weapon which will be unique. Now the thing is not to get into unnecessary quarrels by talking too much and not to indicate any weakness by talking too much; let our actions speak for themselves.”³

Not only did Stimson arrange to have the Potsdam Conference postponed; he also intervened on the ongoing surrender talks with the Japanese. He ensured that the language of “unconditional surrender” that had been communicated to the Japanese, which was a huge sticking point in the talks, not be altered. He said that the language “could be changed, but should not, for certain military reasons.”⁴ (See box.)

Truman’s mentor and personal representative on the Interim Committee, Secretary of State James “Jimmy” Byrnes,

3. *Ibid.*, p. 49.

4. *Ibid.*, p. 37.

British asset Hodgson’s crucial omissions

The entirety of Stimson’s May-August 1945 machinations are deleted from Hodgson’s book, perhaps conveniently. Also deleted, is the reporting of the crucial peace overtures. Some might wish to point out that Hodgson is a prominent British “expert” on U.S. affairs, a friend of Hollinger Corp.’s Conrad Black, and former editor of the London *Sunday Times*.

But, despite these omissions, Hodgson appears to recognize that Stimson was in fact the principal U.S. architect of the strategy to use the atomic bomb. It was Stimson, and no one else on the American side, who was orchestrating the march to Aug. 6. Stimson’s diary itself shows, that he was collaborating officially with the British on this scheme. Much of Stimson’s intricately meshed argument on nuclear weapons and globalization attests, that his views were a faithful copy, sometimes virtually to the letter, of those of British utopians H.G. Wells and Bertrand Russell. He was also chairman of the British-American-Canadian (BAC)-controlled Combined Policy Committee.

was consulting almost daily with Truman on these issues, and strongly favored dropping the atomic bomb; but it was Stimson, not Byrnes, who set the climate, and shaped the curvature that led inexorably toward nuclear detonation.

Japan must not be warned

On May 31, 1945, Stimson chaired the critical meeting of what had been named the Interim Committee dealing with this matter. The committee met first with scientists, and later with the industrialists central to the Manhattan Project. This was both a status report meeting and full discussion of implementation. This was also the only time at which discussion of an explicit, public warning to the Japanese took place. Curiously, this issue was raised by Byrnes. The ensuing discussion was dominated by blunt opposition to any suggestion that Japanese officials be forewarned, and rejection of the U.S. atomic scientists’ proposal that a demonstration be made on an uninhabited island. All this was agreed to by most participants in attendance, including Robert Oppenheimer, the latter perhaps under pressure from Gen. Leslie Groves.

Like the convening of any grand jury today, prosecutor Stimson orchestrated the hearing to achieve his desired results.

In Stimson’s mind there would be no warning to the Japanese; there could be allowed no pretext that might forestall use of the atomic bomb. The Japanese were to be the guinea pigs for the world. Dropping the bomb was critical to Stimson’s scheme. The nuclear attack would serve as his warning to the Soviets, and all other opponents who would not buckle under to the one-world dogma.

Thus, the Interim Committee report to the President, as summarized by Stimson, stated: “The Secretary expressed the conclusion, on which there was general agreement, that we could not give the Japanese any warning; that we could not concentrate on a civilian area; but that we should seek to make a profound psychological impression on as many of the inhabitants as possible. At the suggestion of Dr. Conant (president of Harvard University and member of the Committee), the Secretary agreed that the most desirable target would be a vital war plant employing a large number of workers and closely surrounded by workers’ houses.”

Former Theodore Roosevelt protégé Stimson was determined to not only carry the big stick, but to use it.

‘Wars cannot be won by destroying women and children’

Even so, as the time which Stimson had chosen to drop the bombs approached, significant high-level opposition to Stimson’s scheme came forward. The opposition included scientists who were in the program, but was centered among upper echelon military officials who had been briefed on the imminent attack.

On the military side, the opponents were powerful and high ranking, including the relevant theater commander, Gen. Douglas MacArthur. They also included Gen. Dwight Eisen-

hower, Supreme Allied Commander; Adm. William D. Leahy, Truman's Chief of Staff; Gen. H.H. (Hap) Arnold, head of the Army Air Force; Ralph A. Bard, Undersecretary of the Navy and member of the Interim Committee; and even John J. McCloy, Undersecretary of War.

Eisenhower, for his part, expressed the hope that the bomb would never be used, "because I disliked seeing the United States take the lead in introducing into war something as horrible and destructive."

In his memoir, *Mandate for Change*, Eisenhower described his July 1945 meeting with Stimson at Potsdam, when the decision to use the bomb was being made. "During his [Stimson's] recitation of the relevant facts, I had been conscious of a feeling of depression and so I voiced to him my grave misgivings, first on the basis of my belief that Japan was already defeated and that dropping the bomb was completely unnecessary, and secondly because I thought that our country should avoid shocking world opinion by the use of a weapon whose employment was, I thought, no longer mandatory as a measure to save American lives. It was my belief that Japan was, at the very moment, seeking to surrender with a minimum of loss of 'face.'

"The Secretary was deeply perturbed by my attitude, almost angrily refuting the reasons I gave for my quick conclusions."⁵

Although that is Eisenhower's later reflection on the exchange, it is coherent with his participation in the opposition to the bombing at that time.

More directly to the point, was the view of Admiral Leahy, the relevant senior American military officer, who said that the "bomb was of no material assistance. The Japanese were already defeated and ready to surrender because of the effective sea blockade and the successful bombing with conventional weapons. . . . My own feeling was that in being the first to use it we had adopted the ethical standards common to barbarians in the dark ages."

Later, Leahy said, "I was not taught to make war in that fashion, and wars cannot be won by destroying women and children."⁶



Secretary of War Henry Stimson and Gen. Dwight D. Eisenhower. Top U.S. military leaders uniformly opposed dropping the atomic bomb on a defeated adversary. Said Admiral Leahy, "My own feeling was that in being the first to use it we had adopted the ethical standards common to barbarians in the dark ages."

Navy Undersecretary Bard later said in a TV interview that "with the proper kind of warning the Japanese would have made peace and we wouldn't have had to drop the bomb."⁷

McCloy, closer to Stimson than any other adviser, had running battles with the Secretary throughout the summer of 1945, passionately arguing against use of the bomb. McCloy read all the intercepts, and knew the military situation intimately. He undoubtedly shared the estimate of the U.S. Strategic Bombing Survey, which was released at the end of the war but certainly known at the time. That conspicuously disingenuous Survey, released in 1946, concluded: "Certainly prior to December 1945, and in all probability prior to November 1, 1945, Japan would have surrendered even if the atomic bombs had not been dropped, even if Russia had not entered the war, and even if no invasion had been planned or contemplated."⁸

A stream of peace overtures

With its prospects for victory all but ended, even before President Roosevelt's death on April 12, 1945, Japan's Emperor Hirohito was behind special diplomatic efforts, looking for any and all ways to end the war. In April, the Office of Strategic Services's (OSS) Switzerland-based, but London-controlled Allen Dulles did not, in fact, open such discussions. Dulles intervened in the course of his takeover of previously

5. Jay Lifton and Greg Mitchell, *Hiroshima in America* (New York: Avon Books, 1995), p. 213.

6. Alperovitz, *op. cit.*, p. 14. Admiral Leahy's objection here is consistent with Classical professional military competence. Compare Machiavelli's *Commentaries on the Ten Books of Livy*, respecting the folly of continuing war against a defeated adversary, a point which military incompetents such

as Defense Secretary Cohen and Chairman of the Joint Chiefs Henry H. Shelton do not grasp.

7. Godfrey Hodgson, *The Colonel: The Life and Wars of Henry Stimson* (Boston: Northeastern University Press, 1992), p. 330.

8. Alperovitz, *op. cit.*, pp. 10-11.

ongoing U.S. involvement in monitoring peace efforts, which had been in progress under the eye of the OSS's chief on the ground in Italy, Max Corvo. These original discussions had been conducted through Msgr. Giovanni Battista Montini (later Pope Paul VI) of the Vatican Office of Extraordinary Affairs. Covering his tracks in this matter, Dulles sent his own manicured version of the case to Stimson.

According to Alperovitz's version, Dulles reported, tentatively, that he had been approached by "Japanese army and navy spokesmen there and also by some Japanese officials at the Bank for International Settlements in Basel. They wished to determine whether they could not also take advantage of Dulles's secret channels to Washington to secure peace for Japan."⁹ In itself, the statement has elements of truth, but was otherwise willfully misleading in what it used its facts to conceal.

According to the official myths of Hiroshima passed down to the present time, by May 1945, the only impediment to peace was the Japanese demand for retention of their Emperor and their constitution, thus to maintain order in the country following a humiliating surrender. This was never an impediment to peace, as the post-Hiroshima U.S. support for leaving the Emperor in his position attests. Many high-ranking administration officials, including Undersecretary of State Joseph Grew, no friend of the Japanese, urged that the government change its posture and support retention of the Emperor. This was successfully opposed by Stimson prior to Hiroshima. Stimson was not actually concerned with the issue of the Emperor remaining as head of state; Stimson was simply concocting every pretext he could fabricate, in support of his one purpose: to hit Japan with the nuclear weapons—then two bombs—in the U.S. arsenal.

On May 12, William J. Donovan, Director of the OSS and Corvo's boss, sent a memo to Truman on negotiations with the Japanese Minister to Switzerland, who wanted to arrange an end to the war, a report which also reflected Corvo's close eye on the main body of these negotiations through Vatican channels. According to Donovan's report, the Japanese diplomats' major demand was retention of the Emperor.

These are merely samplings of the stream of peace overtures. The war could have been ended by the spring of 1945, and Stimson was fully aware of the situation. But, Stimson was not seeking peace at the time. He was marching to a different drummer.

Thus, despite the desire of the Japanese to sue for peace, and over the objection of groups of scientists and the leader-

9. Alperovitz, *op. cit.*, p. 12. How much of this version of the matter is actually Dulles, and how much Alperovitz's gloss on Dulles's report, is to be held in doubt. The negotiations were actually represented at that time by an OSS field boss for Italy, Max Corvo, who maintained the connection to Monsignor Montini's office. Dulles's intervention in the matter was a part of the continuing process of the London OSS crowd's factional power-grab, involving Dulles's dubious hack James J. Angleton and others of those who had been resident in the London OSS centers until the end of the actual war in Europe.

ship of the U.S. military, the bomb was dropped. To understand why events transpired so, it will be necessary to look more closely at Stimson and his background.

Nuclear detonation and globalist schemes

By the spring of 1945, it was clear to Secretary of War Stimson that the war with Japan was nearly over. The immediate issue on Stimson's mind, was not ending the war; it was the shape of the post-war order. To this end, he chose to view the Soviets as moving aggressively to cement control over various areas of eastern Europe and as about to enter into the war with Japan. For his own purposes, Stimson desired, even demanded, that that be Soviet policy. For his own purposes, Stimson desired that Soviet war aims would include seizing territory in China, and possibly elsewhere. Within this geopolitical framework, it was his concern to portray the West as being outmaneuvered by Moscow, whether this was actually the situation at that time, or not.

From a reading of the sources which have been reviewed for this report, the question as to whether Stimson was privy to British aims to prolong the war, may appear to have been left unclear. Perhaps Stimson did have some points of difference with some British policy-shapers on the need for some sort of Wilsonian world government; he did disagree, loudly enough to be heard clearly, with Roosevelt's plan for the post-war United Nations configuration. Among other things, Stimson opposed ending the pre-war colonialist regimes of Britain and others. On such premises, for example, he never supported independence for the Philippines.

Stimson wished "Great Power" agreements to lead into the post-war era. The role to be played by the United Nations Organization (UNO) was, in his scheme, merely a secondary, auxiliary one. In his view, for which he argued repeatedly, and in significant detail, Stimson's intentions were identical with those notions of "real world government," as stated by nuclear-terrorist Bertrand Russell, both before and after his elaboration of his preventive nuclear policy in the September 1946 *The Bulletin of the Atomic Scientists*. For Stimson, as for Russell, these should be Great Power agreements negotiated with a subservient Soviet Union, on the one side, and the U.S.A. and the United Kingdom, on the other.

So, Stimson did not oppose world government categorically; he drew the line at allowing the UNO as such, a free hand in such matters. Like his predecessor, today's Defense Secretary William Cohen,¹⁰ Stimson did not wish the world's military operations to be subject to a UNO Secretariat; he

10. Feb. 6, 1999 remarks of Secretary Cohen, at the Munich Wehrkunde conference, in reply to request for his comments on remarks by Richard Perle. Cohen stated, that if the UNO Security Council did not support joint British-U.S.A. proposals for military action anywhere in the world, the British and U.S.A. would act together, unilaterally, in defiance of the UNO. Shades of Nazi Foreign Minister von Ribbentrop? Yes, and Secretary of War Stimson, too.

demanded a tamed UNO, one actually functioning at the nuclear whim of Wall Street and the British monarchy. Stimson wished world government, but he wished it to be unequivocally based on feudalistic terms suitable to what he desired as the form of a renewed “Anglo-American” partnership between Wall Street lawyers and bankers, on the one side, and the British monarchy, on the other.

As shown by early-1980s studies of OSS history assembled from the U.S. National Archives and other privileged sources, the shocking and disgusting feature of the OSS, and of the Plattsburgh crowd of Stimson, McCloy, et al. earlier, is the widespread, lackey-like fawning of what should have been American patriots upon the monstrosity of the decadent British monarchy. Then, after World Wars I and II, and, with utter shamelessness under President George Bush, a decadent parade of unmanly, but notable U.S. figures, such as Sir Caspar Weinberger, Sir Henry Kissinger, and Sir George Bush himself, virtually crawled on their bellies, from the street to Buckingham Palace, to receive ceremonial titles of British nobility and related aristocratic honors. Such was the mentality of Secretary of War Henry Stimson.

By April 1945, Stimson began to see the potential inherent in the development of the nuclear bomb. For him, this would be the startling new device that would ensure both Wall Street’s and the British monarchy’s shared domination of a newly created, pacified world order. Dropping the bomb on Japan would demonstrate to the world the Teddy Roosevelt-style resolve to impose his own solutions upon the world. None of the respect for other nations that was embedded in FDR’s UNO would emanate from Stimson. His actions would revive the harsh images of 19th-century British colonial conquest.

In Stimson’s rhetoric, disarmament, as he presented it, was critical for preventing another world war, and to guarantee that unbridled militarism and, especially, recalcitrant nationalism, would be subdued. Stimson’s sophistry ran, that there were only two paradigmatic symbols for the use of the term “democracies” in the world, the United States and the U.K. All others were not to be trusted. An adamant opponent of FDR’s New Deal, Stimson’s foreign policy never included a commitment to an interest in future economic growth of the United States or any other part of the world. He seemed indifferent to economic realities. His was the imposition of power politics. Economic development, as enunciated in Lyndon LaRouche’s proposal for a New Bretton Woods financial system, would never enter into Stimson’s thinking.

Stimson was the type of hard-core Wall Street Morgan Republican depicted in the November 1934 Congressional testimony of Maj. Gen. Smedley Butler, on the subject of Wall Street’s planned coup d’état against President-elect Franklin Roosevelt.¹¹ Throughout his career, Stimson had believed in

tight budgets, no deficits, and free trade. He was determined to implement the demilitarized outlook he fought for in the 1930s, and punish former opponents, especially Japan, for their military exploits in the 1930s and 1940s.

All of these issues came together for him with the advent of the bomb. This would be the ultimate “Teddy Roosevelt big stick” policy, with which to order the world. For this purpose, it was imperative, for Stimson, that the bomb be used, not merely threatened.

The ‘condominium’ approach

As the Manhattan Project neared its conclusion, Stimson became obsessed with the new range of possibilities that now lay open to him. He went through three phases of strategic appraisal.

From April through July, Stimson succeeded in delaying the Potsdam conference until after the bomb had been tested. For the next two months, Stimson embraced the idea that the bomb could be used to intimidate and bludgeon the world, most notably the Soviets, into accepting his terms for running the planet. This included ending all totalitarian aspects of their system in favor of a more “democratic” approach.

After the bomb was dropped, he changed this outlook. He dropped all demands that the Soviets junk their system in exchange for information on how to acquire the bomb. Instead, he launched what would today be identified as the “condominium” approach. It was this approach which would lead directly to Pugwash and the arms control movement, as later spearheaded by his disciple McCloy. Echoing Britain’s Bertrand Russell, he proposed to use the threat of the bomb to lure the Soviets into a tripartite scheme (American-British-Soviet) for global control.

The first phase began in April, when Stimson sent a memo to President Truman, outlining the strategic ramifications of dropping the bomb:

“1. Within four months we shall in all probability have completed the most terrible weapon ever known in human history, one bomb of which could destroy a whole city.

“2. Although we have shared its development with the U.K., physically the U.S. is at present in the position of controlling the resources with which to construct and use it and no other nation could reach this position for some years.

“3. Nevertheless it is practically certain that we could not remain in this position indefinitely. . . . It is extremely probable that much easier and cheaper methods of production will be discovered by scientists in the future. . . . As a result, it is extremely probable that the future will make it possible to be constructed by smaller nations or even groups, or at least by a large nation in a much shorter time.

“4. As a result, it is indicated that the future may see a time when such a weapon may be constructed in secret and used effectively with devastating power by a willful nation or group against an unsuspecting nation or group of much greater size and power. . . . Even a very powerful unsuspecting nation

11. L. Wolfe, “The Morgan-Fascist Coup Plot Against FDR,” *New Federalist*, Feb. 1, 1999.

might be conquered within a very few days by a very much smaller one. . . .

“5. The world in its present state of moral advancement compared with its technical development would be at the mercy of such a weapon. . . . Modern civilization might be completely destroyed.

“6. To approach any world peace organization of any pattern now likely to be considered, without an appreciation by the leaders of our country of the power of this new weapon, would seem to be unrealistic. No system of control heretofore considered would be adequate to control this menace. . . . The control of this weapon will undoubtedly be a matter of the greatest difficulty and would involve such thoroughgoing rights of inspection and internal controls as we have never heretofore contemplated.

“7. Furthermore, in light of our present position with reference to this weapon, the question of sharing it with other nations and, if so shared, upon what terms, becomes a primary question of our foreign relations. . . .

“8. On the other hand, if the problem of the proper use of this weapon can be solved, we would have the opportunity to bring the world into a pattern in which the peace of the world and our civilization can be saved.”¹²

In July, once the bomb had been successfully tested at Alamogordo, things changed rapidly. Truman and Churchill, with a swagger in their step, negotiated hard with Stalin at Potsdam. A last-ditch peace offer was issued to the Japanese, but with a warning about the atomic bomb that was so vague as to ensure that the offer would be rejected. At this point, Stimson now counselled Truman to use the bomb as blackmail to force the Soviets to give up their entire political system. In exchange, the West would show the Russians how to construct atomic weapons.

In another memo to Truman, issued after Potsdam, Stimson outlined his new perspective:

“1. With each international conference that passes and, in fact, with each month that passes between conferences, it becomes clearer that the great basic problem of the future is the stability of the relations of the Western democracies with Russia.

“2. With each such time that passes it also becomes clear that that problem arises out of the fundamental differences between a nation of free thought, free speech, free elections, in fact a really free people, and a nation which is not basically free but which is systematically controlled from above by secret police and in which free speech is not permitted.

“3. The great problem ahead is how to deal with this basic difference which exists as a flaw in our desired accord. I believe we must not accept the present situation as permanent for the result will then almost inevitably be a new war and the destruction of our civilization.

12. Henry Stimson and McGeorge Bundy, *On Active Service in Peace and War* (New York: Harper and Brothers, 1947), pp. 635-36.

“4. The foregoing has a vital bearing upon the control of the vast and revolutionary discovery of atomic energy which is now confronting us. Upon the successful control of that energy depends the future successful development or destruction of this modern civilized world. The committee appointed by the War Department which has been considering that control has pointed this out in no uncertain terms and has called for an international organization for that purpose. After careful reflection I am of the belief that no world organization containing as one of its dominant members a nation whose people are not possessed of free speech, but whose governmental action is controlled by the autocratic machinery of a secret political police, can give effective control of this new agency with its devastating possibilities.

“5. I therefore believe that before we share our new discovery with Russia we should consider carefully whether we can do so safely under any system of control until Russia puts into effective action the proposed constitution which I have mentioned. If this is a necessary condition, we must go slowly in any disclosures or agreeing to any Russian participation and constantly explore the question how our head start in the atom bomb and Russian desire to participate can be used to bring us nearer to the removal of the basic difficulties which I have emphasized.”¹³

The insanity doctrine

On Aug. 6, 1945, Stimson and Truman, with the implied clearance from Churchill, acted. On that day, in a premeditated act typical of Churchill’s penchant for mass murder and terror, Truman dropped one atomic bomb on Hiroshima. Three days later, he dropped another, the last in the arsenal, on Nagasaki. More than 100,000 human beings were incinerated, and the world was changed forever.

At the center of this action was the idea of the use of terror, as stressed by Stimson, James Conant, and Gen. George Marshall. In his memoirs, Stimson described the deliberate policy of nuclear terror: “I felt that to extract a genuine surrender from the Emperor and his military advisers, there must be administered a tremendous shock which would carry convincing proof of our power to destroy the empire. Such an effective shock would save many times the number of lives, both American and Japanese, that it would cost.”¹⁴

Marshall was also adamant about the importance of the shock value of the new bomb; and, another member of the Interim Committee, Dr. Carl Compton, president of the Massachusetts Institute of Technology (MIT), said later: “It was not one atomic bomb, or two, which brought surrender; it was the experience of what an atomic bomb will actually do to a community, plus the dread of many more, that was effective.”¹⁵

13. *Ibid.*, pp. 640-41.

14. *Ibid.*, p. 617.

15. *Ibid.*, p. 617.

