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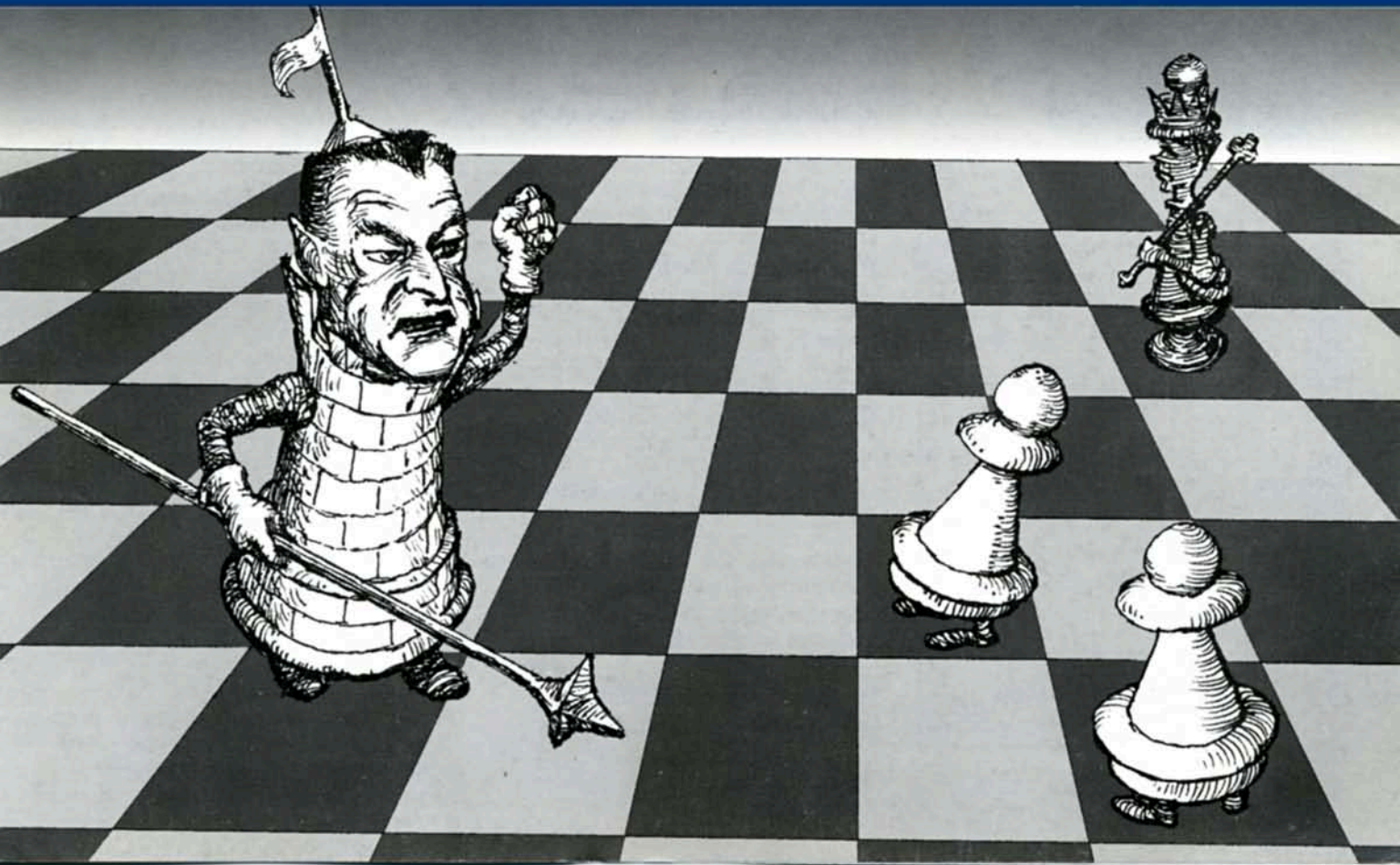
Executive Intelligence Review

April 2, 1999 Vol. 26 No. 14

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LaRouche: Gore provokes total war!
Dr. Greenspan battles to save derivatives cancer
Lafontaine resigns, as economic reality hits

**LaRouche on strategic crisis:
Mad Brzezinski's chessboard**



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From the Associate Editor

Lyndon H. LaRouche, Jr. has, once again, pulled together a startlingly insightful analysis of the world strategic picture. In “Mad Brzezinski’s Chessboard,” he rips the mask of “democracy” and “humanitarian concern” from the face of those lunatics of the British-American-Commonwealth faction who are propelling the world closer every day to the abyss of economic collapse and global war. The reader who is bewildered and frightened by the dizzying pace of events surrounding the deployment of NATO bombers against Serbia, will find in LaRouche’s article not only an evaluation of who is doing what to whom, but also of how the world might escape from the maelstrom into which it is currently sinking.

“Not only are the populations more and more estranged from the ruling governments and leading political parties of Europe, as in the U.S.A.,” LaRouche writes. “In every other respect, the policies of those governments are increasingly an absolute economic failure, both in Europe and in the U.S.A. Thus, the behavior of those once-impregnable Atlantic powers now appears to be, more and more, a parody of the great Persian host marching toward its doom on the plains outside Arbela.”

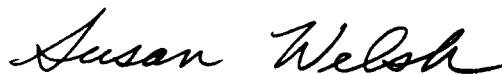
Other articles develop these points in greater detail, including:

- The Kosova crisis, how it came about, and how Vice President Al Gore engineered the cancellation of Russian Prime Minister Yevgeni Primakov’s visit to Washington, where he would have conducted crucial meetings with President Clinton.

- The financial crisis, with Fed Chairman Alan Greenspan defending the \$165-200 trillion derivatives market. Maurice Allais, a Nobel Prizewinner, emphasizes, in part two of a series, that the current crisis is the lawful result of financial deregulation.

- The weakness and political bankruptcy of the elites, as shown by events in Germany, in the U.S. Republican Party, and in the Trilateral Commission of Brzezinski and his twin, Henry Kissinger.

Flash! After *EIR* had gone to the printer, we received LaRouche’s strategic alert, “Gore Provokes Total War!,” which you will find immediately following the table of contents.



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Feature



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By Lyndon LaRouche. "If you had thought Bozo the Clown is now just a memory from a Baby-Boomer's childhood, you obviously had not studied the March-April edition of the New York Council on Foreign Relations' organ, *Foreign Affairs*," writes LaRouche. "This revival of geopolitics, as featured within the current *Foreign Affairs*, could start World War III. Conceded: this would not be the same kind of war as World War I and II. It would be much different, but, in the end, much worse: the kind of war no one would know how to bring to an end. It would evolve into a doomsday war, featuring included use of nuclear weapons, the kind of war which, minus the nuclear weapons, was customary until the Fifteenth-Century birth of the sovereign nation-state."

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Gore provokes total war!

by Lyndon H. LaRouche, Jr.

March 27, 1999

The members of the Principals' Committee, including Vice-President Al Gore, knew beforehand, that Russia's Prime Minister would cancel his visit to Washington the instant he were informed that the bombing of Yugoslavia would begin during the period of his scheduled visit. President Clinton had signalled to all with the brains to hear a clear Presidential signal, to the effect that there would be no bombing of Yugoslavia during the period of Primakov's visit. Gore et al. were desperate to prevent the visit from occurring. Gore, going behind the President's back, intercepted the Russian Prime Minister, a mere two hours before his scheduled arrival in Washington, informing the Prime Minister that the bombing would probably occur during the time of the visit!

It could turn out, that those actions by Al Gore caused World War III, as surely as the combined follies of an Austro-Hungary and the Russian emperor, allowed Britain's otherwise still preventable plan for World War I to be unleashed. Gore may never be tried by an appropriate successor to the Nuremberg Tribunal, but he should be—whether or not a global form of World War III actually develops. Meanwhile, our priority is to attempt to prevent the world war which Britain's Tony Blair, his lackey Al Gore, and Gore's factional allies within the Principals' Committee have set into motion.