With that began what is best named, for lack of a better description, the insanity doctrine, which was developed by such Stimson acolytes as Leo Szilard under-study (Sir) Henry Kissinger. Under this doctrine, the purpose of nuclear attack is to bludgeon an unwilling world into accepting Stimson's warped vision of world government, under the threatened specter of a radioactive mushroom cloud. Japan was only the immediate target. The real targets of such nuclear-terror intimidation, were the Soviets, de Gaulle's France, and other adherents of national sovereignty.

A radical shift had taken place in all U.S. policy since the ascent of Harry Truman to the Presidency. Truman was quickly taken over by the Wall Street bankers and lawyers who were lying in wait for the moment of Franklin Roosevelt's death. These economic royalists of Wall Street lawyers' and bankers' clubs sought to impose tight-fisted bankers' economics — on defeated enemies and allies alike. Where Roosevelt had intended to create a post-war community of principle with other nation-states, these men were allied with their British cohorts to impose British colonialist methods throughout the world.

At the time of President Roosevelt's death, Stimson was a leader of this grouping, that also included Dean Acheson, W. Averell Harriman, John J. McCloy, Robert Lovett, and others. These men staged a de facto coup within the government, and Stimson used the dropping of the bomb to assert Wall Street's leading role in its partnership with the British monarchy intended to dominate the post-war world.

Skull and Bones and TR, too

Stimson himself had been groomed for the part. He admired his patron, Theodore Roosevelt: "Teddy's" exaggerated compensation for a deep-seated sense of personal inferiority, his bully-boy pose of toughness, his deep sense of need to prove that he was not as weak as he sensed himself to be, his sado-masochist's need to play the inwardly tormented, frightened, and enraged schoolyard bully, his bi-polar lust to both wield the stick and use it to achieve his aims. Stimson himself went the usual route for the Eastern Establishment: Andover "prep," Yale undergraduate, and Harvard Law. While at Yale, Stimson was tapped for induction into the Skull and Bones fraternity, and he travelled in those elite Harrimanite circles for the rest of his life.

After Harvard Law, Stimson was moved into a law partnership with Elihu Root, Teddy Roosevelt's imperial-minded Secretary of War. He was soon appointed by Roosevelt as U.S. Attorney for the Southern District of New York. In this capacity, Stimson served, in what were misnamed as "trust-busting" cases directly under the brutal Charles Bonaparte, then U.S. Attorney-General, and a cousin and, essentially, political co-religionist of Napoleon Bonaparte. These cases, which reflected Stimson's own variety of Wall Street thinking, were actually political swindles, intended to shift economic power into the hands of London-connected rentier-

financier interests.¹⁶ Stimson followed in Root's footsteps as Secretary of War under fellow Skull and Bonesman William Howard Taft. He continued the expansion, albeit with a modernized image of U.S. imperialism.

A close friend of Rough Rider Gen. Leonard Wood, in 1915-16 Stimson enrolled, along with many others of the "best and the brightest," in the Plattsburgh Training Camps. One year after that stint, despite being nearly 50 years of age, Stimson enlisted in the U.S. Army, and he served as a colonel in World War I. There he befriended British soldiers, and emerged from the war a hardened and lifelong Anglophile.

Along with his Plattsburgh and Skull and Bones connections, Stimson was quickly enmeshed in the center of those Wall Street banking and legal circles which have been responsible for most of the rapine which has been perpetrated from that corner of the world over the last 75 years. By the 1920s, Stimson, friend and ally of Wall Street fixers including Grenville Clark and Thomas Lamont, emerged as a major power in the Anglophile foreign policy establishment.

What Stimson had become by the 1920s and 1930s was not, like his later aide John J. McCloy, a "hired hand," but a creature of that variety which delights in thinking of itself as "an American patrician." He modelled himself on what fancy suggested to him were specimens of the British gentry. His sprawling estate, Highold, was next door to that of Teddy Roosevelt, on Long Island. Each year during the holidays, Stimson, a fanatical outdoorsman like Teddy Roosevelt, would display his *noblesse oblige*, by sponsoring a sporting contest for the local townsfolk.

As Herbert Hoover's Secretary of State in the 1930s, Stimson participated in the destruction of Europe that paved the way for the ascension of Hitler. Stimson used the Naval Conference of 1930 to both cement the Anglo-American alliance that had been all but dead for decades, and to launch his own plan for "disarmament" that would find its echo in the post-H-bomb era. In this effort, he became a close friend and ally of British Labour Party Prime Minister (and early 1930s fascist) Ramsay MacDonald.

Stimson was at the center of the financial crises during 1929-31, and engaged in the same type of "crisis management" that is today bringing the world again to the brink of catastrophe. His closest allies in these operations included future Nazi collaborator Pierre Laval, Hjalmar Schacht asset and sometime German Chancellor Heinrich Brüning, and Ital-

16. Napoleon Bonaparte established a state religion, in which he, like the Claudian Caesars, cast himself as the head (Pontifex Maximus) of that state religion. It was this cult of the Emperor Napoleon which was parodied by Adolf Hitler's Nazis. Specifically, Charles Bonaparte's assigned function, under President Theodore Roosevelt, was to establish in the U.S.A. a national political police force like that under the notorious Fouché in France. That national political police agency was known as the National Bureau of Investigation, later renamed as the FBI.

ian dictator and long-standing crony of Winston Churchill, Benito Mussolini.¹⁷

The ‘Stimson Doctrine’

In the Far East, Stimson became a vociferous opponent of Japanese aggression during the 1930s. He opposed, but never really comprehended, the British-inspired Japanese moves against Manchuria. However, he crafted the “Stimson Doctrine” for President Hoover, which opposed all violation of neutrals’ rights with threatened reprisals by the United States. However, in effect, he was upholding the murderous Versailles agreements. This was dubbed the “non-recognition doctrine,” but it laid the basis for all “Teddy Roosevelt-style” U.S. interventions into local conflicts, real or contrived, ever since.

This neo-colonialist method is still at work today in Iraq, a tradition currently maintained by the Principals Committee.

When Stimson was brought into the Franklin Roosevelt administration as Secretary of War in 1940, it was presumably to shepherd Republican support for the impending world war, an undertaking which rabid Wall Street Anglophile Stimson readily accepted. Stimson’s appointment was arranged by Wall Street fixer and Bertrand Russell ally Grenville Clark. Clark cemented the move by having his law partner, Robert Patterson, appointed as Stimson’s Assistant Secretary.

This brings us to the closing several months of the war, May-August 1945. Such is the background which brought Secretary of War Henry Stimson to that place in time.

One month after the bomb was dropped, the international situation had changed dramatically, and the Anglo-American cabal had achieved the upper hand for which Stimson had aimed. However, for all intents and purposes, the Cold War had begun at the point the bomb was detonated. Stimson, like his co-thinker Bertrand Russell, sought to avoid an all-out arms race with the Russians, but tried instead, to co-opt the Soviet Union into the world-government scheme which was his ultimate aim. He offered to share the bomb with the Russians within the emerging framework of “arms control.” That was the initial adoption by the U.S. government itself, of Bertrand Russell’s nuclear-terrorist doctrine of world government through arms control. That is the nuclear Sword of Damocles hanging over the world today.

17. When last reported alive, Mussolini was in desperate flight toward the Switzerland border, accompanied by a van filled with materials with which Mussolini hoped to blackmail Britain’s Prime Minister Winston Churchill, then waiting in Switzerland for Mussolini’s arrival. Mussolini was hotly pursued by the OSS’s Max Corvo. Whether British agents successfully intercepted Mussolini to protect Churchill from embarrassment, remains a tantalizing mystery. Mussolini was taken, by whomever, in the vicinity of Lake Como. On April 28, 1945, Mussolini, his mistress Carla Petacci, and two companions were displayed, hanging upside-down in Milan’s Piazza Loretto. Italian partisans were credited. Later, some of Mussolini’s papers turned up, but not the sensitive portion of the files which might have been used to blackmail Churchill into saving former Churchill crony Mussolini’s hide.

With the unleashing of nuclear terror came the babbling obsession with another among today’s witless litanies: preventing governments from getting their hands on “weapons of mass destruction.”

The memorandum on ‘control of atomic bombs’

Stimson saw this as a unique, golden opportunity to create the outline of his world government apparatus, with the immediate purpose being control over nuclear proliferation.

On Sept. 11, Stimson sent Truman his final memorandum on “Proposed Action for Control of Atomic Bombs.” Long excerpts from documents may represent a strain on the busy reader, but this is one of those which every literate and concerned citizen needs to know. It is important to get the flavor, the crucial innuendos permeating Stimson’s typically Wall-Street-lawyer style in flatulence. To understand a musical score, or a policy, it is often of crucial importance that the passion in the performance be heard, even if it is a nasty passion. That memorandum reads, in part:

“The advent of the atomic bomb has stimulated great military and probably even greater political interest throughout the civilized world. In a world atmosphere already extremely sensitive to power, the introduction of this weapon has profoundly affected political considerations in all sections of the globe.

“In many quarters it has been interpreted as a substantial offset to the growth of Russian influence on the continent. We can be certain that the Soviet Government has sensed this tendency and the temptation will be strong for the Soviet political and military leaders to acquire this weapon in the shortest possible time. Britain, in effect, already has the status of a partner with us in the development of this weapon. Accordingly, unless the Soviets are voluntarily invited into the partnership upon a basis of co-operation and trust, we are going to maintain the Anglo-Saxon bloc over against the Soviet [sic] in the possession of this weapon. Such a condition will almost certainly stimulate feverish activity on the part of the Soviet toward the development of this bomb in what will in effect be a secret armament race of a rather desperate character. There is evidence to indicate that such activity may have already commenced.

“If we feel, as I assume we must, that civilization demands that some day we shall arrive at a satisfactory international arrangement respecting the control of this new force, the question then is how long we can afford to enjoy our momentary superiority in the hope of achieving our immediate peace council objectives. Whether Russia gets control of the necessary secrets of production in a minimum of, say, four years or a maximum of twenty years is not nearly as important to the world and civilization as to make sure that when they do get it they are willing and co-operative partners among the peace-loving nations of the world. . . .

“Those relations may be perhaps irretrievably embittered

by the way in which we approach the solution of the bomb with Russia. For if we fail to approach them now and merely continue to negotiate with them, having this weapon rather ostentatiously on our hip, their suspicions and their distrust of our purposes and motives will increase. . . .

“The chief lesson I have learned in a long life is that the only way you can make a man trustworthy is to trust him; and the surest way to make him untrustworthy is to distrust him and show your distrust.

“If the atomic bomb were merely another though more devastating military weapon to be assimilated into our pattern of international relations, it would be one thing. We could then follow the old custom of secrecy and nationalistic military superiority relying on international caution to prescribe future use of the weapon as we did with gas. But I think the bomb instead constitutes merely a first step in a new control by man over the forces of nature too revolutionary and dangerous to fit into the old concepts. I think it really caps the climax of the race between man’s growing technical power for destructiveness and his psychological power of self-control and group control—his moral power. If so, our method of approach to the Russians is a question of the most vital importance in the evolution of human progress. . . .”

Then, comes a passage which is directly from the pages of the utopian nuclear science-fiction of Britain’s H.G. Wells:

“My idea of an approach to the Soviets would be a direct proposal after discussion with the British, that we would be prepared in effect to enter an arrangement with the Russians, the general purpose of which would be to control and limit the use of the atomic bomb as an instrument of war and so far as possible to direct and encourage the development of atomic power for peaceful and humanitarian purposes. Such an approach might more specifically lead to the proposal that we would stop work on the further improvement in, or manufacture of, the bomb as a military weapon, provided the Russians and the British would agree to do likewise. It might also provide that we would be willing to impound what bombs we now have in the United States provided the Russians and the British would agree with us that in no event will they or we use a bomb as an instrument of war unless all three Governments agree to that use. . . .

“I emphasize perhaps beyond all other considerations the importance of taking this action with Russia as a proposal of the United States—backed by Great Britain but peculiarly the proposal of the United States. Action of any international group of nations, including many small nations who have not demonstrated their potential power or responsibility in this war would not, in my opinion, be taken seriously by the Soviets. . . .

“After the nations which have won this war have agreed to it, there will be ample time to introduce France and China into the covenants and finally to incorporate the agreement into the scheme of the United Nations. The use of this bomb has been accepted by the world as the result of the initiative

and productive capacity of the United States, and I think this factor is a most potent lever toward having our proposals accepted by the Soviets, whereas I am most skeptical of obtaining any tangible results by way of any international debate. I urge this method as the most realistic means of accomplishing this vitally important step in the history the world.”

Stimson’s swan song: first use

Shortly after Stimson sent this memorandum to Truman, he retired from public office. For the next two years, United States foreign policy, under the guidance of Stimson heirs Robert Patterson, Dean Acheson, Averell Harriman, John J. McCloy, and others, reconstituted the prostrate “special relationship” with the British monarchy, and began the Cold War. Globally, it was increasingly the British establishment that shaped the climate of the post-war world, whose immediate architecture was the geopolitical division between East and West.

On March 5, 1946, Winston Churchill delivered his infamous Fulton, Missouri speech that pulled an Iron Curtain down between the Soviet Union and the West. At this point, the Soviet Union did not possess the bomb, although they had already accelerated the Soviet ATOM project launched by V.I. Vernadsky and Josef Stalin in 1940. They would not yet buckle under to the world government demands of Churchill, Bertrand Russell, and company, until, as Russell had hoped, Stalin obligingly died, in 1953.

At the center of the globalist agenda set into motion by Stimson and Russell, was the assertion of the political legitimacy of use of the nuclear weapon, and willingness to use that weapon in support of the new utopian policies of “globalism.” The bomb had become the putative Sword of Damocles hanging over civilization as a whole.

In the wake of Hiroshima, a growing chorus of opposition to the bomb had begun to emerge in the West. This threatened to remove the critical device, the legitimacy of use of “the bomb,” which the utopians of Wall Street and London considered essential, to compel nations to accept the H.G. Wells-inspired “new world order.” If the bomb were removed as a viable threat, Stimson’s utopian vision of a new world order could be exploded, rather than the bomb, and the world, possibly, returned to the principles animating Franklin Roosevelt’s notion of a community of principle among sovereign nation-states.

In February 1947, the heirs of Stimson recalled him from retirement, to launch one final bold stroke in defense of his actions of August 1945. In a widely publicized article appearing in *Harper’s* magazine, Stimson defended his actions and outlined his new world order.

The article was signed by Stimson, but written by committee. Harvard University president and Anglophile sympathizer James Conant, who would succeed McCloy as High Commissioner for Germany, organized the project. Other contributors included Stimson aide and fellow Skull and

Bonesman Harvey Bundy and his son McGeorge, who coordinated the article; Gen. Leslie Groves, who ran the Manhattan Project; Interim Committee member Gordon Arneson; and former New York Federal Reserve Board chairman and Interim Committee member George Harrison.

The article rewarmed the Big Lie, with a few side-dishes added. The lying myth it propagated would grip the minds of the susceptible for more than four decades to come. It was released in tandem with a similar piece by Dr. Karl Compton, president of MIT and also a member of the Interim Committee, which appeared in the December 1946 issue of *Atlantic* magazine. The same edition of the *Atlantic* included a foreword by President Truman.

A coordinated barrage of press coverage hit the news stands either defending the article or reprinting it in its entirety. Coverage appeared in the *Washington Post*, the *New York Times*, and the *New York Herald Tribune*; it was published by United Press International, and appeared in countless journals. The cover-up was on. It is important to quote several key sections of the *Harper's* article signed by Stimson.

"It was in the fall of 1941 that the question of atomic energy was first brought directly to my attention. At that time President Roosevelt appointed a committee consisting of Vice President Wallace, General Marshall, Dr. Vannevar Bush, Dr. James B. Conant, and myself. The function of this committee was to advise the President on questions of policy relating to the study of nuclear fission which was then proceeding both in this country and in Great Britain. For nearly four years thereafter I was directly connected with all major decisions of policy on the development and use of atomic energy, and from May 1, 1943, until my resignation as Secretary of War on September 21, 1945, I was directly responsible to the President for the administration of the entire undertaking; my chief advisers in this period were General Marshall, Dr. Bush, Dr. Conant, and Major General Leslie R. Groves, the officer in charge of the project. At the same time I was the President's senior adviser on the military employment of atomic energy. . . .

"But the first and greatest problem was the decision on the use of the bomb—should it be used against the Japanese, and if so, in what manner?

"The Interim Committee, on June 1, recommended that the bomb should be used against Japan, without specific warning, as soon as possible, and against such a target as to make clear its devastating strength. Any other course, in the opinion of the committee, involved serious danger to the major objective of obtaining a prompt surrender from the Japanese. An advisory panel of distinguished atomic physicists reported that: 'We can propose no technical demonstration likely to bring an end to the war; we see no acceptable alternative to direct military use.'

"The committee's function was, of course, entirely advisory. The ultimate responsibility for the recommendation to

the President rested upon me, and I have no desire to veil it. The conclusions of the committee were similar to my own, although I reached mine independently. I felt that to extract a genuine surrender from the Emperor and his military advisers, there must be administered a tremendous shock which would carry convincing proof of our power to destroy the Empire. Such an effective shock would save many times the number of lives, both American and Japanese, than it would cost. . . .

"The principal political, social, and military objective of the United States in the summer of 1945 was the prompt and complete surrender of Japan. Only the complete destruction of her military power could open the way to lasting peace.

"Japan, in July 1945, had been seriously weakened by our increasingly violent attacks. It was known to us that she had gone so far as to make tentative proposals to the Soviet Government, hoping to use the Russians as mediators in a negotiated peace. These vague proposals contemplated the retention by Japan of important conquered areas and were therefore not considered seriously."

At precisely that point in the article, the guilt-ridden minds of Stimson et al. prompted the Committee to call attention to the transparent fraud lurking behind, and motivating the entirety of the account from this point onward:

"There was as yet no indication of any weakening in the Japanese determination to fight rather than accept unconditional surrender. If she should persist in her fight to the end, she had still a great military force. . . .

"We estimated that if we should be forced to carry this plan to its conclusion, the major fighting would not end until the latter part of 1946, at the earliest. I was informed that such operations might be expected to cost over a million casualties, to American forces alone. Additional large losses might be expected among our allies and, of course, if our campaign were successful and if we could judge by previous experience, enemy casualties would be much larger than our own.

"It was already clear in July that even before the invasion we should be able to inflict enormously severe damage on the Japanese homeland by the combined application of 'conventional' sea and air power. The critical question was whether this kind of action would induce surrender. It therefore became necessary to consider very carefully the probable state of mind of the enemy, and to assess with accuracy the line of conduct which might end his will to resist. . . .

"Because of the importance of the atomic mission against Japan, the detailed plans were brought to me by the military staff for approval. With President Truman's warm support I struck off the list of suggested targets the city of Kyoto. Although it was a target of considerable military importance, it had been the ancient capital of Japan and was a shrine of Japanese art and culture. We determined that it should be spared. I approved four other targets including the cities of Hiroshima and Nagasaki.

"Hiroshima was bombed on August 6, and Nagasaki on August 9. These two cities were active working parts of the

Japanese war effort. One was an army center; the other was naval and industrial. Hiroshima was the headquarters of the Japanese Army defending southern Japan and was a major military storage and assembly point. . . .

“My chief purpose was to end the war in victory with the least possible cost in the lives of the men in the armies which I had helped to raise. In the light of the alternatives which, on a fair estimate, were open to us I believe that no man, in our position and subject to our responsibilities, holding in his hands a weapon of such possibilities for accomplishing this purpose and saving those lives, could have failed to use it and afterwards looked his countrymen in the face. . . .

“As I read over what I have written, I am aware that much of it, in this year of peace, may have a harsh and unfeeling sound. It would perhaps be possible to say the same things and say them more gently. But I do not think it would be wise. As I look back over the five years of my service as Secretary of War, I see too many stern and heart-rending decisions to be willing to pretend that war is anything else than what it is. The face of war is the face of death; death is an inevitable part of every order that a wartime leader gives. The decision to use the atomic bomb was a decision that brought death to over a hundred thousand Japanese. No explanation can change that fact and I do not wish to gloss it over. But this deliberate, premeditated destruction was our least abhorrent choice. The destruction of Hiroshima and Nagasaki put an end to the Japanese war. It stopped the fire raids, and the strangling blockade; it ended the ghastly specter of a clash of great land armies.

“In this last great action of the Second World War we were given final proof that war is death. War in the twentieth century has grown steadily more barbarous, more destructive, more debased in all its aspects. Now, with the release of atomic energy, man’s ability to destroy himself is very nearly complete. The bombs dropped on Hiroshima and Nagasaki ended a war. They also made it wholly clear that we must never have another war. This is the lesson men and leaders everywhere must learn, and I believe that when they learn it they will find a way to lasting peace. There is no other choice.”¹⁸

A revival of the Roman imperial code

There, Stimson is not only justifying the bombing of Hiroshima and laying out his plea for world government. A subsidiary, but crucial, feature of the call, is the demand for resources control as well as weapons control. He and his cohorts in the Eastern Establishment already knew the vast potential of nuclear energy as a power source, and were determined to run all the allocation decisions. Here we see the harbinger of not only arms control, but also non-proliferation, prohibition of dual-use technologies, the looming “energy crises,” and pop-

ulation control operations of the coming decades. Here we see the echoes of the doctrine of zero-technological growth characteristic of the Roman imperial code of the Emperor Diocletian.

On all grounds, the article was a carefully constructed fiction. It deliberately misstates the military situation on the ground in Japan, omitting the bare facts proving that there was no need to drop the bomb.

Japan was an already-defeated nation, its military situation a hopeless one. No invasion was needed; the extremely effective blockade of the islands was devastating; Japan had no choice but surrender. MacArthur had but to maintain the blockade and wait. Stimson’s run-on litany of lying on this particular matter of fact, does more to reveal than to conceal Stimson’s awareness of the truth of the military situation.

Also, it carefully avoids serious discussion of the imminent declaration of war by Russia, which would have sealed Japan’s fate, if anything more were needed. It downplays the heated debate concerning changing the terms of surrender to include that recognition of Japan’s Emperor which had already been the intended terms of surrender before the nuclear bombs had been dropped.

Most importantly, the article refuses to identify the actual reason why the paper was written in the first place.

In a letter to Stimson, James Conant pointed to such a refusal to allow the truth to be said publicly: “If the propaganda against the use of the atomic bomb had been allowed to grow unchecked, the strength of our military position by virtue of having the bomb would have been correspondingly weakened, and with this weakening would have come a decrease in the probabilities of an international agreement for the control of atomic energy. . . . I am firmly convinced that the Russians will eventually agree to the American proposals for the establishment of an atomic energy authority of worldwide scope, provided they are convinced that we would have the bomb in quantity and would be prepared to use it without hesitation in another war.”¹⁹

The real issue is thus stated clearly: The world must know the United States is prepared to use the bomb as an implied threat in all foreign policy. There must be no breach in the wall. The inheritors of the mantle of the Interim Committee, the foreign policy cabal that has already given us the Cuban Missile Crisis and nuclear brinksmanship, are today gathered around the buzzard’s nest of the Principals Committee. They are lurching inexorably toward another nuclear confrontation, perhaps in the Middle East, perhaps against Russia, or more likely again in the Far East, against North Korea or even China.

Under these circumstances, nothing could ruin the reputation of the Henry Stimson who had already fully ruined his own: the only man who ever dropped the bomb.

18. Stimson and Bundy, *op. cit.*, pp. 612-633, excerpts.

19. Lifton, *op. cit.*, p. 105.

Milosevic hits Kosovars, as part of imperial 'Great Game'

by Umberto Pascali

The terrible events taking place in Kosova at this moment can be seen from two very different levels. On one side, there is the unending bloodshed, the terrible suffering of the Kosovars, the civilian ethnic Albanian population who comprise more than 90% of the population of Kosova, many of whom have been forced to abandon their homes and villages in the middle of winter, a desperate exodus under the guns of Serbian dictator Slobodan Milosevic's "special police." And, there is the will of the Kosovars to have a human life, to govern themselves, to escape the degrading, stifling racism of Milosevic and his "Greater Serbia" nightmare. It is a racism that makes Kosova a sort of museum for the "superior Serb race," where the "inferior Albanians" are barely tolerated after having been deprived in 1989, by Milosevic personally, of the autonomy they had had even under the regime of Yugoslavia's Marshal Josip Broz Tito.

On the other side, there is the "Great Game" of those oligarchical groupings representing today's version of the British Empire, that view Kosova as an experiment, to be used to implement their unreal and appalling new world order. Their goal is to reestablish a new division of the world after the end of the Cold War, a new global confrontation: Russia and China against the "West."

As part of this scheme, a small oligarchical grouping is to control — through the old Roman imperial method of "divide and conquer" — the most important areas of the world. Above all, in the immediate term, this scheme is intended to prevent the creation of a coalition of the majority of the world's nations, emphatically including the United States, into what Lyndon LaRouche has identified as the "Survivors' Club" —

a coalition of nations that could implement a New Bretton Woods global financial system and launch a period of unprecedented economic growth with ambitious projects such as the Eurasian Land-Bridge. This would be the end, historically, for those who dream of a new, world empire.

The Milosevic-Zhirinovskiy axis

The slaughter in Kosova is being used, as has Milosevic's bloody rampage throughout the territory of former Yugoslavia, to create an irreversible confrontation between Russia and China, and the United States. Serbia is formally an ally of Russia.

The advocates of "Greater Serbia" are closely interconnected to the most radical pan-Slavic, pan-Orthodox elements inside Russia. These factions' belief structures have been manipulated in the past by the British Empire.

With the explosion of Kosova, the leadership of Russia was confronted with a terrible dilemma. On one side, Russia, prostrated economically by the devastation of the International Monetary Fund's shock therapy, is desperate for every ally it can get. On the other side, the Milosevic gang (backed by its protectors in London, Paris, and Wall Street) is appealing to their "Russian brothers" to take sides against the United States, potentially the only ally with which, by uniting forces, Russia could have turned back the IMF onslaught.

In particular, Milosevic deployed the Deputy Prime Minister of rump Yugoslavia, the superchauvinist leader of the Serbian radical Party, Vojislav Seselj, to strengthen relations with the Russians. Seselj readily ganged up with deranged Russian fundamentalist and Member of Parliament Vladimir

Zhirinovskiy, who has since become the Russian parliamentarian in charge of the Kosova question.

Zhirinovskiy was even named as the Russian representative to the meeting of the Organization for Security and Cooperation in Europe (OSCE) concerning Kosova. At a recent OSCE meeting in Copenhagen, Zhirinovskiy stated that the ethnic Albanians of Kosova "do not exist."

Seselj frantically plied every leadership grouping in Moscow for allies, from the State Duma (lower house of Parliament), to the Interior Ministry, to the Patriarch of the Russian Orthodox Church, Alexei II, with whom he had a meeting in Moscow. He has been pushing the idea that Serbia should join the Russia-Belarus political and military union, and that military collaboration between Russia and rump Yugoslavia should become a formal military alliance. A Duma delegation visited Belgrade just before the expiration of the NATO peace talks deadline, when military attacks on Serbia were expected to take place. Russian military advisers as well have been sent to Belgrade.

In parallel with the deployment of Seselj, every British asset in the United States seems to have been suddenly activated to create a *casus belli* between the United States and Russia. Exemplary was the delirious prose of Benjamin Netanyahu admirer, columnist Charles Krauthammer. "Why? Why in God's name do we need Moscow's permission to defend ourselves against a catastrophic threat from North Korea or Iran? Because of a piece of parchment (the Anti-Ballistic Missile Treaty) that is legally dead? Because the communist-dominated Duma, which opposes America foreign policy on everything from Iraq to Kosova, will be cross with us?" he raved in a recent column.

U.S.-Russia relations

Indeed, during the Kosova "peace talks" in Rambouillet, France, relations between Russia and the United States reached a dramatic moment, culminating in the unprecedented televised address of Russian President Boris Yeltsin on Feb. 18, the day before the first NATO ultimatum expired. "I conveyed to Clinton both by phone and by letter" that the bombing ultimatum against Belgrade "will not work," Yeltsin said. "We will not let you touch Kosova." There was no immediate reaction from Washington, but for a few media denials that the White House had acknowledged any message from Moscow.

Nobody in the West has a precise assessment of the factional situation in Moscow and the consequences of the war of nerves that escalates with each new bombing of Iraq. On Feb. 23, even the *Washington Post* commented on those days' events. "The ferocity of Russia's opposition to the use of force is causing some NATO members to question whether punitive airstrikes are worth jeopardizing the alliance's fragile partnership with Moscow," it said.

The ultimatum was postponed, and the spokesman for

the White House National Security Council released some détente-style statements calling for a "credible threat of force" against Milosevic, but only as a footnote to a strong re-statement of the U.S.-Russia cooperation. Before the ultimatum expired, Italian Foreign Minister Lamberto Dini similarly stated that the deadline did not mean immediate military operations. The clash, for the moment, was defused.

The military experiment

The slaughter in Kosova is being used also to experiment with new military techniques and new military instruments devised after the collapse of the Berlin Wall in 1989. What began to take shape during NATO's search for a mission after the dissolution of the Warsaw Pact, under the direction of the British military leadership, was the "new NATO."

The Atlantic Alliance, a military organization whose formal *raison d'être* was the defense of the West from the Soviet Union, was dragged into a radical metamorphosis, ironically along the lines of the military, diplomatic, and economic global structure of what was the British colonial empire. While NATO assumed more and more "civilian" tasks, exemplified by the magic word, "peacekeeping," it also abandoned its large military structures in favor of the creation of military corps that are highly mobile, quickly deployable, and highly sophisticated in armaments, communications, and intelligence.

Such corps are intended to intervene globally, anywhere in the world, at the first sign of a "crisis" that they are supposed to solve or, better, to "manage." The showcase of the "new NATO" is the Allied Command Europe Rapid Reaction Corps (ARRC). In reality, the ARRC is the crown jewel of the British military. According to its original mandate, this 1,300-man general staff must be led by a three-star British general; its leadership and rank and file are dominated by British military officers. Currently, it is commanded by Lt. Gen. Sir Michael Jackson. Sir Michael has an intelligence background. In 1963, he was commissioned out of Sandhurst military academy into the Intelligence Corps, and he pursued a degree in Russian studies from 1964 to 1967, before being deployed to Northern Ireland.

Target: the 'non-status-quo' states

An official ARRC information sheet explains its existence: "After the disintegration of the Warsaw Pact and the end of the Cold War, NATO needed to reassess its role and place in the New World Order. At the Rome Summit in 1991, NATO's new Strategic Concept was agreed. . . . The military emphasis moved away from the large in-place formations of the Cold War and instead focused on smaller, more flexible forces to be used in support of NATO crisis management strategy and to be 'force packaged' to suit."

The February 1998 issue of the *ARRC Journal* insists on the new NATO philosophy that gave birth to the corps: "With

the end of the Cold War the East-West relationship moved from confrontation to cooperation. However, the challenges that we have to face are apparently as dangerous as the previous threat. The ingredients for security and stability are no longer *purely military* but include the *economic, social, cultural and political* elements vital for global security.

“Crises that result from religious intolerance, floods of refugees, ethnic segregation or organized crime will need interlocking European security” (emphasis added).

A 1995 study by the RAND Corp., entitled “Out of Area or Out of Reach? European Military Support for Operations in Southwest Asia,” points to the ARRC as the most suitable for military operations there. “How suitable would the military forces of Europe be for a contingency operation in Southwest Asia in the next five to ten years? . . . Many European nations continue to conceive of their security in terms that focus on more immediate threats to their territory. Most envision out-of-area operations as involving modest crisis-response activities near their own frontiers, like the Balkans. . . . As a result only a small portion of each country’s military is organized” for such an operation.

The study describes a hypothetical country, but elsewhere talks explicitly about Iraq and “other anti-status-quo countries.” A very self-absorbed colonial mentality transpires from the study: “The Southwestern Asia envisioned is a very dangerous place. . . . Non-status-quo states can intimidate their moderate neighbors into passivity, denying a Western expedition regional support and the use of local facilities through political activity or threats of nuclear and biological reprisals.”

To make things more explicit, the RAND study incorporates the discredited “Clash of Civilizations” model: “Moreover, some of these potential adversaries can appeal to large sympathetic Islamic populations living in Europe, posing a threat of terrorism.”

Sir Michael is already in Macedonia

It is the ARRC that will be in charge of a Kosova transformed into a “NATO protectorate,” as the Feb. 3 London *Times* put it. In fact, despite the failure of the Kosova “peace talks” in Rambouillet, which were “frozen” on Feb. 23 after 17 days, the ARRC and General Jackson have already established their headquarters in Macedonia, which borders on Kosova. It is an astonishing development.

The NATO “peacekeeping” troops, i.e., the British ARRC, who were supposed to go to Kosova to police the province only following a formal request from the “two parties” (Kosovars and Serbs), were put in motion without any official or unofficial request. Meanwhile, the Kosova talks are not supposed to reconvene before March 15.

Two warships of the Royal Navy shipped out of Emden, Germany on Feb. 15, in the middle of the Rambouillet talks, loaded with tanks, armored vehicles, and artillery, headed for the port of Thessaloniki, Greece. They reached their destina-

tion in less than two weeks. The Rambouillet meeting ended with both sides refusing to sign any agreement, though the Kosovars asked for two weeks to discuss a possible agreement with their people. Milosevic and his men have been screaming, with both eyes turned toward Moscow, that they could not accept any foreign troops on their sovereign territory. The Kosovars are requesting the urgent presence of NATO troops, as the only way to defend themselves from the Yugoslav Army and the “special police.”

The Kosovars are insisting that the NATO troops be Americans, and are even requesting a formal commitment to that effect. But what they got, in Skopje, the Macedonia capital, was Gen. Sir Michael Jackson and his British ARRC. On March 3, Jackson officially announced in Skopje that he had set up there the provisional headquarters of the ARRC. Macedonia, itself believed to be on the verge of an ethnic explosion between the Albanian and Greek ethnic communities, has become the host of an unspecified number of NATO military forces (the large majority being British and French).

A conservative estimate suggests that Macedonia hosts the 1,100 men of the UN Preventive Deployment Force (Unpredep), stationed there during Milosevic’s aggression against Bosnia; the French-led “extraction force” sent there to rescue the OSCE unarmed observers in Kosova; and now, 3,000 British troops with the ARRC.

When asked what he will do if no agreement is reached, Jackson replied, “I am sure that the Contact Group [mediating the talks] and others will do everything they can to avoid that. . . . I cannot believe they will be willing to let the matter drift.” He stressed that his men should deploy in Kosova because “I am not sure that [Macedonia] can cope with very much more in terms of holding them [all the foreign troops amassed there]. So we will need to watch our timing very carefully . . . with a straight flow from the docks and airport into the deployment area.”

China’s veto

But a big blow to the military buildup in Macedonia came on Feb. 25, when China, as a permanent member of the UN Security Council, used its veto power to stop a resolution to renew the mandate of the UN peacekeeping forces in Macedonia. Russia abstained.

The Chinese veto—only the fourth time ever that China has used this power—on such a matter is considered by observers very indicative. Russia and China have been protesting the “new NATO strategy” that would deploy military operations all over the world without a mandate from the UN. This polemic has escalated in the wake of the bombing of Iraq, and NATO operations have become a quasi *casus belli* over Kosova.

The point, obviously, is not concern for the UN “rules,” but rather, the fact that once deprived of their veto power, Moscow and Beijing would be handed military *faits accomplis*.

Presidential elections do not end the crisis in Nigeria

by Uwe Friesecke

On March 1, in Abuja, Nigeria's capital, Justice E. Akpata, chairman of Nigeria's Independent National Electoral Commission (INEC), declared Gen. Olusegun Obasanjo as the duly elected President and winner of the Feb. 27 Presidential elections.

According to the official results, Obasanjo, of the People's Democratic Party (PDP), won 67.22% of the vote, and his rival, Chief Olu Falae of the All Peoples Party (APP), won 37.22%. According to the INEC, both candidates also met the critical threshold of winning not less than one-quarter of votes cast in each of at least 24 states of the 36 states of the country. According to the declared results, Obasanjo met this criterion in 32 states and Abuja, while Chief Falae met it in 23 states plus Abuja.

General Obasanjo proceeded the next day to deliver his acceptance speech, regardless of the announcement by Chief Falae that he would challenge the official result due to a number of gross irregularities during Election Day. While prominent Nigerians have called on Chief Falae to show a sense of "sportsmanship" and accept defeat, he has called for the formation of a government of national unity, instead of handing over the Presidency to General Obasanjo on May 29, 1999. Thus, another fight for political power within the Nigerian elite has begun, with a yet-uncertain outcome.

The process was flawed

Tragically for the Nigerian people, the entire process, leading to and including the Presidential elections, was flawed. According to Nigerian press reports and a number of different observer groups, there was widespread rigging in the voting process by all contesting parties. Cases were reported of polling stations, e.g., in Abuja, where the number of registered voters had no correspondence to the votes cast. Other cases of presiding officers accepting bribes from party agents to rig ballot boxes were made known. According to local sources, in some election districts bags of rice were distributed on the morning of Election Day to influence the vote. Even though the 67% which is credited to Obasanjo's party, the PDP, is coherent with the results of the preceding elections for the National Assembly a week earlier, where the

PDP won almost 50% in the Senate and 60% in the House of Representatives, it does not give General Obasanjo a mandate from the Nigerian people. The mandate comes from parts of the Nigerian elite, which has carefully managed the election process.

Nigerian political observers with a certain distance from the immediate party fights, point to the process prior to Election Day as highly problematic. The two Presidential candidates were chosen only two weeks before the election date. The three political parties which finally qualified to run in the Assembly and Presidential elections are not political formations based on program or worldview; they only are short-term, pragmatic alliances, which could easily disintegrate tomorrow, if deemed advantageous by the power factions behind the scenes. Consequently, there was no programmatic campaign of any significance by either of the candidates involving the electorate in a national debate on the pressing issues for the future of Nigeria. According to Nigerian press reports, at the party conventions, which selected the Presidential candidates, political programs were rather unimportant, but money played a key role. The *Guardian* from Lagos writes under the title "Money and Other Factors in the Elections," that at the convention of the PDP in Jos, where Obasanjo was selected as the party's Presidential candidate, "the going rate per delegate was allegedly put at 400,000 naira," Nigeria's currency, or \$5,000. It was reported that General Obasanjo surprisingly was in a position to make a personal donation of \$1.6 million to his party, and that a few days before the elections, he organized a fundraising dinner which resulted in contributions of \$5 million, whereas his rival Chief Falae came up with only \$1.3 million at a similar event.

The current Nigerian transition program from military to civilian government was started last summer by Gen. Abdulsalam Abubakar, who took office in June after the sudden deaths of head of state Gen. Sani Abacha and his rival, Chief Moshood Abiola. So far, the process has been relatively peaceful. But it would be naive to suggest, that finally the paradise of "true democracy" has arrived in Nigeria. The transition process has been carefully managed from behind the scenes, with a lot of pecuniary means by a group of the Nige-

rian elite within the military and among civilians, who urgently wanted a reconciliation with the powers in London and Wall Street. They no longer wanted to be the outcasts. They had had enough of the confrontation with the British Commonwealth, the International Monetary Fund (IMF), and the Club of Paris, which are holding Nigeria hostage over more than \$30 billion in debt. The so-called success of the transition program includes, as the other side of the coin, Nigeria's reconciliation with the IMF. And this could very well be the beginning of the failure of any new government, to which the military might hand over power on May 29.

Suicidal deals with the IMF

To the praise of the financial press in London and Wall Street, General Abubakar's Minister of Finance, Ismaila Usman, has initiated a drastic turnaround in Nigeria's relations with the IMF. In January, the government started negotiations with the IMF for a three-year \$1 billion loan. As a sign of good will, it abolished the dual exchange rate of the naira, ended the subsidy on local fuel, and promised a faster pace of privatization. But, as the London *Financial Times* noted on Feb. 23, "painful decisions lie ahead." It added on Election Day, Feb. 27: "The present regime has launched the process of negotiation—with the IMF—but the new President will have to carry it through, with the prospect of further austerity before recovery can take hold." This means that the Nigerian government will only get the IMF loan and a deal for debt restructuring from the Paris Club, if it agrees to a program of even more austerity for the population. The way the transition process was organized so far bears the handwriting of the pro-IMF, free-market faction of the Nigerian elite associated with former military dictator Gen. Ibrahim Babangida, who relinquished power in the fall of 1993, and the Vision 2010 group. Ironically, only three days after the elections, General Abubakar inaugurated the National Council on Privatization.

Both Presidential candidates, which the Nigerian elite presented to their electorate, unfortunately symbolize pro-IMF, pro-Commonwealth policies. Rather than any passionate commitment to the plight of the ordinary Nigerian, General Obasanjo projects the image of a Western-style elder statesman, who is accepted and promoted within British Commonwealth top circles. His membership on the board of directors of Transparency International is part of that image. Chief Falae, on the other hand, was General Babangida's Minister of Finance and, in 1987, the Secretary to the Government of the Federation. In that post, he most adamantly fought for the implementation of the IMF's Structural Adjustment Program, which did so much to destroy the Nigerian economy and wreck the living standards of the majority of the population. It therefore should have surprised nobody, that Chief Falae, true to his earlier commitments, during his election campaign proposed the most radical deal on Nigeria's foreign debt. In an interview with the *Financial Times*, he proposed to sell off 10% of the government shares in oil joint ventures to hand

over more than \$8 billion in cash to the IMF and the Paris Club, in exchange for a debt deal which would not give Nigeria a cent for economic development.

The elite is outmaneuvering itself

One can only wonder, why the pro-IMF faction has come back so prominently into Nigerian politics. With this move, the Nigerian elite is beginning to outmaneuver itself, because, soon, Nigeria will be almost the only large country in the world which is abiding by the rules of the IMF. Unfortunately, only a few in powerful positions in Nigeria seem to have realized that the world financial system is disintegrating and, consequently, the tide worldwide is turning against, and not for the IMF. From Malaysia to Brazil, from Russia to China, and from Mexico to India, the debate has shifted to the urgent issue: How a new, just financial system and economic order could replace the dying IMF system. Unfortunately, in respect to these strategic changes in the world, the important players in Nigeria's transition process seem to be missing the boat.

But even more dangerous for Nigeria's future, are the effects on the economy and the standard of living of the Nigerian people that any new deal with the IMF would have. Already the economy is in shambles. The naira, worth \$1 in 1980, today sells for about 1¢. Infrastructure in the country, except for what the Petroleum Trust Fund rehabilitated during the last three years, is destroyed. According to the former executive secretary of the Economic Commission for Africa, Prof. Adebayo Adedeji, who recently spoke in Abeokuta before the Nigeria Union of Journalists, already 60 million Nigerians live at the poverty line and 40 million live in extreme poverty. The rate of poverty has increased from 34% in 1992 to 48.5% at the end of 1997. If current trends continue, within three years 91 million Nigerians will be living at or below the poverty line.

What happens then, if the IMF demands that the naira be further devalued, or speculators drive the currency down to 200 to the dollar or less? What happens to the Nigerian people, if the IMF program demands further increase of the fuel price, cuts in the minimum wage (which is already below \$40 a month), or the dismantling of the Petroleum Trust Fund and the elimination of infrastructure projects? If the Nigerian government begins to implement a new IMF program, the chanting for the success of last week's Presidential elections could soon turn into weeping for the political upheaval and social unrest the country could experience, even before General Abubakar intends to hand power over to his successor on May 29. Anybody who is really interested in the well-being of the Nigerian nation and its people has, since the beginning of General Abubakar's transition program last summer, asked the question: Where are the Nigerian patriots and nationalists, who have sharply criticized the IMF in the past and who would fight for Nigeria's independent economic development? One only can hope that they soon will come out of hiding.