At this point, the only action which would provide a visibly fair chance of preventing World War III, is the President's neutralizing his Vice-President's freedom of action, and firing Gore's accomplices on the Principals' Committee. These actions should be taken, not as gestures of reprisal against those who have perpetrated plausibly treasonous actions behind the President's back. They are precautions, intended to give the President at least a fighting chance of

getting the U.S.A. out of the thermonuclear mess which Gore and his cronies have created.

The President's own mistakes

While "Dirty Al" was up to his back-stabbing shenanigans, the President was tied up in heated discussions with the Congress. Should the President issue a declaration of war against Yugoslavia for adoption by the U.S. Congress? Many in the Congress, notably among Republicans, thought he should not act against Yugoslavia without such authority from the Congress. They were right in making that objection. In the course of those discussions, the President himself made six key mistakes, which might prove, later, to have compounded Vice-President Gore's devious doings, to have been turned into something strategically fatal to world peace.

1. He should have said to the Congress: You are right. Before NATO is allowed to bomb, I shall present you with a draft Declaration of War.
2. He should have said: "However, at this moment, the question is still moot. Perhaps Prime Minister Primakov and I will be able to organize a satisfactory alternative. Let's put off all military actions on this Yugoslavia matter, until we discuss this again after this weekend."
3. He should also have said: "Please let me get back to my office now, so that Al Gore does not take the opportunity of my absence to screw up my working sessions with Prime Minister Primakov."
4. He should have remembered, that there was never a

Balkan War involving Serbia, during this century, which, if continued, did not set off a World War.

5. He should have fired Secretary Cohen, Chairman Shelton, Madeleine Albright, and that mega-problem Leon Fuerth, with the relevant observations on the Balkan War which led into World War I, the German Wehrmacht experience with Balkan partisan warfare during World War II, the 1964-1975 experience in Indo-China, the Soviet experience in Afghanistan, and the type of war which the Yugoslav military is trained to fight under conditions of attack by a major power such as the former Soviet Union or NATO.
6. The President compounded these errors with his self-deluding pronouncement, that this is not a war, but only a police-action within a localized Balkan theater. This is in fact an act of war against a sovereign nation-state, well-suited to become the detonator of global, total war. No double-talking about "globalization" can change the fact that this is an act of war under pre-existing international law.

Granted, there are conditions, under reasonable military rules of engagement, under which U.S. military forces brought under attack can defend themselves, even by resort to hot pursuit of attacking forces. The U.S. participation in this deployment of NATO forces, does not fit any sane, or otherwise tolerable definition of action under legitimately defined rules of engagement. It is nothing other than an act of war. If a proper act of war, it should be defined as such, and conducted under rules of modern warfare among sovereign nation-states.

The fact is, that the failure to apply the standard for declaration of war by the consent of Congress, creates a potential nightmare far worse than that of the 1964-1975 Indo-China war. The expected Yugoslav reaction is the resort for which Yugoslav forces have been trained since Tito's leadership: fall-back to partisan warfare, including the spreading of irregular warfare throughout the entire Balkan region, and beyond. This consequence, overlapping the lunatic current U.S.A. and British proposal for B-A-C (British-American-Commonwealth) autonomy in deploying NATO nuclear capabilities globally, will turn a continued Balkan war into a more or less global war.

The Yugoslav response to continued attacks according to the doctrine of those two hare-brained incompetents Cohen and Shelton, will be to create a situation in which NATO ground combat forces in numbers exceeding 100,000 will be the next phase, with the relevant streams of body-bags flowing back to the U.S.A. and other NATO member-nations. The Indo-China war was somewhat contained; an expanding Balkan war of the sort unleashed by a Serbian shift to extended

mountain and other forms of modern partisan warfare, will not be containable. It will be a global war. Under present global military and other relevant circumstances, it will become the kind of total war against which the late Professor von der Heydte, I, and others warned fools, such as then-Senator Cohen, back during the mid-1980s.

Given the shallowness and irrationality of the U.S. governmental institutions, and those of most Euro nations, too, and the mass-murderous insanity of the ruling circles in Israel (and their assets), and given the ongoing disintegration of the world's present financial system, the spread of warfare out of a generalized Balkan war would create the spectacle of the fools in the U.S.A. and other commands moving the world, phase by phase, from Blair's, Gore's, Cohen's, and Shelton's current, bungling strategic lunacies, into the stage that nuclear-doomsday scenarios become virtually unstoppable.

This will not be merely a war fought by armies. As we see in sub-Saharan Africa, and most of South America today, this will be a Pandora's Box of a war. It will be a war fought at all levels of organized and spontaneous conflict, in all qualities, including all of those categories which the late Professor von der Heydte defined as modern irregular warfare: "total war," fought in virtually every neighborhood of the world, thus resembling the Thirty Years War of 1618-1648.

DO YOU KNOW

- that the American Revolution was fought against British "free trade" economics?
- that Washington and Franklin championed Big Government?
- that the Founding Fathers promoted partnership between private industry and central government?

READ

The Political Economy of the American Revolution

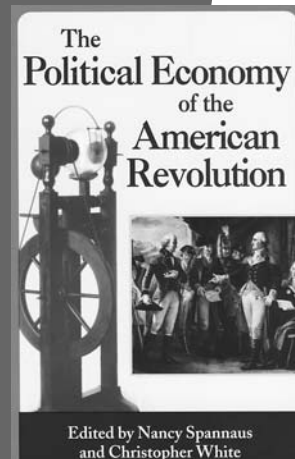
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Dr. Greenspan battles to save the derivatives cancer

by John Hoefle

Addressing the Futures Industry Association's annual International Futures Industry Conference in Boca Raton, Florida, on March 18, out-going Commodity Futures Trading Commission chairman Brooksley Born issued a strong warning on the dangers facing the global derivatives markets. The volume of trading in the over-the-counter (OTC) derivatives market "has exploded in the last five years," and "the number and type of derivatives products offered over the counter continues to mushroom even as the volume of transactions in that market increases exponentially," Born said. She added that "the size and nature of the OTC market create a potential for systemic risk to the nation's financial markets."

"The LTCM [Long-Term Capital Management] episode demonstrates the unknown risks that the OTC derivatives market may pose to the U.S. economy and to financial stability around the world," Born warned. "It also illustrates the lack of transparency, excessive leverage, and insufficient prudential controls in this market as well as the need for greater coordination and cooperation among domestic and international regulators. . . . We must urgently address whether there are unacceptable regulatory gaps relating to trading by hedge funds and other large OTC derivatives market participants."

The next day, addressing the conference by satellite, Federal Reserve Board chairman Alan Greenspan defended the derivatives markets and called for less, rather than more, regulation.

"By far, the most significant event in finance during the past decade has been the extraordinary development and expansion of financial derivatives," Greenspan said. He called derivatives "an increasingly important vehicle for unbundling risks. These instruments enhance the ability to differentiate risk and allocate it to those investors most able and

willing to take it."

"I am quite confident that market participants will continue to increase their reliance on derivatives to unbundle risks and thereby enhance the process of wealth creation," Greenspan concluded.

Cancerous growth

Just figuring out the size of the global derivatives market is tricky, given the variations and gaps in reporting, but the market is unquestionably, to use Born's term, exploding.

In its March 1999, *International Banking and Financial Market Developments* quarterly review, the Basel, Switzerland-based Bank for International Settlements put the notional amount of OTC derivatives outstanding at the end of June 1998 at \$70 trillion, with another \$14 trillion in exchange-traded derivatives outstanding, for a combined total of \$84 trillion worldwide. These figures are adjusted for double-counting of transactions between the derivatives dealers involved in the study, so that, for example, a \$100 million derivatives contract between Chase Manhattan and Credit Suisse only adds \$100 million to the world total, even though it shows up as a \$100 million deal on each bank's books. The gross notional value of global derivatives is significantly higher. In its annual derivatives survey published in November 1998, the Bank for International Settlements (the central bankers' central bank) put the derivatives holdings of a select group of some 70 banks and securities firms in the major industrial nations, at \$103.5 trillion at the end of 1997. That figure, representing only selected institutions and also adjusted for some double-counting between institutions, presumably reflects most, but certainly not all, derivatives activity worldwide.