Book Review

A look at Malaysia's capital controls

by Dino de Paoli

Healing the Wounded Tiger: How the Turmoil Is Reshaping Malaysia

by Tan Sri Ramon V. Navaratnam; foreword by Malaysian Second Finance Minister Dato' Mustapa Mohamed
Selangor Darul Ershan, Malaysia: Pelanduk Publications, 1998

151 pages, paperbound, \$9.90 (all proceeds from this book go to charity)

With the bold decision on Sept. 1, 1998 to impose selected capital controls, Malaysian Prime Minister Datuk Seri Dr. Mahathir bin Mohamad has made his country the reference point for all who are interested in saving their nations from international speculators and who want to fight for a financial system that is more adequate for real economic development.

Many had predicted that Malaysia would not withstand the pressure of "isolation" and would collapse. On the contrary, the country is showing clear signs of recovery, especially compared to others that had to adopt fully International Monetary Fund (IMF) conditionalities.

EIR has covered, through recent interviews with Dr. Mahathir (*EIR*, Feb. 12) and First Finance Minister Tun Daim Zainuddin (*EIR*, Feb. 19), and in articles, different aspects of these developments. Whoever would amplify his understanding of Malaysia's development in the context of the international crisis, and whoever would question if there is a "hidden agenda" behind the otherwise incompetent IMF policies, is strongly advised to read this book.

Tan Sri Ramon V. Navaratnam is a distinguished former civil servant and corporate personality. He was an econo-



Tan Sri Ramon Navaratnam

mist with the Malaysian Treasury for 27 years, where he rose to become its Deputy Secretary General. He was also Alternate Director on the Board of Directors of the World Bank in Washington, D.C. In 1986, he became Secretary General of the Ministry of Transport. After retiring, in 1989, he was appointed CEO of Bank Buruh. He is currently corporate adviser to the SungeiWay group of companies, executive director of Sunway College, and a director of the Asian Strategy and Leadership Institute. He continues to serve the Malaysian government as vice chairman of the Malaysian Business Council, and is also on the board of directors of Matrade. He is the author of two previous books, *Managing the Malaysian Economy: Challenges and Prospects* and *Strengthening the Malaysian Economy: Policy Changes & Reforms*.

In general, I agree with Tan Sri Ramon's thesis that the "Asian crisis," which hit in summer 1997, had two immediate causes: first, international speculation, and, second, internal mistakes by local governments.

Starting with the second point, and to reinforce Tan Sri Ramon's perception, I quote from the National Economic Recovery Plan, published in August 1998 by the Prime Minister's Department: "There were some disturbing signs before the crisis. The economic growth was above potential output. . . . There were also excessive credit expansion to the non-tradable sectors, especially property and purchase of stocks and shares" (p. 2).

This says quite a bit about how *all* countries are setting themselves up to be destroyed by the global speculative bubble. But this is not, and will not be, limited to Asia, as has become increasingly apparent since the August 1998 Russian debt moratorium and the [January 1999] rout of the Brazilian currency, the real. Europe and the United States will be hit, although until now they have managed to stay afloat by sucking resources into a hyperinflationary speculative bubble at the expense of the liquidity and economic and social welfare of the hardest hit nations. The IMF's monetary tourniquet made the situation worse, as that institution has grudgingly conceded.

Is there a 'hidden agenda'?

On the international side, Tan Sri Ramon rightly poses the question: Were these just wrong-headed policies or was there also a "hidden agenda," a willful intent to impose knowingly wrong-headed policies? In both cases, Prime Minister Mahathir was correct to take the action he and his government did to resist them and to name the names of those behind the looting.

Tan Sri Ramon also asks: Is the IMF an instrument of a policy to destroy developing countries? Is the IMF an American tool? Is the declaration of U.S. Secretary of State Madeleine Albright about the need "to take more of the bitter medicine prescribed by the IMF" simply nonsense, or, especially coming out of the mouths of other U.S. government representatives, is this part of U.S. policy support for "gobble-ization,"

the cannibalistic foodchain of “mega-mergers” that is leading to “super-big” conglomerates?

It is understandable why the word “conspiracy” appears in the book. There is no other obvious explanation for the nature of the speculative attacks, but, even more, for what followed: The medicine prescribed turned out to be poison! I fully endorse Ramon’s statement: “A little over a year after the economic turmoil, we are thankful that we did not call in the IMF” (p. 60). I highly recommend reading his detailed account of the effects of the IMF recommendations.

Where I tend to diverge from Tan Sri Ramon, is when he seems to focus too much on the “not so invisible hand” that slammed Asia, at the risk of leaving out the brain that moves the hand. In my view, the brain is not in the “U.S.A. oligarchist,” nor in the “American military-industrial complex” (p. 47). However, having recently been in Asia, I could see first-hand the disgusting end-result of American policy as, for example, in Cambodia. America has nobody to blame but itself for a growing sentiment of anti-Americanism, stemming from the combined effect of failure to act and actions wrongly taken.

But it is necessary to go a bit more in depth, so as not to fall into the trap of accepting, on their say-so, the anti-IMF protestations of the likes of Sir Henry Kissinger; Jeffrey Sachs, architect of the initial “more shock, less therapy” for Russia; and George “If I didn’t steal it, someone else would” Soros.

The systemic nature of the crisis

This is not an East vs. West, North vs. South battle. *EIR* founder Lyndon H. LaRouche, Jr. has repeatedly addressed the species character of the British-steered “oligarchy” and how we came to this time of crisis, most recently in his campaign platform for the 2000 Presidential election, “The Road to Recovery” (*EIR*, Feb. 19). What must be stressed is the *systemic* nature of the current crisis, the existential crisis of industrial capitalism. The United States, like Malaysia, is a target for destabilization, the ultimate target on the “hidden agenda” of the “post-industrial” oligarchy. For this reason, because this hidden agenda is the enemy of all nations, Tan Sri Ramon is very near the mark when he says that issues of “individual human rights” are today mostly used as an excuse to impose “suppression of community and national human rights” (p. 62).

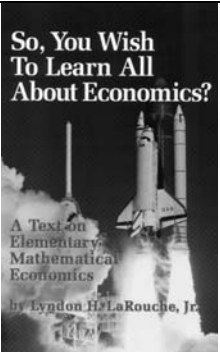
The unfortunate truth is that, as Tan Sri Ramon says, we are facing a “lack of U.S.A. leadership at a time of crisis” (p. 23). In unusual times, we need not only resist IMF policies, but arrive at a global reform of the system, so as to allow an economy to feed its people, not speculators. Tan Sri Ramon has interesting ideas in the direction of the reforms of the financial system, in the context of a “New Bretton Woods” and for true *international* transparency of markets.

As for Malaysia’s domestic economic policies, he contributes proposals for the difficult task the government faces: how to fight deflation; how to generate real credits for development without creating massive inflation with interest rates running in the double-digits; what role serious foreign investors must and can play.

Investment priorities

He rightly stresses that there is a need to clean house a bit: to reform the banking system, to restructure domestic debt, and to fight some forms of nepotism. I can only fully endorse his pledge of “no good money for bad money,” but especially his stress that credit generation has to be prioritized for small and medium-size industries, infrastructure, and agriculture, for example, and less for mass consumption, which is politically necessary, but a short-term solution. Tan Sri Ramon writes: “We can have a deficit, [but] with more allocations made for development expenditure . . . infrastructure, transport, water, schools, hospitals, housing.”

I would concur, after reading the government budget for 1999, with Tan Sri Ramon’s optimistic note that “the Malaysian tiger will again leap forward,” and we have to do our best in the international arena to make that leap possible.



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Media barons push drugs

Kerry Packer and Rupert Murdoch are driving the campaign to legalize heroin.

Australian Prime Minister John Howard is, at least at the moment, resisting intense pressure to allow a trial use of prescribed heroin to go ahead in Canberra, the nation's capital, along the lines of a much-publicized Swiss heroin experiment. The drug crisis, and the raging debate over legalizing heroin, is presently the single biggest political issue in the country. However, while Australia is wracked by a drug epidemic, which claims about 600 lives a year, the present debate was cooked up by the Packer/Murdoch media magnates, to force through heroin legalization.

In Parliament on Feb. 24, Federal Health Minister Dr. Michael Wooldridge complained, "The fact is, that nothing new has happened in the past three months other than a couple of tabloid newspapers have put this on their front page." Salvation Army Major Brian Watters, the chairman of the Prime Ministers National Drug Policy Committee, told *EIR* that the number of Australians who have used heroin, between 1.5 and 2%, has remained static for the last 15 years, while only 0.4 to 0.5% have used it in the past 12 months.

The tabloids Health Minister Wooldridge referred to, were the Kerry Packer-controlled Sydney *Sun Herald*, and the Rupert Murdoch-owned Melbourne *Herald Sun*. On Jan. 31, Packer's *Sun Herald* ran a front-page photo showing a teenage boy shooting up in a side alley with a government-supplied syringe. The outrage this photo prompted had two effects: In New South Wales (N.S.W.), which is facing a state election on March 27, the government immediately stopped its

needle exchange program, and a competition ensued with the state legislative opposition, over which party could pay lip-service to being toughest on drugs; on cue, the pro-dope lobby immediately resurrected the heroin trial idea, which had been shelved in 1997.

A few weeks later, Murdoch's *Herald Sun* escalated the campaign by running a front-page photo showing a young mother shooting up in a park in front of her baby. The media, notably Packer's Channel 9, began running drug-related crime stories alongside reports of the heroin trial debate. Victorian Premier Jeff Kennett, a Mont Pelerin Society stooge who was defeated in his efforts to decriminalize marijuana in 1996 by a mobilization of the Citizens Electoral Council, a national political party allied with Lyndon LaRouche's movement, immediately placed his considerable political weight behind the heroin trial, saying that any option should be looked at.

This issue has divided Australia's elected political leaders, most of whom, led by Prime Minister Howard, are standing firm against the trial, but who are coming under increased pressure from Kennett, Australian Capital Territory Chief Minister Kate Carnell, the media, and high-profile pro-drug decriminalization proponents such as N.S.W. Director of Public Prosecutions Nicolas Cowdery, who called for heroin dealers to be licensed and taxed. The pressure isn't all one way: 1960s Australian music icon Normie Rowe said of Kate Carnell and her proposed heroin trial, "She's a drug pusher."

In the March 9 *Bulletin* magazine, Packer scribe Laurie Oakes identified the real goal of the push for a heroin

trial: "The issue of decriminalization is the bottom line." To this end, the usual suspects have seized on the heroin trial debate to make their case. Australian Drug Foundation (ADF) head Bill Stronach, whose organization was responsible for Australia adopting the insidious "harm minimization" approach to drugs back in 1986, now demands shooting galleries and a heroin trial.

ADF policy comes directly from the financial establishment: Stronach is advised by ADF board member Dr. Ethan Nadelman, the head of global megaspeculator George Soros's Lindesmith Center, which was founded to promote dope legalization, while the ADF is funded by Australia's major banks and foundations, including the Reserve Bank and the Queen's Trust, whose patron Prince Charles caused an uproar in Britain in December, when he recommended that a patient in a clinic in Cheltenham try marijuana to ease her pain.

Another ADF patron is Dame Elisabeth Murdoch, the mother of media tycoon Rupert Murdoch. One welfare organization, Open Family, has threatened to set up its own illegal private shooting galleries, if the law isn't changed. Open Family is one more mouthpiece for the financial establishment: Its board boasts the director of ANZ Nominees (tied to ANZ Bank, one of the country's largest), and Jeanne Pratt, the wife of multibillionaire businessmen Richard Pratt, whose Pratt Foundation has financed the drive for legal dope.

Whilst resisting the push for a heroin trial, Prime Minister Howard has undermined his position by savagely cutting the budgets of the frontline organizations in the drug war, federal police and customs; the \$80 million Tough on Drugs initiative he announced in 1997 didn't come close to making up the losses.

Gore conference lays out 'Brave New World' strategy

by William Jones

Speaking at a conference on corruption in Washington in February, Daniel Kaufman, the new guru of "corruption studies" at the World Bank, told the story of how the taxi driver who drove him to the State Department commented on all the diplomatic limos standing outside. When Kaufman told him that official representatives from some 80 nations were coming to discuss the issue of corruption, called there by Vice President Al Gore, the taxi driver broke out in laughter. Up to his neck in scandals involving fundraisers at Buddhist temples and dirty dealings with Russia's Viktor Chernomyrdin (perhaps the real godfather of the Russian mafia), Gore might do best, from his own point of view, to focus attention elsewhere than on corruption.

But in Washington, as in Alice's Wonderland, things are not always what they seem, and words do not always mean what they seem to. The conference wasn't really about corruption at all—except perhaps tangentially. It was about the policing of the international economy by multinational institutions, and about destroying all vestiges of nationhood in one country after another.

With the onset of the present global financial crisis, a major flaw in the workings of the international financial system became obvious to a large majority of the world's population. There followed urgent cries to change that system. More and more, these demands have focussed around the proposal by economist Lyndon LaRouche, for the creation of a New Bretton Woods system, with fixed exchange rates backed up by a gold standard. The leading international financial institutions were increasingly discredited. The solutions they attempted to impose on nations hard hit by the crisis, were worse than the disease itself. Things were so bad that even the International Monetary Fund (IMF) had to admit that its advice had been wrong! Countries like Malaysia were starting

to take matters into their own hands by imposing currency and exchange controls to prevent the rampant speculation against their battered currencies by predators like multibillionaire George Soros.

The fear that such measures could well become the norm, thus impinging on the workings of the sacrosanct free market system, sent the international financial oligarchy into a rage. Such assertion of national sovereignty could not be left unchallenged. So, the U.S. Vice President, a very reliable tool of the financial elites, was called into service.

Gore's debacle in Malaysia

Gore got his big opportunity in November 1998. President Clinton, locked into an insane military operation against Iraq concocted by the Vice President and his co-conspirators in the Principals Committee, was asked to attend the annual summit of the Asia Pacific Economic Cooperation forum (APEC), to be held in Kuala Lumpur, Malaysia. Ironically, it was this organization whose stature President Clinton, anxious to launch a better working relationship in the Asia-Pacific region and as a bridgehead to a strategic partnership with China, had raised to the heads-of-state level. It was at the APEC meeting in 1994 where President Clinton first met Chinese President Jiang Zemin, who was to be the President's chief counterpart in that partnership.

The Vice President threw a monkey-wrench into the President's policy, however, by his outrageous speech on Nov. 16, in which he effectively called on the people of Malaysia to join in a revolt against the duly constituted government of Prime Minister Dr. Mahathir bin Mohamad. "Democracy confers a stamp of legitimacy that reforms must have in order to be effective," he said. "And so, among nations suffering economic crises, we continue to hear calls



Vice President Al Gore addresses the Global Forum on Fighting Corruption. In Gore's New World Order, the sovereign nation is no longer allowed to serve its function of protecting the interests of its people; instead, a supranational bureaucracy enforces a regime that defends the interests of investment bankers and Malthusian oligarchs.

for democracy and reform in many languages—‘people’s power, *doi moi, reformasi*’ [the Malaysian word for reform]. We hear them today, right here, right now—among the brave people of Malaysia.” The Vice President’s call, in the midst of the social turmoil sparked by the financial crisis, was a virtual declaration of war against the host country of the APEC summit. At that very same time, a neighboring country and fellow APEC member, Indonesia, was being torn apart by social upheaval sparked by the same financial crisis. Not only the Malaysians, but most of the countries attending the conference, in particular, the Chinese, were appalled at the arrogance of the Vice President’s speech.

Looking for a scapegoat

But, there was method in Gore’s madness. The next lines of the Vice President’s Kuala Lumpur speech revealed the real agenda: “Citizens who gain democracy also gain the opportunity and the obligation to root out corruption and cronyism.” “Corruption” and “cronyism” were the code-words in the IMF/World Bank newspeak for national sovereignty. In fact, the concept of crony capitalism became the scapegoat, on which responsibility for the global financial crisis would be laid. Not the pernicious speculators, not the dictates of the IMF, not the workings of that oh, so marvelous free market system, had led to global collapse. Rather it was the machinations of “crony capitalism,” the relationships between the business community and the governments in the affected countries, which caused the crisis, according to this propaganda.

Therefore, argued the apologists for the bankrupt free

market system, we must launch a crusade against “crony capitalism and corruption,” and for “good governance”—on our terms—in order to restore health to the financial system.

IMF beats the drums for war

The campaign had begun long before the Vice President was called on to do his part. In February 1997, the IMF had issued its Economic Issues Report #6, entitled “Why Worry About Corruption?” The report argues that certain measures by governments can cause distortions in the economy, creating the possibility for rents or payoffs to certain parties, and thus breed corruption.

And what are the measures which cause these distortions? Imposing tariffs, price and exchange controls, protective subsidies to strategic industries—the whole panoply of measures that national governments use to protect or to promote their own industrial development and raise living standards. Here lies the basis of “corruption” in the view of the IMF monetarists: the protectionist system! Ironically, that “corrupt” protectionist system was precisely the one which gave us Presidents Abraham Lincoln and William McKinley, while the “incorruptible” working of the free market gives us such predators as George Soros, J.P. Morgan, or even a Simon Legree (“free trade,” after all, was the rallying call of the slave South against the protectionist North).

In its 1997 World Development Report, the World Bank also vowed a war against the nation-state. “The State in a Changing World” called for “rethinking” the role of the state. In its new guise, the state is to provide a “non-distortionary

environment” for the free flow of capital, the report recommends. In addition, the state is encouraged to “make regulation more flexible”—for the speculators, no doubt. The nation-state, in the World Bank’s Brave New World, is no longer the protector of national interests, but is rather a caretaker for the interests of the multilateral institutions, the investment bankers, and the British free trade system.

It was on behalf of this program, as well as on behalf of his own political ambitions, that Gore launched a two-month mobilization, centered around a series of conferences. In February, he chaired a conference on “Reinventing Government”—that name given to his slash and burn program for “downsizing” the Federal government. Gore prides himself on having put 350,000 workers on the street in his efforts to pare down the Federal bureaucracy. Gore claims that he has not thereby impaired the workings of the Federal machinery, as he has also gotten people to work harder, all on behalf of “good governance.” “Let this be a first principle of 21st-century government,” Gore proclaimed in his opening remarks, “that economic prosperity demands political legitimacy.”

Gore’s cronies

In February, as *EIR* reported last week, there were several conferences in Washington, D.C. on the issue of corruption. First was one sponsored by the misnamed Organization for Economic Cooperation and Development (OECD) on Feb. 22-23. The United States had been long complaining that U.S. trade was handicapped by a recent U.S. law prohibiting businessmen from bribing foreign officials, and that this law was putting U.S. businessmen at a disadvantage. Under pressure from the United States, the OECD signed an anti-bribery convention, which still remains unratified by 22 of the 34 OECD nations. Nevertheless, this convention was made the centerpiece of a conference, in order to get other regions of the world to agree to similar conventions. Of all people, George Soros had been scheduled to give a keynote luncheon address at the OECD event, but, perhaps not wanting to undermine the “anti-corruption” campaign by associating his notoriously corrupt personality with it, he declined to appear.

Of more significance was the conference organized directly by the Vice President’s office on Feb. 24-26, entitled “A Global Forum on Fighting Corruption.” According to organizers before the conference, it was hoped to showcase Yoweri Museveni’s Uganda for the conference (see box). Museveni, who has been up to his neck in the genocide in Rwanda, the Congo, and at home, and who has publicly praised Adolf Hitler, had a saving grace in the eyes of the IMF/World Bank bureaucrats: He embraced the free-market system. On Feb. 7, the *Washington Post*, for some unknown reason, ran an article in its widely read Sunday edition depicting the rampant corruption in Uganda. The Ugandans did participate, and one of the more remarkable moments

of the conference occurred when the Ugandan representative went into a tirade about how *other* African representatives were corrupt and shouldn’t even be there!

Representatives from nearly 80 countries attended the event, far more than at the earlier conferences. Some countries that were not invited even insisted on coming, for fear that their non-attendance would endanger their bilateral relationship with the United States. Each representative was given a chance to speak, and either gave a laundry list of the problems that they had had with corruption and the solutions they had implemented to combat it, each performing the necessary *mea culpa* with regard to the issue of the day. The Vice President sat in on most of the sessions, pompously performing alternatively as a judge and jury and occasional counsellor on the subject. Only one delegate had the audacity to mention some of the problems of corruption in the United States, pointing somewhat cautiously to the Olympic Committee bribery scandal in Salt Lake City. But the general discussion focussed solely around corruption in Africa or Asia or Ibero-America or the states of the former Soviet Union.

New Age kookery

In his opening speech, Gore cited Confucius, Moses, existentialist Chilean poet Pablo Neruda, the Koran, Victor Hugo, and the 13th-century Persian poet Saadi. He called on religious leaders to serve as a “force of change” in fighting corruption. “Our priests, ministers, monks, nuns, mullahs—who represent God in society—they are the public voice of conscience,” Gore intoned. “They command enormous respect throughout society. They have immense power to tilt the scales toward good in public life.” Gore personally arranged to have, as one of the conference panels, religious figures from various denominations to speak about the dangers of corruption, transforming the conference into something like a New Age revival meeting.

There was, however, a plan in adding this religious dimension to the corruption agenda. Gore made this very clear in his remarks following that session, when he railed against the very idea of scientific reason, with its origins in the Golden Renaissance. In contrast to religion, Gore referred to “that other belief system in our world today . . . which arose in the West with the Renaissance and the scientific revolution, which reduces the problems we confront to their smallest components, and then tries to deal with the component parts.”

“This system has imposed tremendous power upon us,” he continued. “We see it in the technological developments in many individual fields. But one component of this modern approach was a rejection of, and even disdain of religion. Atheism and modernity were related in many people’s minds. But this missed the connection between the various parts of the whole. Our values are, however, rooted in the whole. [Religions] speak to us of values that are hard to

dissect or describe in scientific terms, or examine with the microscope.”

The New Age agenda, which, under the watchful eye of Gore’s friend Sir James Wolfensohn, has transformed the World Bank into the most important proponent of New Age destruction of the nation-state, is a key tool for undermining a population’s belief in scientific reason and the notion of progress. The introduction of New Age elements into all the major religions has helped undermine the principle of *imago viva Dei*, that man is made in the living image of God, which has characterized the development of society and the progress of man since even before the Renaissance. By equating man with the beast, as they always do, these ecologists destroy the very philosophical basis for the development of science and the technological progress associated

with it. This has been the singular goal of the environmentalist movement, which at the highest level is controlled by the British “one world” faction headed up by Gore and Wolfensohn’s collaborator, Prince Philip, the protector of the World Wide Fund for Nature and its offshoots.

A supranational fifth column

Non-governmental organizations were also heavily represented at the Gore event. Transparency International, one of the more important NGOs that came out of the British Commonwealth gaggle of supranational institutions, was given almost a role of honor by Gore. The NGOs are the key groups which serve to monitor the actions of governments and, when so desired, foment and organize political opposition in the countries where they are allowed to operate,

Ugandan dictatorship model backfires on Gore

Observers at Vice President Al Gore’s Global Forum on Fighting Corruption reported that he was at his imperial best, triumphally presiding over a week-long exercise in “world government” and “globalism.” But, behind the scenes, the fact that two of Gore’s prize pupils, speculator George Soros and the dictator of Uganda, Yoweri “Hitler” Museveni, have been exposed for corruption, may have caused some shifts.

Soros, who was scheduled to give the luncheon plenary address at the Organization for Economic Cooperation and Development’s anti-corruption conference on Feb. 22, didn’t show up. He was replaced by State Department official Stuart Eizenstat, without explanation. Washington sources know that Soros is disliked and distrusted in some circles in the Clinton administration because of his support for legalizing psychotropic and addictive drugs, and for financing pro-drug efforts, such as giving out free hypodermic needles for heroin users. But despite that friction, Soros has been repeatedly linked to Gore, and is one of his leading Wall Street boosters.

More noticeable was the “back seat” treatment given to Uganda, which had been trumpeted as the model for fighting corruption. All 500 participants from 89 countries invited by Gore were urged to study a World Bank paper called “Good Governance in Africa — A Case Study from Uganda.” But a few weeks before the conference, the Uganda fairy tale began to disintegrate.

EIR has been exposing Museveni’s crimes against his people and other nations for years, but on Feb. 7, the *Wash-*

ington Post, in an article entitled “Uganda’s Glow Fades — Corruption Tarnishes Advances in Economy and Democracy,” detailed the latest attempts by Museveni to crush all opposition. According to informed African sources, Museveni was so incensed and frightened by the article that he called in top Ugandan ministers, to scream at them for tarnishing his image in Washington. That session coincided with other reports that Museveni was being pressured by Washington over corruption in his Armed Forces, as well. Sources say it is apparent that Uganda’s military presence in the Democratic Republic of Congo is based on interests which are not “security, but economic.”

The *Post* quoted one Ugandan official, who estimates that \$200-300 million a year is siphoned off through corruption — as much as the World Bank alone spends in the country, it is noted. “There’s a feeling that corruption is much worse than it was,” one anonymous diplomat said. “It’s at a higher level with much higher amounts.” While the economy has grown by 6% annually, the article claims, aid dollars have followed, premised on an assumption of “good governance,” the watchword for the World Bank’s “ethics in government” standard of good behavior.

As *EIR* had already detailed, Museveni’s brother, Gen. Salim Saleh, when he was defense adviser to the President, had been caught as the secret owner of the Uganda Commercial Bank, which had been “privatized” by the Museveni government.

Ugandan “Minister for Ethics and Integrity” Miria R-K-Matembe, who did address Gore’s conference, confirmed that the corruption is taking place, but gave a paper-thin excuse: that Museveni (who tolerates no political parties that can oppose him, runs a “law and order” dictatorship with no free elections, and has been in power for years) hasn’t been able to stop the corruption from “previous regimes.” — *Michele Steinberg*

whether this be under the excuse of protecting human rights, the environment, or other special interests. By organizing the forces of civil society, the NGOs create a fifth column, to be used against any government that dares offer resistance to the IMF/World Bank policies.

Gore issued a warning to any government having the audacity to limit the power of the NGOs. "Any government which wants to throw a dark cloak over its activities," Gore said, "immediately tries to tie the hands and bind the feet of its NGOs. NGOs are a core component of civil society, and they bear a great share of the 24-hour, watchdog work of holding governments accountable."

Gore also launched a proposal to have "monitors from different nations go into a country with World Bank diagnostic tests," with which they can investigate the level of corruption there. This would be the insane UN monitor system as was imposed upon Iraq, a nation now effectively divided into three parts. Transparency International would then incorporate the results of these tests in their "Corruption Perception Index," by which they rank the countries according to their supposed corruption level. These results are then used by the NGOs on the ground in the target country to rouse the population for either the overthrow or "reform" of the existing government.

In his final statement, Gore made a call to arms against any nation-state that moves to defend its national interests. "As we uncover the corruption, expose the crimes, and expel the criminals—our people will sense their own growing power to chase out corruption, and they will quicken their efforts."

Most outrageous was the racist nature of the whole gathering. The African nations, for example, were pulled together on the final day of the conference to establish a "corruption convention" to which all the nations of the continent must conform. The aged Robert Strange McNamara, the author of the Vietnam "body-count" policy and former head of the World Bank, was in attendance and could hardly contain himself with joy. "The African nations have never even wanted to mention the word 'corruption' before," McNamara bubbled. "And now they're working to set up a convention. That's a real breakthrough." McNamara was appointed U.S. facilitator for the African discussion about the corruption convention.

In conclusion, Gore made reference to "our beloved President, Abraham Lincoln," who, according to Gore, had said that "the only thing necessary for the triumph of evil is for good people to do nothing." The quote was actually from British conservative ideologue Edmund Burke, and not from Lincoln at all!

More appropriate still would have been a quote from George Orwell's *1984*, since after the experience of the Gore corruption extravaganza, one sees the onset of an Orwellian world with Big Brother and his mind control. For, unlike President George Bush, Al doesn't have a problem with "that vision thing." The bad news is that Al Gore's "vision" would mean a nightmare for America.

Transparency International

Prince Philip's weapon against nation-states

by Michele Steinberg

Not since King George III ruled the American colonies, has any American leader so served the interests of the British Empire as Vice President Al Gore. At his "Global Forum on Fighting Corruption" on Feb. 24-26, Gore made an open declaration of his alliance with Prince Philip's war against the nation-state, by his close collaboration with a little-known, but powerfully connected organization, "Transparency International: the Coalition against Corruption."

Officially founded in 1993, TI's origins date to several meetings beginning around 1984, organized by Prince Philip, about spiritualism, the environment, and the danger of sovereign nations. By 1993, Philip and his closest collaborators, such as Sir James Wolfensohn, now head of the World Bank and an Advisory Council member of TI, invented the sledgehammer of "corruption," whereby a government troublesome to international financial powers or to the British empire could be branded as corrupt, and replaced, in a cold coup run by the financial oligarchy.

TI has long been known to readers of *EIR*, but it was catapulted into the international media spotlight with Gore's conference. Jeremy Pope, TI's managing director, from Berlin, shared the podium with Gore. TI's "Corruption Perception Index," which ranks nations by their "corruption," making them fair game for denial of International Monetary Fund (IMF) and World Bank loans, boycotts, sanctions, and even, perhaps in the future, invasions, was printed as part of the official U.S. government handouts.

Not only were the bureaucrats of TI on hand, but some of the leading figures in Prince Philip's coterie were there, most notably, Sir James Wolfensohn, whom Gore helped into the position of World Bank president in 1995; and Robert "Body Count" McNamara, the U.S. Secretary of Defense during the Vietnam War, who later served as a World Bank president. The reunion of these World Bank presidents was not accidental, since they are two of the "founding fathers" of Transparency International.

A glance at Transparency International

Officially created in 1993, using mostly personnel taken from the World Bank (with which TI has a symbiotic relation), the organization has grown to become a gigantic octopus financed and sponsored by the biggest banks and multinationals in the world, and capable of blackmailing officials and inter-

fering in the internal affairs of virtually every country in the world.

TI is based in Berlin, but is effectively run from London, and functions as a supranational force, using the power of the British-controlled media cartel and other “inside” operatives to impose its so-called anti-corruption agenda.

These anti-corruption crusaders are run and funded by some of the most corrupt British operations: Its chairman, **Peter Eigen**, is himself a former World Bank official; its Advisory Council includes **Sir John Wolfensohn**, president of the World Bank; **Peter Berry**, the managing director of Crown Agents, a leading agency of Britain’s “Invisible Empire”; as well as **John Brademas**, the head of the George Bush-linked National Endowment for Democracy.

The funders of TI include some of the most brutal attackers of the nation-state on the planet:

The **Open Society Institute**, created by financier of drug legalization, George Soros. Soros has been under investigation for illegal financial activities in countries ranging from

Croatia, Belarus, and Italy, to Taiwan.

Crown Agents, which is the key instrument for direct operations of British Special Air Services and other commando forces into the countries of the British Commonwealth, especially Africa. Since 1833, when the British opium trade flourished, CA has provided logistical and technical services to British Crown colonies, especially the procurement of weapons. CA’s primary client is the British Overseas Development Administration, which also finances TI.

The British mineral cartel’s **Rio Tinto**, which has looted and depopulated Africa for most of the post-World War II period;

The **Ford Foundation**, which pioneered U.S. domestic counterinsurgency, and covertly financed the terrorist Weather Underground, in the late 1960s.

Today, TI has operations in more than 70 countries, including the United States, and is committed to an agenda dictated directly by Prince Philip, who is cited in TI literature.

In its “Source Book” (known as the “Anti-Corruption Bi-

Jeremy Pope: a gnome for Transparency International

Transparency International Managing Director Jeremy Pope, based in Berlin, is a life-long servant of the British Empire. Before being picked for TI in 1994, he worked from 1977 to 1994 for the British Commonwealth Secretariat in London, as director of its Legal and Constitutional Affairs Division and Legal Adviser to the Commonwealth Secretary. He was also one of the co-authors, for the World Bank’s Economic Development Institute, of the absurd paper praising the dictatorship of Uganda’s Yoweri Museveni, “Good Governance in Africa: A Case Study from Uganda.”

For Pope to be speaking at the opening session of the Global Forum on Feb. 24 alongside the U.S. Vice President, was a big boost for the little-known TI and for Pope, who passionately attacked sovereign governments as inherently “corrupt.” An excerpt from Pope’s speech follows.

[The] issue of corruption is much too important for us all to be able to leave to governments. . . .

Corruption threatens and diminishes us all. Even those who seem to gain must live, increasingly, with the risk of detection and a final day of judgment—in the press if not before the courts—even before they meet their Maker. . . .

Our organization, Transparency International (TI), was formed some six years ago at a time when a meeting

such as this would have been inconceivable. The thought of sharing a table such as this would have been too bizarre even to contemplate. There was an absolute taboo against discussing the topic, in private sector circles let alone in official fora. The subject was just too delicate—and too embarrassing—to mention. It was a question of “culture”; of people doing things differently abroad. The Europeans were too moral to countenance corruption, but were driven to accommodate the demands of less scrupulous societies.

The World Bank was just one of the many who felt that it was a topic that was off limits. The word “corruption” could not even be uttered—instead it was the “C” word. TI was mad, bad—and dangerous to know.

How the world has changed since those comparatively recent days! TI has blossomed to have over 70 national chapters around the world, in every continent and in countries great and small. The number grows quite literally by the month. Under the leadership of a number of key actors—our Chair, Peter Eigen; Olusegun Obasanjo of Nigeria; Oscar Arias of Costa Rica; Jim Wolfensohn, happily now of the World Bank; and feisty members of U.S. administrations to name but a few—a grand global coalition has been forged. One which brings together governments, development agencies, international agencies, the private sector, and civil society in a powerful movement the likes of which has seldom, if ever, been seen. . . .

Let us also ensure that the international community does not tire in its efforts, as it has elsewhere, and leave the processes unsupported when the job is half done. . . . We must learn to stay with transition processes and to support them until institutions are firmly in place and operating effectively.

ble”), TI reveals its spiritual foundations, going back to a series of “interfaith” meetings started and led by Prince Philip in 1984. The meetings included representatives of the three monotheistic religions, Christianity, Judaism, and Islam. In a blasphemous parody of religion, Christianity was represented by Prince Philip and Judaism by Sir Evelyn Rothschild. In 1993, Prince Philip and colleagues issued an “Interfaith Declaration: A Code of Ethics on International Business for Christian, Muslims, Jews.” They proposed an “ethics” alliance between financial institutions and the mass of the citizens against the “corruption” of the nation-state and especially the industrial sector.

An informal version of TI had been operating in the bowels of the World Bank since at least 1989, when Peter Eigen established a leadership group inside the Bank, which decided to intervene to replace governments of countries the World Bank did not like. But since that policy violated the international understanding that the World Bank, authorized under the UN charter, was prohibited from interfering in the internal affairs of a nation, a front group had to be created—and TI was officially born in 1993.

TI operatives use the atmosphere created by the economic depression, underemployment, poverty, and insecurity, to direct the fear and rage of the population at targets defined by London. This neatly prevents people from identifying the real cause of their problems: the usury of the British-sponsored financial oligarchy. Transparency International, with the help of controlled media, makes sure that rage hits political leaders who are an obstacle to the British Empire’s march toward the destruction of the nation-state. “Corruption” is used as the code word, for this assault.

But the real power surge came later, as documented by *EIR* author Umberto Pascali (see “Prince Philip Deploys ‘Anti-Corruption’ Weapon,” *EIR*, July 25, 1997, and “Transparency International’s Strategy to Reestablish the British Empire,” Sept. 26, 1997). Pascali reported that on July 31, 1997, the IMF announced that it could withdraw a loan already allocated “on account of poor governance.” *Governance* is a word that is supposed to mean, according to the World Bank, “the action or manner of governing” or “the manner in which power is exercised in the management of a country’s economic and social resources.” According to the new IMF/World Bank doctrine, if the manner of governing is “poor,” then the IMF has the right to take over.

On that same day, July 31, 1997, TI published its 1997 Corruption Perception Index, and with its release bragged that this index—the CPI—had brought down the government of Pakistani Prime Minister Benazir Bhutto. In 1998, TI claimed credit for leading to the overthrow of Indonesian President Suharto. At Gore’s conference in 1999, TI’s Jeremy Pope bragged that TI Advisory Council member Gen. Olusegun Obasanjo’s ascension to the Presidency of Nigeria was also the work of TI.

The parameters used to elaborate the Index couldn’t fool

a baby, but the power of TI’s propaganda machine is huge, and its banking connections allow it to enforce its will by withholding credit.

The CPI is used to punish those countries which show some tendency to resist. As an addendum to the release of TI’s first index, it presented a few examples on how the CPI can be used to destroy countries by depriving them of multilateral loans, *because* of the perception of corruption. The same day, the 1997 CPI was used for the first time by the IMF, which withdrew an already-approved loan to Kenya, alleging “corruption.” Kenya is on the list of countries in Africa targeted by the British for destruction.

In September 1997, Wolfensohn’s World Bank announced “new guidelines,” whereby companies tendering for business funded by World Bank loans would have to sign an “anti-corruption pledge.”

One World Bank official stated, “This does not mean World Bank officials are going to parachute into their borrowing countries with a laptop in one arm and a pair of manacles in the other to hunt down corrupt officials, . . . [but] by designing effective anti-corruption strategies.”

The next time you hear media reports of “crony capitalism” and “corruption” in Third World countries, remember Al Gore’s secret cronies, hiding behind the misnamed Transparency International.

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Al Gore's fried green fascism

This speech was given by Jeffrey Steinberg on Feb. 13 to a conference of the Schiller Institute and International Caucus of Labor Committees.

In 1988, U.S. Senator Albert Gore, Jr. ran for the Democratic Party Presidential nomination. Gore was as desperately, obsessively committed to being President of the United States in 1988—as he is today.

Appropriately, Senator Gore's 1988 national campaign headquarters was located in the Opreyland Hotel, the mecca of the country and western music world. Gore's campaign strategy was to score a big win on "Super Tuesday," the mega-primary day that grouped together most of the states of the Deep South. The plan was dubbed Gore's "Confederate strategy." It failed. Although Gore took some of the Southern states, he was badly beaten by a little known New England liberal, Massachusetts Gov. Michael Dukakis, in Florida and Texas. The African-American vote, throughout the South, went, overwhelmingly, to Rev. Jesse Jackson.

If Al Gore's performance was poor in the heart of the Confederacy, his record north of the Mason-Dixon Line was even more dismal. In the make-it-or-break-it primary election in New York, Gore was shunned by Gov. Mario Cuomo and won a kiss-of-death endorsement from New York City Mayor Ed Koch. On primary day, Dukakis won 51% of the Democratic votes, Jesse Jackson won 37%, and Al Gore came in with barely 10%. Thus ended Al Gore's 1988 quest for the Presidency.

By the end of the New York primary campaign, Gore was in such a state of bipolar rage over his dismal performance, that he resorted to desperate, outright racist cheap-shot attacks against his opponents. You can take the boy out of the Confederacy, but you can't so easily take the Confederacy out of the boy.

First, his one big New York political booster, Ed Koch, badly damaged Gore's chances, by declaring that Jews would have to be "crazy" to vote for Jesse Jackson, a disastrous blunder that Gore promptly compounded by publicly endorsing Israeli Prime Minister Yitzhak Shamir's rejection of Ronald Reagan's call for a "land for peace" deal between Israel and the Palestinians. Gore's campaign publicist in New York, David Garth, had been Shamir's campaign manager, and was also a long-time political adviser to Ariel Sharon, the butcher of the Palestinian refugee camps at Sabra and Shatila, in Lebanon.

And, the head of Gore's New York campaign organization was Brooklyn assemblyman Noah Deare, a founder of Rabbi Meir Kahane's Jewish Defense League terrorist gang, who never abandoned that racist cause.

Gore next one-upped Koch, in the closing moments of the New York campaign, by launching into a tirade against Dukakis, for letting killers free on weekend furloughs from Massachusetts state prisons, so they could rape and murder. Yes, it was Al Gore—not George Bush—who launched the infamous "Willie Horton" campaign. A Bush campaign staffer, Floyd Brown, watching the Gore-Dukakis-Jackson debate on television, merely followed up the lead provided by Gore. The same Floyd Brown would emerge, in 1992, among the most vicious slanderers of President Bill Clinton.

Al Gore's 1988 failed run for the Presidency taught him a bitter lesson: The traditional constituents of the Democratic Party—minorities, labor, senior citizens, and America's technology-oriented small and medium-sized companies—universally rejected the Senator from Tennessee. It was a stinging defeat. But Al Gore and his inner circle of political handlers knew what to do next.

In the tradition of another unelectable tyrant of the 20th century, Adolf Hitler, Al Gore delivered a public manifesto, offering himself as a fully conscious, willing servant to the most genocidal faction within the British-American-Canadian financial oligarchy: the faction associated with the Duke of Edinburgh, Prince Philip, his son Prince Charles, and their Dutch ally Prince Bernhard. The same extended Anglo-Dutch "BAC" oligarchy, with its Morgan and Brown Brothers Harriman allies on Wall Street, had bankrolled Hitler's Nazi Party in 1933.

If the healthy "forgotten majority" of American voters were not prepared to back him, Al Gore was prepared to carry water for the heirs of Bank of England Governor Montagu Norman, J.P. Morgan, and Nazi Economics Minister Hjalmar Schacht.

Witness Al Gore's recent public tantrum against the Prime Minister of Malaysia, Mahathir bin Mohamad, who dared to cross paths with the Queen's speculator, George Soros. Witness the impeachable offenses committed by Al Gore, to salvage LTCM, David E. Shaw, and other hedge

funds, caught by surprise in last August's Russian freeze on commercial bank debt payments.

Gore's ideological roots

Gore's Faustian manifesto, his own *Mein Kampf*, was published in 1992, under the title *Earth in the Balance*. Some of his more insightful critics promptly dubbed the book, *Mein Planet*.

Don't get me wrong. The publication of *Earth in the Balance* marked no political Damascus Road for Al Gore. As the lifetime protégé of one of the most evil figures of the 20th century, Armand Hammer, Al Gore had already established his credentials as one of the more corrupt and shallow figures in American political life. His father, Albert Gore, Sr., had sold his soul to Anglo-Soviet Trust agent Hammer in the 1940s; and, even earlier, had been sponsored into politics by Bernard Baruch, a Confederate transplant to Wall Street, who would join forces with Lord Bertrand Russell, at the close of World War II, in an effort to create a world government, possessing a monopoly on the nuclear bomb. Gore, Sr., after losing his U.S. Senate seat in 1970, assumed the Presidency of the Council for a Liveable World, which was founded by the original "Dr. Strangelove," H.G. Wells's protégé, Leo Szilard.

This was the legacy that Al Gore had long since inherited from his father. As the head of the Congressional Clearinghouse on the Future and GLOBE, an international parliamentary group peddling various world federalist schemes, Gore, Jr. had already manifested a tree-hugger's love for every obscene New Age cure-all for the so-called ecological crisis. And Gore and Newt Gingrich had long ago forged a partnership as the "Third Wave" Tofflerite Bobbsey Twins of Capitol Hill.

Two leading BAC figures, intimately tied to Prince Philip—Maurice Strong and Martin Palmer—have confirmed that Gore's personal ties to the British Royal Consort date back at least to the mid-1980s, when they began a correspondence, that continues up to the present day. Gore and Prince Philip met, face-to-face, for the first time, in Washington in May 1990, as the future Vice President was working on the manuscript of his book, and as the head of the British oligarchy was staging a conference at the National Cathedral to revive paganism.

At the time of that meeting, Prince Philip, the International President of the World Wildlife Fund, had recently published his own genocide tract, *Down to Earth*, and the impact on Gore's book is evident, from a simple comparison of the two texts, especially on the issue of the need to kill off as many dark-skinned human beings as possible, in the shortest time frame.