According to Greenspan, the \$70 trillion in OTC derivatives reported by the Bank for International Settlements for June 1998, “doubtless is closer to \$80 trillion today.” “Once allowance is made for the double-counting of transactions between dealers,” Greenspan continued, “U.S. commercial banks’ share of this global market was about 25%, and U.S. investment banks accounted for another 15%,” giving U.S. firms a 40% share of the global OTC market.

The U.S. commercial banks, according to the Federal Deposit Insurance Corp.’s *Quarterly Banking Profile* for the fourth quarter of 1998, had an aggregate of \$33.4 trillion of “off-balance-sheet derivatives” at the end of 1998, representing an \$8 trillion—31.5%—increase over the \$25.4 trillion the banks reported at the end of 1997. Throw in another \$20 trillion or so for the big U.S. investment banks (plus some non-bank derivatives dealers such as AIG and Enron), and the U.S. derivatives total rises to about \$55 trillion.

Were the \$103.5 trillion in derivatives outstanding at the end of 1997 to have grown at the same rate as the U.S. commercial banks’ derivatives holdings, the total for the end of 1998 would be around \$136 trillion. However, none of these figures should be considered a world total. *EIR* estimates that the gross notional principal value of derivatives contracts worldwide, is in the range of \$165-200 trillion, and rising rapidly.

“Despite the world financial trauma of the past 18 months, there is as yet no evidence of an overall slowdown in the pre-crisis derivative growth rates, either on or off exchanges,” Greenspan told the futures conference.

‘Wealth creation’?

Listening to Greenspan and his fellow derivatives cheerleaders talk about the financial markets of the “new economy,” makes it clear that they live in a world of virtual reality, where common words have strange meanings, and the laws of the universe have been turned on their heads.

“The value added of derivatives themselves derives from their ability to enhance the process of wealth creation,” Greenspan exclaimed.

Other proponents of the “new economy” insist that rising stock markets also “create wealth,” that derivatives products can be “manufactured,” and that the Information Age is a natural evolution from, and improvement upon, the outmoded Industrial Age. Who needs factories, when we have the Internet?

In Greenspan’s mind, it is humanity and the real world which threaten his beloved markets, rather than the other way around.

“History tells us that sharp reversals in confidence happen abruptly, most often with little advance notice. They are self-reinforcing processes that can compress into a very short time period,” Greenspan said. “Panic market reactions are characterized by a dramatic shift to maximize short-term value, and are an extension of human behavior that manifests itself in all

forms of human interaction—a set of responses that does not seem to have changed over the generations. I defy anyone to distinguish a speculative price pattern for 1999 from one from 1899 if the charts specify neither the dates nor the levels of the prices.”

In the financial panic of last autumn, Greenspan insists, “derivative instruments were bystanders.”

Deregulation

Having adopted the position that the financial markets “create wealth,” Greenspan logically argues (demonstrating anew that logic is not a substitute for reason), that all impediments to the expansion of the financial markets must be eliminated. Rather than increase the regulation of the derivatives markets, Greenspan says, “It would be far better to provide incentives for banks to enhance their risk modelling procedures by taking into account the potential existence and implications of discontinuous episodes.”

Just how linear market models that are based upon the growth of the largest financial bubble in all history could possibly accurately forecast the non-linear collapse of that bubble, Greenspan doesn’t say. The recent “discontinuous episode,” which began in Asia in mid-1997 and is rapidly spreading worldwide, caught all the modellers off guard, even the Nobel Prize winners at LTCM. The models don’t work, and no amount of incentives will fix them.

Greenspan cited the faster growth of OTC derivatives relative to exchange-traded derivatives, as proof that further deregulation is necessary. “The largest banks, in particular, seem to regard the regulation of exchange-traded derivatives, especially in the United States, as creating more burdens than benefits,” he said. “The fact that the OTC markets function quite effectively without the benefits of the Commodity Exchange Act [which created the Commodity Futures Trading Commission] provides a strong argument for development of a less-burdensome regime for exchange-traded financial derivatives.”

That statement is music to the ears of the futures dealers, who have long complained that the derivatives exchanges were over-regulated, and have been heavily lobbying Congress to “level the playing field” by repealing burdensome “horse-and-buggy” restrictions.

One of the burdens they want removed, is the fact that many of the derivatives they sell are illegal under U.S. law. If, as the Commodity Futures Trading Commission suggests, swaps are futures under the law, then many of the OTC swaps contracts are illegal, because with a few clearly defined exceptions, off-exchange futures are illegal. As Senate Agriculture Committee Chairman Richard Lugar (R-Ind.) told a derivatives conference in October 1998, if swaps are futures, “many of these contracts could unravel and become unenforceable. Given that the notional value of these instruments run in the trillions of dollars, the legal risks of firms transacting swaps is significant.”

Peru's Fujimori must abandon the IMF, before it is too late

by Luis Vásquez Medina

In his two months in office, Peruvian Finance Minister Víctor Joy Way has been able to offer nothing but failure. The Fujimori government continues to underestimate the international financial crisis, mistakenly believing it to be temporary in nature. They continue to believe the foolish economist Carlos Boloña, who some time ago said that the crisis would only last 24 months. Thus, the government blindly continues to administer the same International Monetary Fund (IMF) medicine that has already killed many Peruvians.

Following each new blow of the crisis, which exacerbates the flight capital and adversely affects the exchange rate, Finance Minister Joy Way turns to what, it appears, is the only thing he knows how to do: contract the money supply in soles, Peru's currency, to impressive levels. This monetary austerity has produced an "overnight" interbank lending rate of 75%!

The resulting recession has grown very serious. Manufacturing fell 12.6% in February, compared to the same period a year ago; construction fell 9.7%, electricity 0.4%. Fishing and agriculture are the only sectors which have shown some recovery so far this year—a virtual "recovery," because the comparison is to the same period in 1998, when the effects of El Niño had practically eliminated these activities altogether.

It is currently estimated that tax arrears are between \$7 and \$7.5 billion, and businessmen have just demanded a new amnesty and consolidation of their tax debt. The collapse in consumption has reached unprecedented levels, and the National Society of Industries has stated that under current conditions, businesses are simply unable to meet their loan payments to the banks. The recession is also affecting imports; last February, customs tariffs collected fell 22% compared to the previous year, and in January had already fallen 5.3%.

What has Joy Way, whose adviser is Harvard economist Jeffrey Sachs, done to deal with this crisis? He has proposed a multimillion-dollar tourist project on San Lorenzo Island, to be financed by Las Vegas capital, which both Joy Way and Sachs know full well comes from the mafia of gambling casinos, prostitution, and drug trafficking.

Foreign looting

The so-called "macroeconomic bonanza" in which so many deluded businessmen still believe, and which even the opposition accepts, simply doesn't exist. Peru today, thanks

TABLE 1
Peru: real foreign debt
(billions \$)

	1996	1997	1998
1. Public*	26.3	19.7	19.8
2. Private			
a) non-financial companies	5.8	5.5	6.1
b) banks	1.7	3.3	4.3
3. Official foreign debt (1+2)	33.8	28.5	30.2
4. Foreign portfolio investment	3.2	4.0	2.8
5. Dollar-denominated domestic debt	ND	ND	5.5
6. Real foreign debt (3+4+5)	37.0	32.5	38.8

* including BCR
Source: Central Reserve Bank.

to the economic destruction caused by the opposition party APRA's socialism and Fujimori's ultraliberalism, is very vulnerable to every international crisis. Its ability to produce internally, even the basics, has practically disappeared. Today, 70% of the average Peruvian's diet is imported, and the effects of a very likely run on the country's capital could be devastating.

First of all, it is not true that Peru's foreign debt has been reduced, as Fujimori gleefully states. What has apparently fallen is only the *public* foreign debt. The debt of the public sector (see **Table 1**) in 1996 was calculated by creditors at \$26.289 billion. After the Brady Plan, it was reduced in 1997 to \$19.7 billion. However, what actually happened was that the figure was purposely inflated, followed by a supposed discount. Thus, although the public foreign debt has apparently fallen, as a consequence of financial deregulation (as in other countries on the continent), a new kind of foreign debt has begun to grow: the foreign debt of the private sector.