It is useful to focus on *Earth in the Balance*, because it defines the menace of an Al Gore Presidency, most efficiently, within the larger context of the struggle between

the nation-state system and an oligarchical Dark Age.

We have reached a moment in history, the end of a 500-year epoch, when the republican nation-state system and the system of feudal oligarchism and usury, can no longer co-exist on this planet. Either we defeat the oligarchy in the near term, or we plunge, for several generations or more, into a Dark Age of unprecedented horror.

The strategic context

It is vital that each and every person in this room comes away from this conference with a clear understanding of why Al Gore must be destroyed in the immediate days and weeks ahead.

As Lyndon LaRouche has powerfully demonstrated, in a series of recent *EIR* studies, and in the pages of "The Road to Recovery" [a campaign paper, published in *EIR*, Feb. 19, 1999], Al Gore is as unelectable to the Presidency today as he was in 1988. But no one should take comfort in that reality.

For the moment, the British-directed assault on the Clinton Presidency has been severely set back, as the result of the Feb. 12, 1999 historic U.S. Senate vote, rejecting the two articles of impeachment. Al Gore is not yet occupying the Oval Office through BAC coup d'état. And we can take a substantial amount of credit for that most recent defeat of the British insurrection against our republic, an insurrection that was under way before the ink had dried on our Federal Constitution, and which will not end with the defeat of the Clinton impeachment plot.

Do not rule out an assassination attempt against President Clinton, particularly as he moves to reassert his hold on the Presidency, and, most emphatically, if he joins what Lyndon LaRouche has labeled "The Survivors' Club," by taking up the urgent task of creating a New Bretton Woods monetary system and bringing the United States fully into the Eurasian Land-Bridge great project. And do not underestimate our power as a political movement. If we do our job, here in the United States and around the world, as the global financial and monetary collapse plays out, through an accelerating sequence of shocks, Clinton will be recruited to the "Survivors' Club!"

We know the BAC oligarchy better than they know themselves. They rarely assassinate a prominent figure out of simple revenge. They assassinate when they feel that their immediate future interests may be jeopardized.

Remember, the present BAC forces are the heirs of the assassins of Alexander Hamilton, Abraham Lincoln, James Garfield, William McKinley, John F. Kennedy, Martin Luther King, Robert Kennedy. Maj. Louis Mortimer Bloomfield, the British Special Operations Executive officer who headed the Permindex assassination bureau that killed JFK and nearly murdered Charles de Gaulle, was the founder of the Canadian branch of Prince Philip's World Wildlife Fund,

along with Al Gore's buddy Maurice Strong; and he was a charter member of Prince Philip's and Prince Bernhard's 1001 Club, the secret financial arm of global eco-fascism.

So, as long as Al Gore remains in office as Vice President, and as long as he enjoys the public perception that he is Bill Clinton's preferred successor, the enemies of this country, and of all civilization, will remain a heart-beat away from power in Washington.

Campaign 2000

As you will all read in "The Road to Recovery," it is also our urgent responsibility to insure that a viable candidate is nominated by the Democratic Party for the year 2000 Presidential elections, if this nation and the world are to survive the onrush of this greatest global financial crash in modern history.

Without question, Lyndon LaRouche is the most qualified and viable candidate that the Democratic Party could nominate. Presumably there are others who could emerge as viable candidates, through the process of restoring the Democratic Party to its FDR tradition. As we saw in the January 1995 National Press Club speech by Sen. Edward Kennedy, and in subsequent initiatives by Senators Bingaman and Daschle, and others, the impact of the world economic collapse, particularly the growing impoverishment of American working families, has provoked an "FDR reflex" among some leading Democrats. During 1995-96, Al Gore, in league with Roy Cohn's own flesh and blood, Dick Morris, successfully crushed the efforts of Kennedy et al. to prevent the Democratic Party from being transformed into a pathetic imitation of the GOP of the "Contract on America." The fight against Al Gore is the fight for the soul of the Democratic Party.

Never mind that the Bush machine in the Republican Party is desperate to secure Al Gore the Democratic nomination. Anyone who recently saw George W. Bush, "Shrub," showing his fangs in a recent one-hour C-SPAN interview, can appreciate why the Bush League desperately wants to run against Al Gore—rather than a real Democrat.

The green manifesto

So let's take a brief, clinical look at Al Gore, as he presents himself in the pages of *Earth in the Balance*.

Al Gore's green manifesto was published in 1992. It therefore instantly became an issue in the Presidential campaign, once Bill Clinton was induced to name Gore as his Vice Presidential running mate.

A Democratic National Committee staffer, Jonathan Sallet, was assigned, on behalf of the Clinton-Gore campaign, to put together an "opposition research" memo on Gore's *Earth in the Balance*, in anticipation of a frontal assault against Gore's "deep" environmentalism, during a scheduled television debate with Dan Quayle. Quayle never raised the

issue, and so the Clinton-Gore campaign memo served as the only serious assault against Gore's green ideology during the 1992 campaign. Through channels unknown, Sallet's memo found its way onto the fax machine of Republican Minority Whip Rep. Dick Armey, and from there, it was published in the pages of the *Wall Street Journal*.

The Sallet memo read, in part: "Al is not qualified to be vice president.

"He has no principles. He admits he has voted for programs in which he does not believe. . . .

"He's apparently guilt-ridden about the role of men in society and, perhaps, as a result of his own weakness, believes America as a whole is psychologically dysfunctional. . . .

"He is a bad scientist who doesn't care enough to get his facts straight. The fact is, we can't be certain that global warming or the level of CO₂ or even the changes in the ozone layer pose a threat as burdensome as the cost of Al Gore's proposals.

"Al is a radical environmentalist who wants to change the very fabric of America.

"He criticizes America for being America—a place where people enjoy the benefits of an advanced standard of living.

"He has no sense of proportion: He equates the failure to recycle aluminum cans with the Holocaust—an equation that parodies the former and dishonors the latter.

"He is a Luddite who holds the naive view that technology is evil and wants to abolish automobiles. . . .

"If Al Gore has his way, we would give up America's jobs and destroy the economy."

Not a bad compilation of sound-byte-sized snipes at Gore's kooky and dangerous views. In fact, it was probably the most insightful document produced by the DNC during the entire 1992 election. But, the Al Gore revealed in the pages of *Earth in the Balance* is a far more sinister enemy of humankind than those nasty one-liners convey.

Start with the question of population. Al Gore is as fanatically committed as Prince Philip to the reduction in world population—what the British Royal Consort refers to as "culling the human herd."

In the very first chapter of *Earth in the Balance*, Gore presents the same population curve that Lyndon LaRouche has used for years as a pedagogical device, demonstrating the power of the nation-state system, as the efficient instrument for man truly realizing his creative potential, as a creature in the living image of God.

But Gore's message is exactly the opposite. For Gore, the fact that the emergence of the nation-state system and the consequent spread of scientific and technological progress has made it possible for billions of people to live and prosper, *is a problem, a grave problem, a threat to the eco-system.*

Gore wrote: “No goal is more crucial to healing the global environment than stabilizing human population. The rapid explosion in the number of people since the beginning of the scientific revolution—and especially during the latter half of this century—is the clearest single example of the dramatic change in the overall relationship between the human species and the earth’s ecology system. Moreover the speed with which this change has occurred has itself been a major cause of ecological disruption, as societies that learned over the course of hundreds of generations to eke out a living within fragile ecosystems are suddenly confronted—in a single generation—with the necessity of feeding, clothing, and sheltering two or three times as many individuals within those same ecosystems.”

Remember that in 1972, that self-confessed British agent Henry Kissinger, prepared National Security Memorandum 200, defining population growth in the developing world as a national security threat to the United States.

In *Earth in the Balance*, Al Gore fully endorsed Kissinger’s call for Third World genocide. “Consider the plight of several countries, as estimated by the ‘best case’ scenarios projected by the United Nations Fund for Population Activities,” Gore wrote. “Kenya, which now has 27 million people, will have within thirty years an estimated 50 million people. Egypt’s population, 55 million people today, is increasing by an amount equal to the entire population of Israel every four years; Nigeria, which already has 100 million people, will have within thirty years at least 300 million people. All three countries are already putting great strains on their natural resources and threatening the integrity of their ecology systems, so it is truly frightening to imagine the impact of doubling or tripling their numbers—not to mention the pitiful quality of life these extra scores of millions can expect. Already new epidemics—from cholera to the Black Plague to AIDS—have emerged in societies knocked off balance by rapid population growth and the consequent disruption of their traditional patterns of living, and the degradation of their surrounding environments.”

Never mind the policies of the International Monetary Fund, the consequences, for Africa, of a century of British and other imperial looting and plundering, which has moved into a more virulent post-modernist phase in the past several years. Never mind Prince Philip’s SAS mercenary armies, disguised as game wardens, stalking human prey. Gore’s racist assumption is that Africans must live within the centuries old boundaries of their “ecosystem,” deprived of modern infrastructure and modern technology that could transform the African continent into an oasis of prosperity, a breadbasket for the world—if the imperial looters were driven out. And most of all, Africa is not to develop into a continent of modern nation-states, based on the principles of the American System. Population growth, in Al Gore’s fractured universe, causes AIDS.

Gore’s anti-technology bias is not, however, merely reserved for the developing world. “We have fallen victim,” Gore writes, “to a kind of technological hubris, which tempts us to believe that our new powers may be unlimited. We dare to imagine that we will find technological solutions for every technologically induced problem. It is as if civilization stands in awe of its own technological prowess. . . . Technological hubris tempts us to lose sight of our place in the natural order and believe that we can achieve whatever we want to.”

Gore’s hatred of the nation-state system is further advanced in the pages of *Earth in the Balance* as he heaps praise on what he calls “post-national” entities, like Kurdistan and Kashmir. “In fact,” Gore adds quite happily, “some people now define themselves in terms of an ecological criterion rather than a political subdivision. For example . . . ‘Amazonia’ is used by peoples of several nationalities in the world’s largest rain forest, where national boundaries are often invisible and irrelevant.”

Hatred of Plato

But, perhaps nowhere does Al Gore declare himself the enemy of the Judeo-Christian and Islamic tradition of man in the living image of God, in more clear-cut terms, than in his chapter-length tirade against Plato, which he titled “Environmentalism of the Spirit.”

Gore chose to illustrate the chapter with a detail of Raphael’s 1510 painting, “The School of Athens.” The detail shows Plato, pointing to the heavens, walking with Aristotle, who is pointing to the earth. In Al Gore’s fractured world, Plato represents the tradition of man, divorced from nature, bearing no moral responsibility for the ecosystem. Plato, he claims, severed scientific truth from morality, and was, therefore, the father of all forms of totalitarianism, from the Roman Empire right up to Hitler and Stalin.

“One of the most influential thinkers in the early church, Saint Augustine,” Gore wrote, “recounts how attracted he was, early in the fifth century, to Plato’s view of the physical world and how he struggled to overcome his love of Platonic theory before he could ‘rationalize’ his acceptance of Christ’s true message.” And, later: “By assuming that the human intellect is not anchored in a context of meaningful relationships, with both the physical world and the Creator, Plato assured that later explanations of the workings of the world would become progressively more abstract.”

Gore continued: “Francis Bacon is a case in point. His moral confusion—the confusion at the heart of much of modern science—came from his assumption, echoing Plato, that human intellect could safely analyze and understand the natural world without reference to any moral principles defining our relationship and duties to both God and God’s creation.” This leads Gore to blame Plato for the rise of Hitler and Stalin: “Since the onset of the scientific and tech-

nological revolution, it has seemingly become all too easy for ultra-rational minds to create an elaborate edifice of clockwork efficiency capable of nightmarish cruelty on an industrial scale. The atrocities of Hitler and Stalin, and the mechanical sins of all who helped them, might have been inconceivable except for the separation of facts from values and knowledge from morality. . . . At the root of this belief lies a heretical misunderstanding of humankind's place in the world as old as Plato."

Aristotle, on the other hand, is, for Gore, the antidote to Plato's evil gnosticism. "The heritage of Aristotle's thought," Gore explained, "was kept alive principally in the Arabic-speaking world. Alexander, who was tutored by Aristotle, established his thought throughout the lands he conquered, and the city he chose as his capital, Alexandria, became the greatest center of learning in the ancient world. But for many centuries, the West was isolated from this intellectual tradition; only after the returning crusaders brought new ideas back to Europe did the West rediscover the other half of its Greek heritage. As the thirteenth century began, Europeans impressed with the intellectual achievements of Arab civilization discovered and translated several works of Aristotle—*Ethics, Politics, Logic*, among others—which had disappeared from Western through but had been

preserved in Arabic." According to Gore's lying account, it was this Aristotelian revival that eventually created the Renaissance, which he described as the "impulse to reconnect with the earth."

Now, no one could accuse Al Gore of having an original thought. He freely credits Michael Novak, the theologian of the free market, in both the text and the acknowledgements, as a vital influence on his grasp of theology. He also pays homage to Teilhard de Chardin, and to James Lovelock, the modern day reviver of Gaia, Earth Mother worship, for shaping his personal theology. Indeed, as a student at Vanderbilt University Divinity School in the early 1970s, studying under Prof. Eugene Teselle, Gore was exposed to the Club of Rome's *Limits to Growth*, in a course called "Theology and the Natural Sciences." That genocidal tract, too, made an indelible impression on Gore.

The issue is not originality. The issue is: In words and in deeds, Al Gore is a conscious philosophical enemy of everything that the American Revolution and the American System represent in the world today. At a moment when the future of humanity hangs in the balance, destroying Al Gore is one of the most efficient means, at our disposal, to drive the Prince Philips, the George Soros, the Henry Kissingers, back into their cages, while humanity moves forward.

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The coup against Clinton continues, and threatens war

by Jeffrey Steinberg

On Feb. 26, President Clinton delivered a major foreign policy address at the Grand Hyatt Hotel in San Francisco. The speech was vintage Clinton. The President reiterated his personal commitment to building strategic partnerships with Russia and China, he pledged to devote the final years of his Presidency to true peace in the Middle East, he vowed to reverse the worsening crisis in Africa, and he warned of the dangers of unchecked globalization. The President meant every word he spoke.

But, there was one gigantic problem with the President's lofty declarations. The problem was not contained in the words he delivered. The problem was, that, even as he was speaking before the large, friendly crowd in San Francisco, the majority of his own cabinet members — led by Vice President Albert Gore, Jr. — were working around-the-clock to undermine every goal the President enumerated. The impeachment travesty led by independent counsel Kenneth Starr and the Congressional GOP may have ended, but the London-Wall Street-led drive to destroy the Clinton Presidency "by other means," and to bring down the United States along with it, has not abated, but rather, intensified since the impeachment was defeated.

Until President Clinton wakes up to this reality, he will be faced with the greatest insurrection against an American President since the Confederate secession against Abraham Lincoln. Furthermore, with people like Vice President Gore and Joint Chiefs of Staff Chairman Gen. Henry Hugh Shelton in the inner circle, President Clinton has real live Confederates storming the White House from the inside!

Conflicting agendas

At the outset of his San Francisco speech, President Clinton proudly observed: "For the first time since before the rise

of fascism early in this century, there is no overriding threat to our survival or our freedom. Perhaps for the first time in history, the world's leading nations are not engaged in a struggle with each other for security or territory. The world clearly is coming together."

But, if Gore and the Principals Committee have their way, President Clinton will be made to eat those words — in a matter of weeks, or months at most.

While the President was speaking of his personal commitment "to use the time I have remaining in this office to push for a comprehensive peace in the Middle East, to encourage the Israelis and Palestinians to reach a just and final settlement, and to stand by our friends for peace, such as Jordan," Defense Secretary William Cohen and Shelton were paving the way for a new Middle East war, one in which Israel has publicly threatened to use tactical nuclear weapons against some Arab nation. The Cohen-Shelton duo is reading from the same London-written script, as Israel's war-mongering trio — Prime Minister Benjamin Netanyahu, Defense Minister Moshe Arens, and Foreign Minister Ariel Sharon — whether they know it or not.

On March 1, U.S. warplanes dropped more than 30 laser-guided bombs on Iraqi military targets in the north of the country. It was the largest one-day bombing operation in the undeclared air war against Iraq. That conflict has dramatically escalated since the Clinton administration implemented new rules of engagement at the end of January, authorizing pilots to target a wider range of air defense facilities, and not requiring them to limit their attacks to specific units that threaten them, during patrols of the two no-fly zones.

On the same day, Defense Secretary Cohen told reporters, "We responded to attacks upon our aircraft by targeting



President Bill Clinton speaking with Chairman of the Joint Chiefs of Staff Gen. Henry H. Shelton (left), as Defense Secretary William Cohen (center) looks on. If President Clinton genuinely wants to spend the final months of his Presidency making peace, he is going to have to first declare war—against the insurrectionists inside his own Cabinet, starting with Vice President Al Gore, Shelton, Cohen, and Secretary of State Madeleine Albright.

those facilities that allowed the Iraqi forces to place our pilots in jeopardy.” A senior Pentagon official told reporters that the United States has prepared a list of Iraqi military targets to be taken out, and is now deploying fighter planes in the vicinity, in hopes of drawing fire, and thus justifying an attack. The United States is employing satellite and other high-altitude tracking systems for target-acquisition for these attacks.

Another escalation vs. Iraq

A Pentagon source confirmed that in late February there was another escalation of the rules of engagement, beyond what was set out on Jan. 26. Under the new rules, pilots can attack generic command and control installations, including sites not linked to Iraq’s air defenses. Cohen elaborated: “The pilots have been given greater flexibility to attack those systems which place them in jeopardy. They are not simply going to respond to [an anti-aircraft battery] or to a SAM [surface-to-air missile] site. They can go after command-and-control and communications centers as well that allow Saddam Hussein to try to target them and put them in jeopardy.”

On Feb. 28, U.S. warplanes took out a communications center that serviced a major oil pipeline into Turkey. The site was 25 miles from the northern city of Mosul. “We did in fact target a communications facility, which may or may not have interrupted the flow of oil temporarily going into Turkey,” Cohen admitted. The *Washington Post* described the escalating air war as “the only military course of action that a war-weary Congress and the Gulf Arab countries will agree to,” according to senior administration officials interviewed for the article.

The *Post* also reported that, according to Pentagon officials, “the United States, Britain and Turkey have signed a first-of-its kind agreement on the technical rules of engagement for air operations in the north, that will give pilots even greater flexibility to decide when to fire their weapons. . . . The new arrangement means pilots will not need to call back to the base for permission to fire, once they have located a target.”

The policy of conducting an undeclared air war against Iraq was first shoved down President Clinton’s throat last December, as he was facing the House impeachment vote,

and as he was travelling in the Middle East, in a futile effort to wrestle Netanyahu back into compliance with the Wye Accords. Since the President capitulated to the Principals Committee's "unanimous" demand that he authorize the bombing of Iraq, the war has been escalating step-by-step, in a pathetic replay of the Vietnam War.

Furthermore, as the U.S. and British air war against Iraq was intensifying, driving an even deeper wedge between the United States and some of its staunchest Arab allies, Deputy Secretary of State Strobe Talbott, one of the few Clinton loyalists still in government, returned from a trip to Moscow in late February, to ring the alarm bells that U.S.-Russian relations have reached a six-year low — as the result of the U.S.-British brazen warfare against Iraq.

The 'new NATO' doctrine

The Persian Gulf events have been compounded by several other simultaneous developments. First, with President Clinton still under the impeachment threat, the Gore team in the White House froze Russia out of the effort to avert a new Balkan war over Kosova. Recall, that when President Clinton interceded with the Dayton peace talks to bring an end to the genocide in Bosnia, he was careful to seek out Russian cooperation and partnership in the peacekeeping effort. Securing that Russian aid proved vital. Up until March, both Russia and China, permanent members of the United Nations Security Council, were not so closely consulted by Washington and London. Responding to the menacing character of the British and "Gorey" American behavior, China exercised its veto authority at the UN Security Council, against renewing the peacekeeping mission's charter in Macedonia. Only in the past few days has President Clinton personally interceded, to get some level of cooperation going with Moscow.

But, beyond the volatile specifics of the renewed Serbian provocations against Kosova, the plan to deploy NATO troops as peacekeepers, *sans* Russia, inside Yugoslavia, is a trial balloon for a more far-reaching plan to transform NATO into a global, nuclear gendarmerie.

In April, NATO will be celebrating its 50th anniversary, with a major conference in Washington. Both Cohen and Shelton have made it clear that they, along with British Defense Secretary George Robertson, plan to use the occasion to ram through a this "new NATO" doctrine, based on worldwide "out-of-area" deployments, using mobile "rapid reaction forces." Even President Clinton made a veiled reference to the upcoming NATO celebration in his San Francisco speech.

Such a world government scheme, first elaborated decades ago by the British intelligence spin-master H.G. Wells, in such "fictional" writings as *The Shape of Things to Come*, is being pursued, with Hitlerian glee, by the Principals Committee, in full partnership with British Prime Minister Tony

Blair and the entire British Crown apparatus.

These insanely provocative plans have not gone unnoticed.

Three stages to military 'globalization'

Noted defense specialist Prof. John Erickson of the University of Edinburgh, in a discussion with *EIR* on March 5, warned that the Washington NATO celebration will be a "dress rehearsal for the globalization of NATO." The first stage is the actual enlargement of NATO, the second stage is the extension of NATO "out of area," and the third is the carrying out of NATO operations not sanctioned by the United Nations Security Council, he warned.

Erickson added that "the globalists are playing a very dangerous game, it will be military operations by diktat. There were already hints of this at the Wehrkunde meeting in Munich," a reference to the annual defense symposium that took place in February (see *EIR*, Feb. 26, pp. 38-40).

He said that the "globalization of NATO" strategy also involves "a new kind of warfare, along the lines of what General Shelton is promoting: air power, special forces, and so on. This will also involve use of tactical nuclear weapons. That is something that should be watched closely."