The business sector began to go into debt directly with foreign banks, issuing bonds abroad and even placing trading them on foreign stock exchanges. Also, private Peruvian banks began to loan abroad. The private foreign debt grew quickly: In 1996, it was \$7.516 billion and by 1998, it had reached \$10.394 billion. The problem with these loans is that they are very short term, and their conditions are very onerous. According to the New York-based Moody's rating service,

TABLE 2

Peru: foreign investment

(billions \$)

	1996	1997	1998
Direct investment	6.6	7.5	7.7
Portfolio investment	3.2	4.0	2.8
Total	9.8	11.5	10.5

Source: Central Reserve Bank.

TABLE 3

Peru: capital export, 1998

(billions \$)

Public foreign debt service	1.7
Private foreign debt service	1.5
Capital flight from the stock market	1.2
Total	4.4

more than 75% of this debt, some \$7.5 billion, is short term.

However, this is not all of Peru's real foreign debt. There is another, very volatile debt, which could be called in at any time—the famous “hot money,” or foreign investment which has done so well betting in the Lima stock market (BVL) (see **Table 2**). In 1998, this amounted to \$2.775 billion, \$1.2 billion less than in 1997. The difference corresponds to capital flight which reveals the volatility of this kind of debt.

And lastly, to discover Peru's real degree of indebtedness, one must add in the internal debt that has been contracted in dollars with foreign banks or foreign financial entities which, given the deregulation, face virtually no restrictions in placing credits on the domestic market.

Here we include those dollar loans which a head of household takes out to buy school supplies for his children at the unfortunately well known “consumer banks,” which are primarily Chilean. Also included are the dollar credit lines—which the population uses to buy appliances, cars, and houses—from foreign banks that operate in the country. That debt is conservatively estimated at some \$5.5 billion for 1998. All this means a real foreign debt of nearly \$39 billion.

So far in the Fujimori government, the country has paid more than \$11.5 billion for foreign public debt service alone. In 1998, a year that proved extremely negative for the economy because of the El Niño phenomenon, the government paid out \$1.67 billion. For 1999, President Fujimori himself has announced that Peru will pay \$1.607 billion, since “the foreign crisis will not prevent us from continuing to meet our obligations.”

But that's not all that went out in 1998. As **Table 3** shows, the total outflow of capital for 1998, from the stock market and for debt, was \$4.391 billion.

TABLE 4

Peru: balance of payments

(billions \$)

	1990	1995	1999
1. Goods	-0.3	-2.2	-2.5
2. Services	-0.5	-2.1	-1.3
Current account (1+2)	-0.8	-4.3	-3.8

Source: Central Reserve Bank.

TABLE 5

Peru: international reserves, 1999

(billions \$)

1. Net international reserves	9.5
2. Bank deposits	3.2
3. Debt to the IMF	0.8
4. Illiquid	1.8
5. Available (1-2-3-4)	4.0

Source: Central Reserve Bank.

Exchange controls, or catastrophe

Capital outflow, due to the necessity of purchasing ever larger quantities of merchandise and “services” (including interest payments and profits of direct foreign investment), as seen in **Table 4**, could not continue to be financed with new incoming foreign capital. The speculative capital that came in, attracted by inflated profits on the Lima Stock Exchange, is now leaving in a hurry. The capital that was going to flow into large mining and energy projects, on which the government has gambled the future of the country, is now not going to come. La Granja, Quellaveco, Camisea, and other projects have been cancelled. It has just been announced that funding for the last mining project, the \$2 billion Antamina, will most likely not materialize, because there are no interested foreign investors.

Hence, in the future, the average annual current account deficit of \$4 billion can no longer be financed, and the entire weight of the international crisis will fall on the national economy. These deficits meanwhile have begun to take a toll on the level of reserves and on the exchange rate. As seen in **Table 5**, these, in large part, are made up of reserve ratio and deposits in the Central Reserve Bank. The \$4 billion available doesn't even cover seven months' worth of imports, and is less than the total capital that left the country in 1998.

So, given the liquidity needs of the international financial bubble, Peru's reserves could dry up in a matter of weeks, and the sacrifice of years will have been in vain. The government faces no other alternative but to follow Malaysia's example and to join the “Survivors' Club,” decreeing exchange and capital controls.

Denmark debates curbs on speculation

by Michelle Rasmussen

On Feb. 24, the Danish Parliament debated a proposal by the Socialist People's Party (a populist conservative party), that the government, through international organizations, investigate the possibility of implementing a so-called "Tobin tax," on all speculative financial transactions. The proposal reflected a certain insight into the nature of the ongoing collapse of the global financial system.

The "Tobin tax," named after its author, Prof. James Tobin of Yale University, was to tax speculative profits in currency transactions. A similar proposal was put forward by Lyndon LaRouche in March 1993, as a means to help dry out the global financial bubble. LaRouche's proposal, to levy a one-tenth of 1% tax on speculative, mainly derivatives-related financial transactions, found great interest in many state legislatures in the United States and among governments around the world, also for its ability to generate revenue for hard-pressed budgets.

The introduction to the Socialist People's Party (SF) proposal reads: "The international financial crisis in the fall of 1998, has shown how delicate the global financial system is. Only because of quick . . . intervention, from especially the Federal Reserve Bank, was a collapse successfully avoided. . . . The rules of the game in the financial markets are unchanged, so the financial crisis can flare up at any time. . . .

"There is need for:

"1. Effective regulation of funds, etc. which make highly leveraged and therefore highly risky investments. The near total collapse of the American so-called hedge fund LTCM [Long Term Capital Management], which threatened to spread to the entire financial world, and which was only avoided through a support intervention from other banks mustered by the Federal Reserve Bank, shows the massive need for intervention against those kinds of 'inverted pyramid' constructions. Here is a clear example showing that the market cannot function, because it would have had unacceptable consequences for outsiders to 'let fall what cannot stand by itself.'

"2. An internationally acknowledged and supported capability for individual countries to introduce braking mechanisms to prevent speculative capital flight, like that taking place from a series of Southeast Asian countries. Chile is an example of a country which, with some success, but unilaterally, has created such a 'braking mechanism.'

"3. Limitation of the very large movements of speculative

capital which can create violent ups and downs in currency rates, and put pressure on currency arrangements, without having any real economic foundation."

The Socialist People's Party proposal dealt only with the third point. As an additional argument as to why restrictions on financial transactions have to be implemented, the introduction reads: "Currency transactions exceed 10,000 billion [Danish] crowns a day, and thereby are many times greater than the combined production in the whole world. . . . The events, like those in Southeast Asia, bring into question the claim that liberalization and globalization of the financial markets is the road to prosperity and progress."

Calls for a New Bretton Woods

During the debate on the floor, Peter Skaarup, a Member of Parliament from the Danish People's Party, twice called for convoking a New Bretton Woods conference, which would organize a new financial system to restart world production and trade. LaRouche has proposed centering a new system on major infrastructure projects, including the Eurasian Land-Bridge. Skaarup complimented his party for bringing this important debate to the Parliament, and he referenced the hearing on the international financial crisis held by the Danish Parliament on Feb. 24.

Skaarup then criticized the International Monetary Fund (IMF). "We agree that there is a problem, when large amounts of money from the IMF are poured into Brazil, South Korea, and maybe soon Japan, to solve these crises, and to help these countries. . . . Therefore, we wish that these problems be solved by convening a new Bretton Woods conference, where, among other things, the IMF might be changed, so that there is a stop to pouring large amounts of money into coffers which are completely empty, and where the amounts often flow right through."

Unfortunately, the proposal by the Socialist People's Party includes the idea that the revenues from a Tobin tax should go directly to the United Nations. This was firmly rejected by Skaarup, who said, "But we agree with SF that we have to find some solutions within the international system, and we hope, among other things, that SF also will join us in pressing for the convening of a New Bretton Woods conference."

The debate also reflected the unfortunate fact that the Danish government, at least officially, refuses to recognize the danger inherent in the international financial crisis. The government position was expressed by Economics Minister Marianne Jelved, who, taking the point from the IMF, blamed the crisis on the Asian countries, because of their "unbalanced economies" and "structural problems." Jelved proposes that the IMF and the World Bank oversee the implementation of new capital and currency rules, and more transparency of individual nations' economies. She stated that there currently is a "social-liberal regulation of the global financial market."

The worldwide crisis today

by Maurice Allais

This is part two of a three-part series by French economist Maurice Allais, Nobel Prize winner in Economic Science in 1988, which appeared in the French daily Le Figaro on Oct. 12, 19, and 26, 1998. (Copyright Le Figaro, no. 9812009.) Professor Allais has kindly granted EIR permission to reprint his articles. Part one appeared in last week's EIR.



Maurice Allais

Abstract: The world economy, deprived of any system of regulation, could only run into major difficulties.

Beginning in June 1997, a monetary and financial crisis broke out in Asia that is still ongoing today. The unfolding of this crisis was very complex, but, in its main points, three different phases can be distinguished: from June to December 1997, from January to June 1998, and from June 1998 to October 1998.

The first phase, purely Asian, from June to December 1997, began with heavy speculation against the Thai currency, leading to its being devalued by 18% on July 2, 1997. During this period, Asian currencies and stock exchanges fell: Thailand, Malaysia, Indonesia, the Philippines, Taiwan, Singapore, Hong Kong, South Korea. The average drop of their stock indexes was about 40%. In dollar terms, the currencies of Thailand, Korea, Malaysia, and Indonesia were depreciated, respectively, by 40%, 40%, 50%, and 70%.

During the second phase, from December 1997 to June 1998, after a short price increase in January-February, Asian stock exchanges dropped further. Over the whole period, the average drop in prices was about 20%.

An outstanding feature of this period was the pullout of short-term American and European capital from Asia, leading to asset price rises on their stock exchanges. The rise was especially steep in Paris, where the CAC 40 rose by 40% between December 1997 and July 1998, twice as much as in New York.

The end of this period was marked by a sharp drop in raw materials prices and an approximate 60% collapse of

the Moscow stock exchange. During this period, financial intermediaries in Japan met increasing difficulties, and the yen continued to fall. Latin American currencies also came under pressure.

The third phase began in July 1998, when political, economic, and monetary tensions were very high in Russia. The ruble became inconvertible. By Sept. 2, it had lost 70% of its value, and hyperinflation was set off.

In the United States and Europe, stock prices plunged. The CAC 40 went down by a spectacular 30%.

A climate of pessimism, if not of distress, quickly spread throughout the world. No one today really seems able to predict the future with any certainty.

In the Asian countries whose currencies and stock exchanges were severely hit, speculative capital flight caused serious social problems. What is troublesome, to say the least, is that the major international institutions are much more concerned about the losses of speculators (improperly called investors) than the unemployment and misery such speculation causes.

Striking similarities

There are striking similarities between the present world crisis and the Great Depression of 1929-34: creation and destruction of means of payment through the credit system; financing long-term investments with short-term borrowed funds; development of a gigantic debt structure; massive speculation on stocks and currencies; a fundamentally unstable financial and monetary system.

However, there are major differences between the two crises.

In 1929, the world was divided into two distinct zones: on the one side, the West, essentially the United States and Europe, and on the other, Soviet Russia. A large part of what is today the Third World was dominated by colonial empires, essentially the British and French empires.

Since the 1970s, globalization of economies is on the rise, including in countries of former colonial empires, and in Russia and East European countries since the fall of the Berlin wall in 1989. The new division of the world is based on inequality of economic development.

Since the 1970s, a second major difference has appeared with respect to the world in 1929.

Abrupt, excessive globalization has itself created major difficulties. Potential social instability has appeared every-

Maurice Allais: a profile

Maurice Allais was born in Paris in 1911, and graduated from the Ecole Polytechnique, first in his class, in 1933. He began his professional career as an engineer in the national mining industry, simultaneously working on economics and history.

From April 1948 on, he devoted his time to teaching, research, and writing, working in both physics and history. Although he retired in 1980, he has continued to work actively in all these areas.

Allais is the recipient of many awards, including 14 scientific prizes. As he notes in his essay "My Life Philosophy" (which appeared in *The American Economist*, Vol. 33, No. 2, Fall 1989), "Over the past 50 years, I have never stopped reflecting and working on the problems involved in the elaboration of a unified theory of physics."

For two more of Professor Allais's contributions, see the Spring 1998 issue of *21st Century Science & Technology* magazine.

where, with a very sharp increase in inequalities in the United States and massive unemployment in western Europe.

Russia and the East European countries have also run into major difficulties due to over-hasty liberalization.

Whereas, in 1929, unemployment in Europe only followed the financial and monetary crisis, *already today* there is massive unemployment in the European Union, for very different reasons, but this unemployment can only grow much worse if the financial and monetary crisis develops further.

In fact, we can hardly insist enough on the far-reaching, essential similarities between today's crisis and preceding crises, of which the most significant was certainly that of 1929. What is important is not so much the analysis of the relatively complex *technicalities* of the present crisis, as a profound understanding of the factors leading to it.

Such an understanding is needed to make a correct diagnosis of the present crisis and to elaborate suitable reforms for ending those crises that have constantly been destroying economies over at least the past two centuries, and gaining in force as they progressively spread out to the entire world.

Creation of money *ex nihilo*

Fundamentally, the mechanism of credit leads to creating means of payment *ex nihilo*, because the holder of a bank deposit considers it as available cash, while at the same time, the bank has lent out most of this deposit which, whether it be redeposited in a bank or not, is considered as ready cash by the recipient. So for every operation with credit, there is

monetary duplication. The mechanism of credit leads to the *ex nihilo* creation of money through simple bookkeeping entries. It is fundamentally unstable, because it is essentially based on fractional covering of deposits.

The volume of bank deposits depends in fact on a twofold decision: The bank agrees to pay on demand, and borrowers agree to go into debt. Because of this, the total amount of the monetary supply is highly sensitive to cyclical fluctuations. It tends to grow when there is optimism, and to decline when there is pessimism, producing destabilizing effects.¹

It is certain that these fluctuations result, for the most part, from the mechanism of credit, and that, without the amplification of monetary creation (or destruction) by the credit mechanism, cyclical fluctuations would be greatly reduced, if not totally suppressed.

From time immemorial, there has been talk of *credit miracles*. For the receivers of credit, there is in fact something miraculous in the mechanism of credit, because it creates *ex nihilo* a purchasing power that is actually used on the market, even though it cannot be considered as remuneration for a service rendered.

Although it is fundamentally useful for banks to mobilize *real savings* in order to finance productive investments, it is just as fundamentally harmful to create *false rights* by monetary creation, harmful both to economic efficiency which is jeopardized by price distortions, and to income distribution, which is changed and becomes unfair.

Financing long-term investments with short-term borrowed funds

The bank uses short-term demand deposits of clients to finance medium- or long-term investments corresponding to loans made to clients. This activity is based on the exchange of the bank's promise to pay at a given time, against the client's promise to pay at a later date, conditional on paying interest.

The total amounts of assets and liabilities on a bank's balance sheet are of course equal, but this equality is purely on paper, since it results from comparing elements of a different nature: Liabilities include demand and short-term obligations of the bank, and assets include longer-term credits corresponding to loans made by the bank.

This means that the whole banking system is in a state of *permanent potential instability*, since at any and all times, banks are absolutely unable to respond to massive pullouts of demand deposits or of short-term deposits coming to maturity, as their assets are only available at later dates.