A further element in the picture, Erickson continued, is the strategy of "partitioning countries." This is already moving into an advanced stage in Iraq, where there has been a change in "the rules of engagement" that nobody is willing to discuss openly. But beyond Iraq, former National Security Adviser Zbigniew Brzezinski, in his latest book, openly promotes "the partitioning of Russia; the western bit goes to us, the eastern bit goes to the Far East or China, and the middle bit is a black hole."

Needless to say, if any of this "new NATO" insanity goes forward in April, or if the escalating undeclared war against Iraq continues for much longer, Russia, China, India, and many other nations in Eurasia will be driven to make a decisive break with the United States.

Under those circumstances, with madmen like Netanyahu, Sharon, and Arens threatening the first use of tactical nuclear weapons against an Arab target, the world could move very close to the kind of global showdown that most sane people, including President Clinton, had hoped would end once and for all, with the close of the Cold War.

If the President genuinely wants to spend the final months of his Presidency making peace, he is going to have to first declare war — against the insurrectionists inside his own Cabinet, starting with Gore, Shelton, and Cohen. Cohen, Shelton, and Secretary of State Madeleine Albright must go, if the President's agenda is to be fulfilled. Vice President Gore must be publicly exposed for his role in peddling this Wellsian nightmare, and his status as the self-professed "shoo-in" Democratic candidate for the 2000 Presidency must be deflated.

Neo-con ballistic missile defense aimed at Clinton foreign policy

by Marsha Freeman

For the past month, an uproar has been created internationally by the announcement on Jan. 20 by U.S. Defense Secretary William Cohen that the United States would be increasing its funding for ballistic missile defense (BMD) programs, long a high-profile issue of the Republican Congressional majority. While it might appear from newspaper coverage that President Clinton has acquiesced to the GOP agenda, which would destabilize U.S. relations with Russia, China, and other nations, in fact different forces within the administration are still battling out what the policy will be, and the President has stated that he has not made any decision about deploying any missile defense system, either nationally or in a regional theater.

As Lyndon LaRouche explained in “The New ABM Flap” (*EIR*, Feb. 26), the program that has been put forward by the Republican majority is not a defense policy at all, but a political provocation designed to poison the President’s hard-fought initiatives to establish a working relationship with the Russian leadership, and to develop a partnership with China.

The BMD proposal put forward by the Republicans — for both a National Missile Defense and regional Theater Missile Defense — and that which is under consideration in the Defense Department, bears virtually no resemblance to the 1983 Strategic Defense Initiative (SDI) that LaRouche designed and President Reagan announced on March 23.

Emasculating the SDI

When the Republican Party took control of the Congress after the November 1994 elections, and began promoting its ballistic missile defense program, President Reagan’s SDI had long-since suffered lethal blows. The purpose of the SDI, as announced by Reagan, to make nuclear missiles “impotent and obsolete” through the development of technologies based on “new physical principles,” such as lasers and other directed-energy systems, had been under attack from the day President Reagan announced it.

“Star Wars,” as the press ridiculed it, was attacked from the “left” as wrecking the Anti-Ballistic Missile Treaty (ABM) with the Soviet Union, even though the President had invited the Soviets to join with the United States to develop the SDI.

The anti-nuclear, anti-technology faction in the scientific

community simply asserted that the technology proposed would never work. And the fiscally conservative “right” asserted that even if it did work, it would be much too expensive to deploy anyway, never understanding that the industrial-economic resurgence that would result from the mobilization to develop SDI would, like the Apollo space program, return many times to the economy the resources invested in it.

By the time President Clinton came into office in 1993, the SDI program was no longer “strategic,” but had been changed in 1991 by President George Bush to focus on defense against limited strikes (because there no longer was a Soviet Union), in a concept dubbed G-Pals. The more advanced space-based directed-energy technology programs had been stripped bare by a Congress that refused to fund them, and what was left were the 1960s-era kinetic kill systems of trying to hit a missile by smashing it into another vehicle. In 1993, then-Clinton Defense Secretary Les Aspin formally changed the name of the Strategic Defense Initiative Organization, the office set up under Reagan, to Ballistic Missile Defense. A proposal by the Russian government for joint development of the “Trust” BMD system, was turned down by the White House.

The ‘Gingrich SDI’

With the Republican majority in the Congress in 1994 came a revival of proposals to deploy ballistic missile defense by new Cold War “Third Wavers,” who claimed that the United States was imminently vulnerable to ballistic missile attack, either launched accidentally from Russia, or by a “rogue” state.

Less than a month after the 1994 elections, Sen. John Kyle (R-Ariz.) announced that there would be a “legislative assault” in the new Congress on the ballistic missile defense issue, with the intent of forcing the United States to unilaterally break the ABM Treaty with Russia. The ringleader on the House side was Rep. Curt Weldon (R-Pa.), who had lots of propagandistic support from former Pentagon Cold Warrior Frank Gaffney’s Center for Security Policy. But the Gingrichites pushing this flight-forward BMD program ran smack up against the “Contract on America” fixation with balancing the Federal budget.

In February 1995, the House of Representatives voted

down legislation that called for the deployment of space-based defense systems, because the majority felt it would break the budget. Even cheaper, ground-based systems were given low priority. The press noted that it was the first split in Gingrich's Contract on America phalanx.

By the spring of 1995, the Russians responded to the Gingrich proposals with concern over the GOP attempts to overturn the ABM Treaty, and although Rep. Duncan Hunter (R-Calif.) and others joined the Weldon bandwagon, no legislation was passed that year.

In early 1996, Defense Secretary William Perry proposed a cut in the fiscal year 1997 funding level for BMD programs, that would result in a slowdown of the Army's Theater High-Altitude Area Defense program (THAAD) and the Navy's Upper Tier system to be based aboard Aegis ships, which was in conflict with the Defense Appropriations Act that had been passed the Congress the year before.

Immediately, Perry and the administration were accused of leaving the United States vulnerable to Chinese missile attack. Gaffney raved in a March 10, 1996 press release that Congress's sense of urgency for developing a BMD was underscored "by the Chinese ballistic missile attacks currently under way against Taiwan," during the Taiwanese elections. Gaffney further repeated, while President Clinton was preparing his summit with Chinese President Jiang Zemin, the ridiculous assertion, made into front-page news by his co-thinkers at the *Washington Times*, that Beijing had stated that "an attack on Los Angeles would be the up-shot of the United States' interference in this so-called 'internal' dispute" between China and Taiwan.

In 1996, Representative Weldon introduced H.R. 3144, which called for a national missile defense to be in place by the year 2003, to defend against "rogue" states and accidental launches. But that proposal was not long for this world, either.

Soon after, the Congressional Budget Office released a report saying that such a defense would be "astronomical" — more than \$40 billion — in cost. This sent the budget balancers into the stratosphere. After it was explained to the analysts that only a kinetic kill, off-the-shelf technology system should be considered, the CBO revised its estimates down to \$4-14 billion. But the bill had already been tarred with the brush of exorbitant cost.

In response to all of this activity over the BMD issue, President Clinton announced in 1996 that the policy of his administration was to continue R&D for ballistic missile defense systems to the year 2000. At that point, he said, a decision to deploy would be made, on the basis of assessing the threat to the United States, the technical readiness of a deployable system, and cost.

By 1997, the industry publication *Aviation Week* reported that the Republicans had lost steam on missile defense. A bill introduced by Senate Majority Leader Trent Lott (R-Miss.) in January was filibustered by opposing Democrats, and was never voted on. President Clinton had indicated that he would

veto any bill that mandated that a BMD system be deployed, because it would take that important decision out of the hands of the President. Lott admitted afterward that the American people did not support the program.

But the neo-cons, led by Gaffney, kept up their drumbeat for anti-China, "rogue state" missile defense. When the bogus campaign to tar the Clinton Presidency with charges of illegal campaign contributions from Chinese interests to influence the administration's policies was launched, it was one more charge added to the list of offenses the President had supposedly committed by increasing U.S. "vulnerability" to the Chinese.

So, too, with the charges made over the past year, led by Rep. Chris Cox (R-Calif.), that the United States has compromised national security by selling commercial communications satellites to China and by buying launches on their Long March vehicles. Before anyone had ever heard of Monica Lewinsky, Gaffney and his crowd called for the President to be impeached for endangering national security, by cozying up to the Chinese.

In 1998, things fared no better for the BMD lobby. On Sept. 9, the Senate rejected a bill by Sen. Thad Cochran (R-Miss.) calling for the deployment of a national missile defense "as soon as technologically possible." (The year 2000 deployment provision had been dropped previous to this bill, since the consistent test failures of the THAAD system made that date unrealistic.) The GOP was joined by only four Democrats in voting to end a filibuster on the bill, far short of the two-thirds required.

Deployment decision postponed

Anticipating that the Republicans would this year, once again, make missile defense an issue, the administration decided to take the initiative. Also, last summer, a blue-ribbon commission appointed by the Congress and led by former Reagan Defense Secretary Donald Rumsfeld had issued a report criticizing and revising the estimates of potential threat to the United States that had been made by the intelligence agencies in the administration.

The Commission to Assess the Ballistic Missile Threat reported in July that it was their belief that the threat to the United States from "rogue" states could be less than the ten years the administration had earlier estimated. They stated that intelligence capabilities to assess threats is eroding due to budget cuts, that warning times are being reduced, and that nations do not have to spend time developing their own capabilities, because they could just buy them from countries such as Russia and China.

In late December, the Cox Committee, investigating harm to national security by satellite and launch trade with China, issued a 700-page report, which is still classified, calling for draconian measures to be implemented to cripple high-technology trade between the United States and "Communist" China, the Cold Warriors' new "enemy image."

The *New York Times* reported on Jan. 7 that the administration was going to add perhaps \$7 billion to the BMD budget over the next five years to “head off growing criticism from Republicans in Congress that Mr. Clinton was not doing enough to defend the nation from a missile strike.” On Jan. 20, Defense Secretary Cohen made the expected announcement, that \$6.6 billion would be added to the BMD budget *over five years*. He said that the “limited capability we are developing is focused primarily on countering rogue nation threats and will not be capable of countering Russia’s nuclear deterrent.”

Not stressed in the press coverage was the fact that the bulk of the announced “new” money is for fiscal years after the year 2000, *if* a decision is made to deploy. That is, it is a not an immediate infusion of funds into the program. It was also announced that the administration was now officially putting off any possible deployment for at least two years (to 2005 rather than 2003), because of technical problems in the systems. It was clear that the President and others in the administration did not expect the announcement to be seen as drawing a line in the sand with Russia and China.

However, during the Jan. 20 press briefing, Cohen said that the system the Pentagon envisions, of a ground-based anti-missile missile defense, might call for adding a new ground-based radar site, which would violate the ABM Treaty. At that point, he said, “we simply have the option of our national interest indicating we would simply pull out of the Treaty.”

The Russian reaction was immediate. The Russian State Duma (lower house of Parliament), said such a move would be the end of the possibility of passing the second Strategic Arms Limitation Treaty (SALT II). The Russian government indicated that such a unilateral action by the United States would constitute a strategic threat to Russia, and harm the international strategic balance. The Chinese, knowing full well that the same lobby pushing the campaign finance scandals, and the attempt to stop all high-technology trade with China, would try to get President Clinton to go along with theater missile defense for Taiwan, likewise attacked the proposal.

The day after Secretary Cohen’s press conference, National Security Council arms control specialist Robert Bell “clarified” Cohen’s statement, saying that the U.S.-Russian ABM Treaty was the “cornerstone” of strategic stability. This was also stated by Presidential National Security Adviser Sandy Berger. But, the whirlwind of international media hype was already in action. And now, the Clinton administration is in the position of having to explain its policy to the Russians and the Chinese, who are consulting among themselves on how to respond to this situation.

The linkage between these supposedly motherhood-and-apple-pie issues of national security through stopping trade and engagement with China, and protecting the United States and its allies from missile attack, was made clear in a speech by China-basher Representative Cox, delivered to a sympathetic audience in London on Feb. 18. Speaking to the Euro-

pean-Atlantic Group, Cox recognized the British contribution to “the empowerment of individuals, the eclipse of statism and planning,” i.e., making developing nations “free” to be looted by international financial institutions. British “empiricism and pragmatism have been amply vindicated,” he said.

Cox’s admiration for the world’s only remaining empire was followed by his warning of the threats posed to America and its British “cousins” by North Korea, Iraq, Russia, and China, underscoring the need for ballistic missile defense.

There will be an increasing number of political destabilizations by the neo-cons over the next month, leading up to Chinese Prime Minister Zhu Rongji’s visit to Washington in early April. Two reports by the Pentagon that were mandated by the Republican-controlled Congress in last year’s Defense budget bills, in order to stir up trouble in U.S.-China relations, have been sent to the Congress. One report deals with security across the Taiwan Strait—the vulnerability of Taiwan to Chinese military action (see article that follows)—and the other is on the possibility of regional Asian deployment, including for Taiwan, of U.S. missile defense systems.

Although both reports are still classified, there has been no want of newspaper headlines in periodicals such as the *Wall Street Journal*, accusing the Chinese of aiming hundreds of missiles at Taiwan, and calling for theater missile defense to protect it.

According to the Feb. 22 issue of *China News*, published in Taiwan, the Pentagon sent high-level officials to Beijing and to Taipei to brief Chinese officials on what the United States is considering for theater missile defense, and to receive their input, in order to try to avoid making the report provocative.

Satellite export license denied

But, shooting itself in the foot, the Clinton administration announced on Feb. 23 that it would deny Hughes Space and Communications a license to sell a commercial communications satellite system to the Asia-Pacific Mobile Telecommunications consortium, because the enterprises that make up the 51% Chinese ownership of the company, are connected to the People’s Liberation Army.

While administration spokesmen from the White House, Pentagon, and State Department all denied that this signalled any change in U.S. export policy toward China, industry officials report that this is the first time a satellite export license has been denied, and bodes ill for the future of U.S.-China aerospace and other high-technology trade.

An increasing number of nations are recognizing that it is not technology transfers, or missiles from China, or “rogue states” that are the strategic threat, but rather, as LaRouche makes clear, the economic death-wish of international financial institutions for the developing nations. The White House has precious little time to reverse its support for disastrous “free market” economic policies, if it hopes to maintain partnerships with Russia and China.

Pentagon sees no threat of hostilities in Taiwan Strait

by Marsha Freeman

On Feb. 25, the Congress released an unclassified version of the Defense Department's recent report, "The Security Situation in the Taiwan Strait." The report was required by the fiscal year 1999 Defense Appropriations Bill, which stated that the report "shall include an analysis of the military forces facing Taiwan of the People's Republic of China," and assess "new challenges to Taiwan's deterrent forces, consistent with the commitments made by the United States in the Taiwan Relations Act, Public Law 96-8." The report provides a comparison of military forces, within the context of the defense strategies and political relationship between China and Taiwan.

The Defense Department's overall evaluation of the security situation in the Taiwan Strait is that "nearly three years after the People's Republic of China conducted provocative military exercises opposite Taiwan on the eve of that island's first popular presidential election, the security situation in the Taiwan Strait remains calm with no threat of imminent hostilities."

The government of China has made clear that its security policy does not pose a threat to Taiwan. As stated by Defense Minister Chi Haotian in February 1998, "China believes a new security concept should be set so as to win a lasting peace." Chi said that "common development" is the key to peace and every nation's security, and must be developed through nation-to-nation relations.

Over the last three years, the Pentagon report states, "there has been little change in the military balance," but rather, restraint on both sides. "Beijing has limited its military activity in the region to routine training; Taipei has reduced the size and scope of its military exercises and played down other activities which Beijing might misconstrue as provocative and destabilizing."

This de-escalation of tension is evidenced, the report states, in the political arena. "Senior negotiators from the two quasi-official organizations responsible for managing cross-strait relations . . . met in China in mid-October 1998 and resumed direct contacts—suspended since 1995—aimed at reducing tensions and improving bilateral relations."

China shifts strategic focus

The Pentagon report states that there has been a shift, over the past decade, in China's "defense strategy and force

planning priorities." Previously, the focus of the People's Liberation Army (PLA) strategy had been to prepare to fight a large-scale "total war," or that of "land-based guerrilla warfare of Mao's classic 'People's War,'" the report states. This has shifted toward preparing to fight limited, or "local wars," preparing for "contingencies along its southeastern flank, especially in the Taiwan Strait and the South China Sea."

The report states that this shift in strategy was sharpened by "the military success of the U.S.-led coalition in the Persian Gulf War; Beijing's perception of an unfolding revolution in military affairs; Chinese suspicions over perceived U.S. efforts to 'contain' and militarily 'encircle' China; the deployment of two U.S. naval aircraft carrier battle groups near Taiwan during the 1996 missile crisis; and, China's fear that Taiwan was moving toward *de jure* independence."

Although the PLA, according to the report, is "still decades from possessing a comprehensive capability to engage and defeat a modern adversary beyond China's boundaries," Beijing believes that it can develop "asymmetric" capabilities in areas "such as advanced cruise missiles and conventional short-range ballistic missiles," taking advantage of a stronger foe's vulnerability "using unexpected or innovative means, while avoiding the adversary's strength." The focus on land-attack and anti-ship cruise missiles, as well as short-range conventional ballistic missiles (SRBMs) by China, "would be useful in countering potential adversaries operating on naval platforms or from bases in the East and South China Seas."

The Pentagon states that "within the next several years, the size of China's SRBM force is expected to grow substantially." China now has one CSS-6 (DF-15/M-9) unit of solid-propellant mobile missiles deployed in southeastern China. These missiles can deliver a 1,200 pound conventional payload a maximum range of about 500 miles. The shorter-range M-11 missile is expected to enter the PLA's inventory, and a "longer range version may be under development." The report points out that Taiwan's "most significant vulnerability is its limited capacity to defend against the growing arsenal of Chinese ballistic missiles."

While Taiwan's air defense early warning network, and surface-to-air missiles, "appear to pose a credible deterrent against an air attack from the mainland," the report states, "Beijing probably could establish a fully operational national Integrated Air Defense System within the next twenty years, but clearly not by 2005."

The dynamic balance

The Pentagon report states that while China's more than 2.5 million man PLA dwarfs Taiwan's defense force of about 400,000, "only a portion of this overall strength could be brought to bear against Taiwan at any one time." It draws the conclusion that across the Taiwan Strait, the "greatest change has occurred in the political and diplomatic arenas," in both Beijing and Taipei. "The dynamic equilibrium of those forces

in the Taiwan Strait has not changed dramatically over the last two decades,” it states, “except in a few niche areas like China’s deployment of SRBMs.”

The report says that beyond 2005, China’s national priorities will remain “development of a modern military force capable of exerting military influence within the region, achieving deterrence against potential enemies, preserving independence of action in domestic and foreign affairs, protecting the nation’s economic resources and maritime areas, and defending the sovereignty of the nation’s territory.”

Al Gore’s image is increasingly tarnished

Contrary to claims in much of the American, and also European media, there is no guarantee that Vice President Al Gore is the “sure winner” of the nomination to be the Democratic Party Presidential candidate in the 2000 elections. A number of Democratic Party sources told *EIR*, that there is a raging debate in the upper echelons of the party, over whether to go ahead with the Gore nomination. A recent secret poll reportedly showed that, in a two-way race between Gore and Bush, Gore would lose the Hispanic vote by nearly a 9:1 margin; and large numbers of African-American voters would stay away from the polls. According to the sources, the fear beginning to dawn on some top Democrats, is that a Gore nomination could throw into doubt the Democratic Party’s retaking of the House of Representatives.

Typical for the “Gore is a shoo-in” line in the media, was an article published in the London *Daily Telegraph* on Feb. 25. Its author, the *Telegraph*’s Washington bureau chief Hugh Gurdon, proclaimed that, for the first time in U.S. history, the outcome of the two major party nominations is known nearly two years before the Presidential elections. Texas Gov. George W. Bush is allegedly also a shoo-in for the Republican Party nomination, Gurdon wrote, because he has the endorsement of 31 Republican governors and a majority of Republican state legislators; he has his father’s money machine; and he has 27 current and former Republican members of Congress backing him.

The *Telegraph* newspapers, owned by Conrad Black, are flagship publications of the British-American-Commonwealth (BAC) grouping, which would like to see U.S. voters stuck with a choice between Bush and Gore. But reality is quite different, as even some press coverage is beginning to show.

The *National Review* of March 8 ran a cover story entitled “Apocalypse Gore: The Dark Vision of the Vice President,” which exposed Gore as a fanatical environmentalist and follower of existentialist philosopher and Nazi, Martin Heidegger.

The article, written by Adam Wolfson, focusses on Gore’s 1992 book *Earth in the Balance* to answer the question, “Who exactly is Gore, and what does he stand for?” Wolfson denounces Gore’s book for its incompetent bias against science and technology, and places him in the post-modernist tradition: “None of this invective against modernity . . . is especially original to Gore (although we should take him at his word that he wrote *Earth in the Balance* himself). Such postmodern critiques of our civilization took the academy by a storm decades ago, inspired by the philosopher Heidegger. That’s old news,” Wolfson writes. “What’s new is that a possible — even a probable — future President is aping these same arguments.”

Wolfson drives the point home, what a danger this constitutes for the nation: “When a tenured radical rails against the modern world, the principal harm is that his students will be cheated out of an education. But when our Vice President, and would-be President, puts forth these same arguments, one’s heart ought to skip a beat.”

While the American people are seeking answers to real issues, related to the economy, the notorious Dick Morris, who has put himself forward as Gore’s campaign adviser, has begun to agitate for Gore to pursue his environmentalist agenda, as the centerpiece of his campaign. Writing in the Washington publication *The Hill*, Morris (the “triangulator” and toe-sucker) urges Gore to “make environment the key issue for 2000,” not just dirty air, but “the new environmentalism” (see *Dossier*, elsewhere in this issue).

In addition to Gore, a couple of his campaign companions are also receiving rather unflattering press commentary. In its March 8 issue, the *Weekly Standard* of Rupert Murdoch ran a profile of Democratic Party fundraiser Nathan Landow, identified as a Gore man, not close to Clinton. Landow, who was Gore’s campaign finance chairman back in the 1988 campaign, is reportedly about to be indicted by independent counsel Kenneth Starr for witness-tampering and obstruction of justice, in the Kathleen Willey case. The article reviews several accounts in the public realm, of the connections of Landow to organized crime, in the 1970s and 1980s.