If all investments in underdeveloped countries had been

1. Because variations of overall spending depend on both the excess of the money supply over the total volume of desired cash balances, and the variations of the money supply, the credit mechanism has an overall destabilizing effect, because in times of expanding global expenditure, the money supply increases while the desired cash balances decrease, whereas, in times of recession, the money supply decreases while the desired cash balances increase.

financed through private bank loans of a sufficiently long maturity, and if the deficits of the U.S. balance of current transactions had been financed only with foreign long-term investments in the United States, all these imbalances would be much smaller in scope and no major risk would exist. On the contrary, what is extremely dangerous is the expansion of credit, and the ensuing instability of the entire financial and monetary system, both nationally and internationally. This instability was enhanced by the total liberation of capital flows in most of the world.

Gigantic indebtedness

As of 1974, the universal use of bank credits and the massive inflation they caused lowered real interest rates, for a decade, to very low, if not negative levels, leading to both inefficiency and despoilment. As a substitute for real savings, long-term financing was ensured by *ex nihilo* creation of money. Conditions necessary for efficiency and equity were thus compromised. The workings of this system led to squandering of capital and destruction of savings.

This creation of money is largely responsible for the fact that developing countries were induced to apply over-ambitious, and in fact excessive, development plans and to postpone the adjustments they should have been making, since it is so easy to purchase, when it can be done with promissory notes.

Most debtor countries were led by necessity to take out new loans in order to obtain the resources needed both for financing the discharge and interest on their debt; and for making new investments. But, little by little, this situation became untenable.

At the same time, in the developed countries, the indebtedness of public administrations as compared to the Gross National Product, and the weight of interest as a percentage of public spending, became hardly bearable.

Massive speculation

Since 1974, speculation has exploded worldwide. Two significant illustrations of this are currency and stock-exchange speculation.

When, in March 1973, the system of floating exchange rates replaced the system of fixed but adjustable parities, currency speculation driven on by credit increased accordingly. Combined with floating rates, the credit system as it now functions has greatly contributed to the tremendously unstable exchange rates since 1974.

During this entire period, the relative exchange rates among the main currencies have been subjected to unbridled speculation, be it in the dollar, the mark, or the yen, as each currency can be exchanged on credit against another.

Speculation on stocks and bonds has been no less spectacular. Since 1983, in New York, enormous markets have grown exponentially on stock-index futures, stock-index options, options on stock-index futures, and then on the hedge funds and all those derivatives which are presented as panaceas.

These futures markets, where operations cost much less than cash operations, and where positions are essentially set on credit, have allowed for increased speculation and generated highly unstable prices.

Indeed, without the *ex nihilo* creation of money and of the purchasing power it permits, the extraordinary rises in stock prices that are to be observed before great crises would not be possible, because for every expenditure for stock purchases, there would have to be a decrease of an equivalent amount of expenditures somewhere else, and regulating mechanisms would immediately be developed that tend to check any unjustified speculation.

Whether the speculation be on currencies or stocks, the world has become a vast casino, with gaming tables set up at all longitudes and latitudes. The game and the bidding, which involve millions of players, never stop. American quotations are followed by quotations in Tokyo and Hong Kong, then in London, Frankfurt, and Paris. Everywhere, speculation is encouraged by credit, since one can buy without paying and sell without owning. A decoupling between the parameters of the real economy and nominal prices determined by speculation is usually to be observed.

Everywhere, this feverish, wild speculation is made possible, nourished and expanded by credit. Never before has it reached such a scale.

A fundamental instability

The entire world economy today is based on gigantic debt pyramids, supporting one another in a very fragile balance. Never before has there been such an accumulation of promises to pay. Probably never before has it been more difficult to meet them. Probably never before has such a potential instability appeared, coupled with such a threat of a general collapse.

All these difficulties are the result of the misreading of a fundamental fact, which is that no decentralized system of free economy can function correctly if the uncontrolled *ex nihilo* creation of new means of payment serves to avoid making the necessary adjustments, at least temporarily. This is what always happens when expenses or debts can be covered with simple promises to pay, with no effective, direct or indirect, real compensation.

In this situation, the experts are all looking for means, sometimes expedients, to overcome the difficulties, but no real agreement on defined, efficient solutions can be reached. For the moment, almost all experts see no other solution than creating new means of payment, if need be by pressuring commercial banks, central banks, and the International Monetary Fund, in order to allow debtors and speculators to pay off their debts or meet their interest payments, although this will increase the burden for the future.

You will always find at the center of these difficulties, in one form or another, the negative role played by the present credit system and the massive speculation it allows. *As long as the institutional framework in which it operates is not pro-*

foundly reformed, the same major difficulties will always appear, but with different technicalities according to circumstances. All the major crises of the 19th and 20th centuries were the result of excessive growth of promises to pay and their monetization.

Particularly significant is the complete absence of any challenging of the very basis of the credit system as it presently works, that is, with *ex nihilo* creation of money by the banking system and the generalized practice of long-term financing with short-term borrowings.

In fact, it is no exaggeration to say that the present mechanism of creating money through credit is certainly the cancer which is irremediably eating up private property market economies.

The collapse of the world laissez-faire doctrine

Over two decades, a new doctrine was little by little imposed: the world free trade doctrine, which involves eliminating any and all obstacles to the free flow of goods, services, and capital.

This doctrine states that the disappearance of all obstacles to such flows is both a necessary and a sufficient condition for bringing about an optimal allocation of resources worldwide. All countries, and within each country, all social groups, would experience an improved situation.

Defenders of this doctrine became just as dogmatic as the defenders of communism before it definitively collapsed with the Berlin Wall in 1989. In their view, this world free trade doctrine had to be implemented in all countries and, if difficulties arose during implementation, they could only be temporary and transitory.

In developing countries, a total opening up of their economies was given as a necessary precondition, and the proof of this was to be found in the extremely rapid progress of emerging countries in Southeast Asia. This was a major growth pole for all Western countries.

In developed countries, eliminating all tariff and other barriers was given as a precondition for their growth, as the undeniable success of the Asian tigers could decisively demonstrate, and it was continually repeated that the West should just follow their example in order to achieve unprecedented growth and high employment levels.

Especially Russia, the ex-communist eastern European countries, the Asian countries, and China were presented as major growth poles, offering the West unprecedented possibilities for development and wealth.

Fundamentally, this was the doctrine of universal scope that was little by little imposed on the world, and was supposed to open up a *new Golden Age at the dawn of the 21st century*. This doctrine has been the unquestioned credo of all major international organizations over the last two decades, be they the World Bank, the International Monetary Fund, the World Trade Organization, the Organization for Economic Cooperation and Development, or the Organization of Brussels.

All these certainties were swept away by the deep crisis that developed starting in 1997 in Southeast Asia, then in Latin America, to culminate in Russia last August, and hit American and European banking houses and stock exchanges in September 1998.

Two major factors played a decisive role in this world crisis of unprecedented scope since the 1929 crisis: *the potential instability of the world financial and monetary system, and world globalization of the economy in both monetary and real terms.*²

In fact, what had to happen, did happen. The world economy, with no real system of regulation and which had developed in an anarchistic framework, could only, sooner or later, run into major difficulties.

The prevailing doctrine had ignored one essential fact: Total liberalization of trade and capital flows is only possible, is only desirable, within the framework of regional organizations bringing together countries that are economically and politically associated, and whose economic and social development is comparable.

In fact, the new world order, or the so-called world order, has collapsed, and it could not help but collapse. The obvious facts finally won out over doctrinal incantations.

2. Cf. M. Allais, *Combats pour l'Europe* (Paris: Editions Clément Juglar, 1994). The publisher can be reached at 62 avenue de Suffren, 75015 Paris, France.

LAROCHE ON THE NEW BRETTON WOODS

**“The present fatally ill
global financial and
monetary system must be
radically reorganized.**

**It can not be reformed, it
must be reorganized.**

**This must be done in the
manner of a reorganization
in bankruptcy, conducted
under the authority
not of international
institutions, but of
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China tells USDA forum: We need food self-sufficiency, not 'free markets'

On Feb. 22-23, a delegation of Chinese agriculture officials participated as guests in the 75th annual U.S. Department of Agriculture Agricultural Outlook Forum, in Arlington, Virginia. During the more than 30 plenary sessions and panels, the perspective they provided on China's agricultural development plans and achievements, presented a stark contrast to the otherwise prevalent view that globalized mega-companies must have "free market" rights over and above nations—even in circumstances of acute farm crisis and economic breakdown, which was documented at the conference to be occurring in the United States and many other parts of the world.

Here we provide excerpts of the speech given on Feb. 23 by Min Yaoling, Director General, Market and Economic Information Department, Chinese Ministry of Agriculture. He was accompanied at the conference by two colleagues from the Ministry of Agriculture, and a three-person delegation headed by Zhu Xiangdong, from the State Statistical Bureau.

Min spoke second on a panel entitled "Prospects for China: Importer or Competitor," where he showed that China's development plans make it neither one. Min's perspective specifically contrasted with the panel's opening speaker, Scott D. Rozelle, Associate Professor at the University of California at Davis, who presented his economic model and projections that China will be import-dependent for grain as of 2010, by around 28-30 million metric tons. Min said, not so.

In the question period, Rozelle said that if China insists on pursuing food self-sufficiency, then it should at least open up to foreign sources of inputs, recognizing "intellectual property rights" of foreign companies to seeds, agriculture chemicals, and so on. Cargill and other grain cartel representatives took issue with Min, who reiterated China's commitment to maintaining its sovereignty over food and farm policies. (Rozelle's speech is available in print and audio from the USDA.)

EIR transcribed Min's speech, and part of the panel's question-and-answer period. It has been slightly edited, and subheads have been added.—Marcia Merry Baker

China Ministry of Agriculture viewpoint

China has a population of 1.2 billion, and is a large producing and consuming country of agricultural products. What is the agriculture situation in China in the future? How are the farmers' income, and living? All these have direct bearing on

the overall situation of China's economic reform, development, and social stability. This is also an issue of common concern.

The reform of agriculture started in 1978, and has achieved great progress. The efficiency of the system, and the years of cumulative construction, resulted in the obvious increase of agriculture comprehensive production capacity, and brought the development of agriculture and rural economic development into a new stage. The supply of, and the demand for major agriculture products have become generally balanced. In the years of good harvest, there even has been a surplus. For the 20 years between 1978 and 1997, the average annual rate of development of China's agriculture was 6.7%. In 1997, the total production of grain, cotton, oils, and sugar increased, respectively, by 62%, 110%, 310%, and 290%, compared with 1978. These not only ensured the market supply, and enriched the vegetable basket program, in double digits, but also made important contribution to the continuous rate of development of the national economy, and the control of inflation.

The annual growth rate of grain production was 2.7%, which is much more than that of population. The per-capita farmers' net income increased from 134 yuan-renminbi (the Chinese currency) [in 1978], to 290 yuan-renminbi in 1997, with a growth rate of 8.1%. The farmers' life has been improved, obviously.

In 1998, though influenced by the huge flood disasters and the financial crisis in Asia, China's agriculture and rural economy maintained a momentum of stable development. Total grain production is estimated to be more than 490 million tons, equal to the amount of 1997. The production of cotton amounted to 4.33 million tons, which is a decrease of 5.9%. Oil crops amounted to 22.65 million tons, which is an increase of 5%. The production of sugar, aquatic products, vegetables, and other economic crops also increased, and structure was slightly optimized. The production of meat and aquatic products grew steadily. The added value of township enterprises increased by 17.5% over the year before, absorbing an additional 3 million into the agriculture labor force. It is estimated that farmers' net income will grow by 4%.

Current constraints

At present, the development of agriculture in China is also facing some serious constraints. The previous constraint for



V20A hybrid rice developed by the Hunan Hybrid Rice Research Center. China refuses to put itself at the mercy of the international food cartels, and plans to be at least 95% food self-sufficient—a matter it considers vital to its national security.

agriculture development was only resources. Now, agriculture development faces two limits: resources and markets. In recent years, the marketing channel for some agricultural products was blocked, and prices fell. On one hand, this is because of the unreasonable structure of agricultural production. Some varieties and quality of agriculture products cannot meet market demand. On the other hand, this is because of the imperfect marketing system and the blocked circulation of agriculture products. There is still much work to do in setting up a nationwide, open, competitive, and perfect-order market for agriculture products.

Second, the growth of farmers' income was slow. In 1997, the per-capita farmer's net income grew by 4.6%, which is 4.4% less than in 1996. In 1998, the growth of farmers' income continued to be less.

Third, the agriculture basic infrastructure is quite weak. Without a strong capacity to resist natural disasters, it is a heavy task to repair and re-build the infrastructure damaged

in the serious floods in 1998.

Fourth, the rural policies have not been well implemented in some places.

The third plenary session of the 15th Central Party Committee of the Communist Party of China was held in October 1998. This session especially studied the issues of agriculture and rural economy, adopted important decisions, and formulated the inter-century development objectives and principles. At present, the Chinese central government and the local governments at various levels are implementing these important decisions conscientiously.

In 1999, China's agriculture and rural economy will maintain a momentum of stable development. All the work will be based on the stable supply of agriculture products, and focus on the growth of farmers' income. Great attention will be paid to:

First, stabilizing the basic rural policies and deepening the rural reform;

Second, optimizing the agriculture structure through adjustment, and improving the quality and efficiency of agriculture products;

Third, making great efforts in the development of township enterprises and speeding up the construction of small towns and cities;

Fourth, strengthening the construction of basic agricultural infrastructure and ecological environment, and keeping a sustainable development of agriculture;

Fifth, implementing the policies of agricultural development through science and education, and pushing forward the revolution of agricultural science and technology; and

Sixth, attaching more importance to the work of poverty alleviation, and further implementation of various policies of poverty reduction.

In 1999, the Chinese government will provide guidance to farmers to follow market changes, take the quality improvement of agriculture products as the central task, and optimize the structure of agriculture products through adjustment, while ensuring the stable growth of total grain production:

First, in grain production, the varieties which are not suitable for sale will not be produced any more, and the focus will be laid on the development of the quality of rice, special wheat for processing, and quality protein content.

Second, in cotton and oil-bearing crop production, attention will be given to the stabilization of the Xinjiang cotton growing area, and the cotton-growing areas of Hubei, Shandong, Hunan, and the Yangtze River will be slightly reduced. More effort will be made to increase the unit yield and the quality of cotton, and to speeding up the development of quality rapeseed varieties.

Third, more importance will be attached to the development of livestock production. While stabilizing pig production, more attention will be paid to animal and poultry production based on grain-saving [techniques] and high conversion rates, and to herbivorous animal production.

Fourth, more attention will be paid to the development of processing, storage, fresh-keeping, and transportation of agriculture products.

And fifth, the circulation and marketing of agriculture products will be further activated. The marketing system of agriculture products, with wholesale markets as the center, will be perfected. And an information release system will be set up and standardized.

Improving grain supply and demand

I would like to make a few comments on the future set-up of supply and demand of agriculture products, grain in particular, and the important export rates.

Generally speaking, the balance between grain supply and demand in China needs to be further improved. With the growth in population and upheavals in living standards, more attention should be paid to the increase in total grain production, and grain production should be diversified. Therefore, there is a long way to go before the supply can fully meet the demand.

According to the food consumption model, and the population growth trend in China, if population is close to 1.3 billion by the year 2000, the total demand will be 500 million tons, with 385 kilograms available per capita. If population gets close to 1.4 billion by the year 2010, the total demand will be 550 million tons, with 390 kg available per capita. And if population reaches the peak of 1.6 billion, total demand will be 640 million tons, with per-capita availability of 400 kg.

In grain supply, the Chinese government will take the following measures to increase total supply: increase the unit yield of existing cultivated land, retain land resources in reserve, rely on the progress of science and technology, and develop land food resources, save grain in use, etc.

As is known to all, the per-capita availability of China's agricultural resources is still at a very low level. The shortage of cultivated land and water resources is the most serious constraint in the development of agriculture. Under such resource conditions, China will have to make unswerving efforts to build up agriculture productive force much higher than the world's average level.