The LaRouche factor

To sum up the state of affairs Gore finds himself in, having surrounded himself with such “advisers,” the daily *Washington Times* carried a short article in its “Inside the Beltway” column on March 2, which testifies to the impact which Lyndon LaRouche and his supporters have had in exposing these and other connections of Gore. Entitled “Bad Boys,” it read: “Apparently Dick Morris is rubbing off on Al Gore. Political maverick Lyndon LaRouche says one reason he’s running for President in 2000 is to stop the ‘Dick Morris/Al Gore faction’ from turning the Democratic Party into a ‘second Republican Party.’ Mr. LaRouche, who in his 1996 Presidential campaign ran in 26 state Democratic Party primaries and garnered almost 600,000 votes, says Mr. Gore’s vision for the country is ‘infected with evil.’ ”

DeLay yes-men surround Speaker

A profile of House Speaker Dennis Hastert (R-Ill.) published in the March 1 issue of *Roll Call*, suggests that the new Speaker is being steered from behind the scenes by Majority Whip Tom DeLay (R-Tex.). Hastert was not only chief deputy whip in the last Congress, but at least three former DeLay staffers are part of Hastert's inner circle. One of these, Scott Hatch, DeLay's top floor assistant in the 105th Congress, was the architect of Rep. Tom Davis's (R-Va.) winning campaign to take over the National Republican Campaign Committee. Davis also is said to be close to Hastert.

Because of Hatch's close working relationship with all three, and his control over the GOP's electoral strategy and fundraising operations, he is expected to be a key player in the 106th Congress.

Miller moves to stop Marianas labor abuses

On Feb. 11, Rep. George Miller (D-Calif.) re-introduced his bill from the last Congress that would impose Federal minimum wage, labor, and immigration standards on the Commonwealth of the Northern Marianas Islands (C.N.M.I.). The bill immediately gained 48 co-sponsors, all Democrats. In a statement issued a week later, Miller said, "I want to work with U.S./C.N.M.I. officials to improve the working and living conditions of the over 30,000 foreign contract workers who live on Saipan. But we have not seen any substantial improvement. After 13 years of promises of reform, unemployment among C.N.M.I. residents today is almost three times that of the rest of the United States, worker abuse claims continue to rise, the con-

tract labor system and recruitment scam continue unabated, and the local government has failed to act."

Both Miller's bill and the Democratic bill to raise the minimum wage to \$6.15 per hour, face concerted opposition from the GOP. House Resources Committee Chairman Don Young (R-Ak.), before he departed Saipan on Feb. 21 with a Congressional delegation, announced that he would block any legislation to impose Federal standards on the Commonwealth. He expressed confidence in its Gov. Pedro Tenorio and the Marianas legislature to continue with needed reforms, but also warned them of the consequences if they failed. "I am somewhat resentful of the U.S. administration," he said, "trying to change the Covenant [that brought the Marianas into the United States], as it is written without due process, negotiation, or discussion with the people of the C.N.M.I." He also said that he has no plans to hold hearings on imposing Federal standards on the Marianas.

Aging panel wants 'pain' in Social Security plan

Treasury Deputy Secretary Larry Summers was grilled by the Senate Special Committee on Aging on March 1, and conceded that President Clinton's plan to save Social Security makes "tough choices." Committee Chairman Charles Grassley (R-Iowa) led off the interrogation, complaining that there's not enough "pain" in the proposal. Summers argued that it is "not pain free" to set aside 62% of the projected budget surplus, because that money, presuming it does materialize, would not be available for tax cuts or new spending programs. John Breaux (D-La.) told Summers, "All of your

proposals mean spending more money. That doesn't seem very painful to me." Not mentioned in the plan, Breaux added, are changes in the consumer price index, or raising the retirement age. "Where are your hard choices?" he asked.

Summers said that Clinton's plan would add 20 years to the actuarial life of the Social Security trust fund, to the year 2055. It is President Clinton's conviction, he said, that the last 20 years of the 75-year solvency target should "come out of a bipartisan process," including structural changes that the President has not, yet, put on the table.

Richard Bryan (D-Nev.) made light of the fact that, in spite of the hoopla about the so-called budget surplus, his constituents realize that the public debt is still increasing. Summers tried to explain that the public debt of the United States is different from "intra-governmental debt." The latter, he said, has no economic significance, though it has other significance: "There is no liability [to taxpayers] on intra-governmental debt." The liability, he said, comes from "the ultimate obligation of the nation," which is to pay the promised benefits. After Summers' explanation, Grassley interjected, "You still have to vote to raise the debt ceiling."

Trade hearing fixates on compliance

U.S. trade policy is coming more to the forefront as the global financial crisis hits more sectors of the U.S. economy. However, debate in Congress is obsessed with "enforcing the rules" of the collapsing free trade system.

In a hearing of the Senate Finance Committee on Feb. 25, committee chairman William V. Roth (R-Del.)

said, "I believe that strengthening our ability to enforce our international trade agreements is essential." He was seconded by Daniel Patrick Moynihan (D-N.Y.), who added, "We have to continue our open trading policies and we have to insist on the rules of that system."

Undersecretary of Commerce for International Trade David Aaron centered his testimony on complaints against others, especially Japan and the European Union. He called Japan a "special compliance problem" because market access to U.S. exports remains "limited." The EU, he complained, is considering a rule that would effectively ban the operation of older U.S. civilian aircraft that have been modified to meet current international noise standards. Aaron warned, "The member states of the EU must understand that the United States is prepared to respond if our industry suffers harm."

Only toward the end of the hearing did a little bit of reality seep through. Bob Kerrey (D-Neb.), after paying the usual homage to the "strong economy," noted that the effect of International Monetary Fund (IMF) policy in Asia has been to dampen demand. "So it seems to me," he said, "that trade isn't going to work very well unless the standard of living of the rest of the world rises," although he then said that trade liberalization is the key to raising living standards. John D. Rockefeller IV (D-W.V.) added his warning that the Clinton administration's failure to enforce trade agreements was straining its credibility with certain constituency groups. He reported that the previous week, he had gone to Pittsburgh for a field hearing of the Congressional Steel Caucus, chaired by Sen. Arlen Specter (R-Pa.). "I asked the Weirton [steel company] guy," he said, "what would you do? Gore is running for

President. What would you do if he came to Weirton?" He said, "I'd run him out of town. I'd run him out of town."

Can GOP, Clinton work together?

The most-asked question, after the Congressional leadership met at the White House on Feb. 23, was whether the GOP can work with President Clinton on a legislative agenda in the aftermath of the impeachment trial. House Speaker Dennis Hastert (R-Ill.) told reporters that they had had a "good discussion" with the President covering a broad range of issues. Senate Majority Leader Trent Lott (R-Miss.) added that "we're going to work together, hopefully across the party lines in the Congress and with the administration, to do what the American people expect of us."

Both Lott and Hastert sidestepped the question of whether they "trust" President Clinton. Lott said, "I trust the ability of the people, here in the Congress, in the government, to work together to do what we need for the people. That's where the real trust should be, the trust in us doing the job." Hastert added, "We are starting to work to put together ideas, and that's the first step. We need to put the ideas so we can frame the debate, so we can move forward for what the agenda is for the American people."

Senate Minority Leader Tom Daschle (D-S.D.) said that the meeting was a "good thing to do. We ought to do it more frequently." House Minority Leader Dick Gephardt (D-Mo.), when asked how the President could rebuild the trust between him and the GOP, replied: "I think the meeting is a sign of trust. I think they want to work

with him. They realize that if they're to get the people's business done, they have to work with the President of the United States."

GOP has no solid front on tax cuts

Both parties continue to jockey for position in the debate over tax cuts, now that the impeachment torment is over. The Democrats, with backing from President Clinton, want targeted tax cuts, such as eliminating the marriage penalty (also supported by the GOP), and tax credits for child care, long-term medical care, health care, and so forth. The centerpiece of the Republican tax-cut strategy is a broad-based 10% cut, but the GOP appears to be wavering on this.

After the Congressional leadership meeting with President Clinton on Feb. 23, House Minority Leader Dick Gephardt (D-Mo.) told reporters that he had gleaned from a recent speech by House Speaker Dennis Hastert (R-Ill.) "that the Republicans were not adamant that there be this 10% across-the-board tax cut." Just a few minutes earlier, Hastert told reporters, "There's a lot of types of tax cuts on the menu." Senate Majority Leader Trent Lott added, "Any time we can have a discussion about which tax cuts we should put in place, I'm happy."

Not all Republicans, however, are happy: House Budget Committee Chairman John Kasich (R-Ohio), a candidate for the GOP Presidential nomination, told ABC's "This Week" on Feb. 28 that the GOP 10% cut "is alive and well and that will be debated over the course of the next three or four months." He was echoed by Senate Majority Whip Don Nickles (R-Okla.), appearing on CNN's "Late Edition."

National News

Philadelphia councilman reports welfare disaster

A report released on Jan. 26 by Philadelphia City Councilman Angel L. Ortiz to the City Council's Joint Committee on Public Health and Human Services demonstrates that "welfare reform" in Philadelphia is a paradigm for national disaster. As of March 3, an estimated 25-35,000 heads of household (with at least one child) in Philadelphia hit the deadline to be cut off from welfare, with thousands more being taken off each month thereafter. This is an "impending catastrophe," the report says, for which there exists no comprehensive contingency plan.

According to the report, at least half of the people on welfare lack the literacy skills to be employed. In Philadelphia, 34% of the adults have no high school diploma, of whom, more than 400,000 have less than a high school education. Over the last 25 years, Philadelphia has lost 250,000 jobs.

Gov. Tom Ridge (R), who, in 1996, cut off medical assistance to the state's working poor, hastily announced on March 1 his plans to create 16,000 six-month, minimum-wage jobs, and offered a temporary delay in welfare cutoffs to recipients who haven't found jobs. The gesture is of little use: Some 35-40,000 more people will be looking for work each month, including thousands who have recently lost their jobs to company closings, mergers, and layoffs, according to Private Industry Council president Ernest Jones.

SEIU joins forces with Doctors Council union

The Service Employees International Union (SEIU), which represents the most health-care workers in the country, joined forces with the Doctors Council, a 2,500-member independent union of post-residency doctors, and announced the formation of the National Doctors Alliance (NDA), on March 1 at the Washington headquarters of the AFL-CIO. "This affiliation marks the beginning

of a major initiative which will spur efforts to organize doctors nationwide," said pediatrician Barry Liebowitz, the president of the Doctors Council. "The NDA will help improve the quality of health care by giving doctors a greater say in how they treat their patients."

He was joined by AFL-CIO President John Sweeney, SEIU President Andrew Stern, and the presidents of the Committee of Interns and Residents (CIR) and the United Salaried Physicians and Dentists (USPD). Sweeney said, "Nearly 50% of practicing physicians in the United States are now in salaried positions. . . . And they need unions because the upheaval in the health-care industry is affecting their work, just as it is affecting other health-care workers." Dr. Ladi Haroona, critical care fellow at Kings County/Downstate Hospital in New York and president of CIR, said, "The problems faced by doctors at all levels are similar—too many patients, too little time and too little control over patient care decisions." With the new union affiliation, the NDA will now represent physicians, interns and residents, and dentists.

AJC, Richard Pipes hail Confederate principles

The lead story in the March 1999 issue of *Commentary*, the monthly of the American Jewish Committee, titled "Life, Liberty, Property," by Richard Pipes, is straight out of the Confederate constitution, which drew its inspiration from John Locke. The article, laced with references to Friedrich von Hayek, appears to be a kick-off for a campaign to overturn the U.S. Constitution, substituting the Confederate constitution's idea of "property," over the American principle of "pursuit of happiness," which encompasses the idea of the "general welfare." *Commentary* reports that Knopf is publishing Pipes's book, *Property and Freedom*, in May.

"The slogans of the day are democracy and privatization," Pipes writes, but "liberty's future . . . is still at peril," because there are governments that believe they should provide equality and security for all citizens.

Pipes demands: "Not only do 'civil' and 'property' rights need to be balanced if we care about freedom, but the whole concept of civil rights requires reexamination." No state should guarantee "entitlements," nor meet "spurious rights" which require some citizens "to work for the support of others," and "interfere with the freedom of contract." Social Security represents such a mistaken policy, he rants, because it makes the young work to pay for the elderly, opening the door to "generational conflict."

Pipes focusses his attack on "special constituencies" (human beings) who make claims for themselves "at society's expense." He asserts that the only economic right of a citizen is a right to property, that "acquisitions are means of self-fulfillment" and "the most important of liberties." For him, "acquiring property is the universal engine of prosperity."

Rep. Vaughn continues fight for Detroit schools

Michigan State Rep. Ed Vaughn (D-Detroit) took his fight to save Detroit's schools to the State Senate on Feb. 24, in an act of civil disobedience against the bill of Gov. John Engler (R) to take control of Detroit's all-black public schools away from the city. Vaughn described how the concert of Bush Republican Engler and Gore Democrat, Detroit Mayor Dennis Archer, is destroying education for Detroit's youth in a Feb. 16 interview with *EIR*.

"I took the gavel from the chairman of the committee, who was about to run this reactionary bill during Black History Month and during our Black History Month celebration," Vaughn told *EIR* on Feb. 25. "We have an annual event, and this was our 13th year, and they were going to run this bill on us during that particular time, so we just took over the meeting. We were just civilly disobedient. Representative Stallworth confronted the chairman, and while he had the chairman confronted, I grabbed his gavel, and I wanted him to know what it feels like to have your rights taken away from you. He got the message.

"They've been going back and forth. I

THE ARREST OF KURDISH terrorist Abdullah Ocalan, which was aided by the United States, may have put a crimp in Congressional efforts to establish an Iraqi "Contra" operation under the Iraq Liberation Act, after 4,000 Iraqi Kurds—some of the would-be Contras—held demonstrations, shouting, "Down, Down, U.S.A.!"

AL GORE AND GEORGE BUSH have their parties' Presidential nominations all sewn up, if you believe Conrad Black's Feb. 25 issue of the London *Daily Telegraph*. No need to vote, implies one of the standard-bearers of London's "Get Clinton" crowd: "Republicans and Democrats have all but picked George Bush and Al Gore as their champions even though the first 'primary' in New Hampshire is not until next January."

SEN. JOHN KERRY (D-Mass.) announced on Feb. 26 he will not run for President in 2000. Kerry said he could not raise money for such a bid. This now leaves Lyndon LaRouche and former Sen. Bill Bradley (N.J.) as the only rivals to Al Gore for the Democratic nomination.

PAT BUCHANAN, a Conservative Revolutionary, announced his third try for the GOP nomination for the Presidency on March 3 in Manchester, New Hampshire. *EIR* has been told that labor Democrats are throwing Buchanan support because of their hatred for Al Gore and his backing of the North American Free Trade Agreement.

VIRGINIA PRISONS are the source of a new scandal, after the *Richmond Times-Dispatch* exposed the fact that inmates are being shot more and more frequently as a form of discipline. On Feb. 21, a maximum security inmate was hit with birdshot, because he allegedly had not left a restricted area. Corrections head Ron Angelone was brought in by then-Gov. George Allen (R) and his Attorney General, now Gov. Jim Gilmore, was notorious for his brutality in Nevada's prison system.

understand the Governor called my name out in a press conference, saying that I must apologize. . . . When you push people up against the wall, they have to be civilly disobedient, if they don't have any other recourse. It's been done since time immemorial. Jesus did it, Thomas Jefferson—a whole bunch of folks did it—Martin Luther King. So, we just said 'enough is enough.' "

The bill passed the Senate committee and will probably go to the full Senate soon. Under the Engler plan, Archer would appoint a new school board for the all-black Detroit schools, replacing the board that was elected only three months ago, and that school board would have to clear its actions at the state level.

Amelia Robinson featured in Connecticut weeklies

Five Connecticut weeklies devoted their Feb. 10 Black History Month issues to civil rights heroine Amelia Boynton Robinson. The headline of the weeklies, whose flagship is the *Hartford Inquirer*, is, "The 'Grandmother' of the Civil Rights Movement," accompanied by a photo of an unconscious Robinson, during the 1965 "Bloody Sunday" demonstration for the right to vote, being dragged out from under the state police horses in Selma, Alabama. The *Inquirer* asks: "Who better for Black History Month than the heroine of the fight for the right to vote, Amelia Boynton Robinson? On Black Sunday, 1965, Amelia was among the leaders of the famous march from Selma to Montgomery, Alabama. As they crossed the [Edmund Pettus] bridge, state troopers gassed her, clubbed her, and left her for dead. . . . Since the 1930s, she and her husband [Samuel Boynton] had helped black sharecroppers . . . free themselves from virtual slavery, and try to register to vote. Her first husband was hounded to death in 1963, but she ran for Congress, receiving most of her votes from whites who secretly admired her Christian dignity. In 1965 she persuaded the young Dr. Martin Luther King to come to Selma and to use her house as his base. The middle-class blacks cowered in fear of the 'trouble' she was bringing.

"Amelia received the Martin Luther King, Jr. Freedom Medal in 1990. She is vice-chairman of the Schiller Institute, founded by Lyndon LaRouche and his wife Helga, whom she considers to be 'following in the footsteps of Martin Luther King.'

"Amelia's firm belief is that God created each of us for a good reason, for a special mission, which each must discover. Thus, she brings forth optimism wherever she goes, whether to Croatia amidst ethnic violence or to Washington, D.C. schools, amidst drugs and despair. Today, the same bunch of hate-filled Confederates are trying to lynch our President, and, as in Selma, many are cowering in fear.

"If you could use a dose of wisdom, courage, and optimism, call on Amelia; and don't wait. She's pushing 90, and is very busy. Let her little light shine!"

DeLay under fire for campaign funding abuses

House Majority Whip Tom DeLay (R-Tex.) has come under scrutiny for campaign money laundering and other ethics violations, reported Associated Press on Feb. 22. The wire says that House Democrats were given an affidavit last year by a Republican donor, businessman Peter F. Cloeren, who said that DeLay urged him to evade campaign finance laws and funnel more money to GOP Congressional candidate Brian Babin. Cloeren pleaded guilty to funneling \$37,000 in corporate contributions to Babin, and he and his company paid \$400,000 in fines. DeLay denied the allegations. AP also reported that DeLay was investigated by the House Ethics Committee, which dismissed charges against him in 1997; the charges related to his demanding contributions from lobbyists, and granting favors to his brother, who is a lobbyist.

As for the current stories about DeLay's misstatements on his financial disclosure forms, which conflict with statements he made under oath in a lawsuit, the Whip complained: "I am the most investigated man in America. They're out to get me." DeLay loyalists blame the bad press on the hard line that he took in favor of impeaching Clinton.

The world depression is here

According to the latest monthly report of the International Institute for Steel Industry (IISI), the worldwide production of crude steel in January 1999 was 7.0% lower than one year ago. And by far the largest year-on-year declines in steel production did not occur in Asia, but in both western and eastern Europe. In Germany, the biggest European steel producer, January output figures were down by 20.4%. Most of the other European Union countries faced similar drops in January crude steel production: Denmark -27.3%, Italy -12.4%, Netherlands -10.1%, Sweden -16.8%, Britain -15.5% (European Union average -11.7%).

In the United States, January crude steel production went down 10.2%. Production in Japan is also collapsing.

What is the significance of these figures? To the lunatics, it's just more "confirmation" that we have entered a post-industrial society where steel is "not needed." Let them live on computer chips.

But to anyone with a head on his shoulders, these figures should provide a much-needed jolt. What we are looking at, even with just this one parameter among many, is the evidence of the ongoing *devolution* of the area of the most advanced industrial productive capacity in the world. In a world where the lack of adequate transport infrastructure, water infrastructure, and energy infrastructure—to name only a few, all of which require steel for their construction—the means for meeting that need are being shut down.

It gets worse, when you look at other sections of the world, of course.

In eastern Europe there was an overall steel output decline of 31.4%. For example: Bulgaria -30.7%, Croatia -15.0%, Czech Republic -16.7%, Hungary -24.1%, Poland -30.2%, Slovakia -31.5%, Yugoslavia -73.3%. By contrast, the South American nations weren't quite so bad: Mexico -14.0%, Argentina -14.5%, Brazil -14.2%, Venezuela -27.3%.

Nor is the depth of the crisis reflected simply by the absolute decline in production. A competent ap-

proach to physical economy, as developed by economist Lyndon H. LaRouche, Jr., requires measurement of output per household, and per square kilometer. According to that standard, the level of collapse, particularly in the developing sector nations, is even greater. The deficit for beginning to rebuild is expanding dramatically.

When combined with the devastating shutdowns in the agriculture and extractive industries, triggered by a decades-long low in the prices for those materials on the market, this collapse in basic industrial products adds up to nothing less than a global world depression. And, given the rate at which capabilities are being dismantled, and people are being killed, it's not going to stop there. A world depression at this rate, translates rather quickly into a New Dark Age of depopulation and death.

Having recognized the actual problem, the solution is not so hard to fathom. It's been outlined clearly again and again by Lyndon LaRouche, and not just for one country at a time. What is needed on a *global* scale is the approach which was taken by Franklin Delano Roosevelt, most recently, in the United States in the 1930s. The first step is to accept the principle that the physical and social needs of populations—their general welfare—has got to come *before* the requirements of the "markets" or other financial arrangements.

From that standpoint, FDR not only arranged to put a floor under living standards, but also started to put people, farms, and factories to work again, producing for human need. Today, this needs to be done even more urgently. Debt moratoria, emergency cheap credit issuance, and great projects—especially the Eurasian Land-Bridge—have to be put into effect with the greatest energy imaginable.

It's time to stop denying reality. We're in a world depression that only an adoption of LaRouche's approach is going to get us out of. Any other set of measures, ignoring the truth, is built on a foundation of sand.

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