By relying on her own efforts in balancing the domestic supply and demand of grain, China does not exclude the use of international resources and markets as an important measure to balance the good and bad harvests, adjust varieties, and maintain circulation among regions.

Historically, China did not rely so much on international markets. From the founding of New China to the 1960s, China was a net exporter of grain. After the 1960s, China imported more grain than it exported. With the introduction of reform and the opening to the outside world in the late 1970s, the portion of net imported grain in total domestic grain production was becoming less—3.2% for 1978-84; 1.2% for 1985-90; 0.4% for 1991-95; and the same amount, 0.4%, for 1996-98.

More grain imported by China will not threaten world food security. In addition, China also exported some food for the period. The export of Chinese food in edible animals and poultry amounted to \$75.6 billion, and imports amounted to \$34 billion. Since 1995, there have been rather good harvests for China's agriculture for the past four consecutive years. Domestic supply and demand have been basically balanced, with rather abundant reserve. From a net importer, China has turned to being a net exporter of grain in 1997 and 1998. However, the amount of export is limited. Being a developing country with a large population and limited per-capita agricultural resources, China will become neither a large exporter of agriculture products, nor a big importer of agriculture products.

China is willing to develop trade in agriculture products with other countries in the world on the basis of mutual benefit.

China will rely on its own efforts

Finally, I would like to make some comments on the paper of Mr. Scott. Mr. Scott, in collaboration with Mr. Jikun Huang, a doctor from the Chinese Academy of Agriculture Sciences, carried out detailed research and analysis of supply and demand, and the import and export of China's agriculture products, of grain in particular. And at the same time, in that paper, Mr. Scott and Mr. Huang also reviewed the relevant studies in this field, and by other people. And on this basis, they used a mathematical model in their prediction, and formed their comments, and reached their conclusion. It is our pleasure to join this discussion with interest.

As I have said before, China will rely on her own efforts in balancing the domestic supply and demand of grain, and the purpose of China's imports and exports is to balance the good and bad harvests, adjust the varieties, and maintain circulation between the regions.

According to the presentation by Mr. Scott, it is predicted that by 2010, China will import—the net import, will be about 28 million to 30 million tons of grain. We feel that China will not import such a big amount.

Here I would like to add one interesting point. At the beginning of the early 1980s, through the 1990s, some Chinese experts, together with some international experts, made some predictions as to the import of grain by China by the year 2000. The majority of the experts predicted that by the year 2000, China would have to import quite a lot of grain from the international market. But the present situation is that in the foreseeable one year, or two years in the future, China will not import that big an amount.

As to what kind of commodities China will import in the future, whether it is wheat, corn, or rice, we feel it is difficult to say at this moment.

I think that practical decisions have to be made according to the annual harvest, the structural changes, the demand situation, and the situation in the international market. Looking at the history and at the present situation, China imported

wheat and soybeans from the international markets, and exported maize and rice to other countries. As to Mr. Scott's conclusion, that after the year 2000 China will largely import rice and corn, we feel it is difficult to say at this moment.

As it is now, the population in China amounts to about one-fifth of the total population in the world, and grain production amounts to about one-fourth of the total in the world. So, what is the future trend of agriculture products in China, and what significant impact will the agriculture products in China make on the agriculture product trade? This is an issue of common interest. This is a hot topic, I should say, which is of interest in the past, present, and in the future, for the people in the world.

If this issue is not permanent, it is at least a hot topic, and at this moment it is very interesting to hold discussions on this issue.

So finally, I would like to extend my sincere thanks on behalf of my delegation for the opportunity given by the organizers of this meeting, and also the USDA. Because of my difficulty in speaking English, I took up too much of your time. I am sorry for that. Thank you. And I should say, Mr. Zhu Xiangdong and I would be pleased to answer your questions.

From the question period

Q: I just want to thank the gentleman from China . . . for bringing us the *truth* about how your farm policy is going to be handled in the future. And, Scott, I am very disappointed in you with the numbers you are dumping on these poor people! [Laughter]

Prof. Scott Rozelle: First of all, if you read the paper, if you look at projections, from everywhere else in the world, you're going to find that we often get accused of being too low in our estimates of future Chinese grain imports. We are the *lowest* of any published study around, including the Economic Research Service's [ERS, a division of the USDA] model, including the World Bank's model, including the Australians, the Japanese, and the OECD [Organization for Economic Cooperation and Development], so we are by far the lowest. The other thing is, if you notice, that by 2020, under our predictions, the Chinese are only importing 5% of their grain. That's their target—their own target is 95% self-sufficiency. . . .

The other thing that needs to be noticed is that there is a *cost* to this policy. Even getting to the point you saw. Basically, to get to the point where they're meeting their target in 2020, our prediction is that they're paying way too much for their corn than they could pay if they brought it in on the international market. So, there's a big welfare cost to this policy.

And the fact is, I can absolutely agree with Dr. Min's predictions that they *won't* import as much as they say, but they're going to have to be willing to pay the cost in resources for that.

I also want to say that, I think they can also meet their target by doing one thing that won't require large imports, but they can supply most of their own production in the next 20 years, and that's by opening up the *inputs* market—for seeds,

for fertilizers, for pesticides, for tractors, and for stimulating private research, with joint ventures with foreign nationals and Chinese companies. This is going to be a major effort. There's—I mean, in terms of changing intellectual property rights, in changing policies for joint ventures, and for investment in agriculture and agriculture-related input industries.

So, I think that their predictions are completely valid. I would like to invite—really, what we tried to do in our paper, is to say, here is a matrix of where China might be, tell us where we're wrong. We'd like to go—to try to figure out, if we are. And so, this is a very healthy, fun type of discussion to have. So I hope, I am sure that we'll continue on this. . . .

Cartel charges 'corruption'

Q: I am Dan Keefe, with the U.S. Grains Council [representative of Cargill, Archer Daniels Midland, Louis Dreyfus, Bunge, Continental, Pillsbury/Grand Metropolitan, and others in the commodities cartel], Washington, and I've been to China a few times, and the people there are very kind to welcome me, and have run similar programs as this today.

My question is for Mr. Min. Recently, we are reading a lot about how the grain bureau system and the grain merchandizing system in China is being taken advantage of. Losses have accumulated of \$30 billion for the year, due to trading losses, and other types of losses in China. You also have, you know, this corruption in the system, and you also have this water shortage problem. So, when you refer to *sustaining* your grain production system, how do you reconcile these two problems with sustaining your production to meet the total demand?

Min: I say, it's mentioned by the gentleman just now, that the loss of grain in all the processes, including production, and the loss in other channels, is quite large. I should say, according to the prediction by some experts, the loss is from about 10%, to sometimes 15% of total production. I think the reason for this great loss is because of the low level of mechanization being practiced in the rural areas, and also the low level of application of science and technology, and also the quality of farmers is quite poor. And I should say that, because of the big production of grain—and this is very huge, the total amount is very huge—so is the loss. It will be a very big amount.

So I should say, in meeting the food supply and demand contradiction in the future, I think more attention will have to be paid to the improvement of the science and the technology, and also to more use of mechanization of the machines and modern technology in the future, and also the improvement of the farmers' quality.

Cargill representative: I have a twofold question. In the news services lately, there has been very exciting news coming out about major construction projects of grain handling facilities in the interior and at the ports, to the volume of several million tons. These are very efficient, huge facilities.

What impact do you see of these storage facilities on maybe, perhaps, domestic markets, and internationally?

And the second question ties into it. It is: Do you ever see, or what probability would you assign, of China becoming a grain exporter, net exporter of all grains?

Min: I think as for the grain stock [storage] in China, it has been calculated in different ways. Commercially—for the commercial use, and also for a kind of reserve, for food security. But I should say, the figure of that has been changing. And the purpose of all the grain stock in China, I think, is to ensure the domestic supply of grain in China. And as to the second aspect of the question, about the future potential, the possibility of export of grain to other countries, as I have mentioned in my presentation just now, that China will not become a large exporter of grain in the future.

As I should say, that the per-capita resources in China are less than one-fourth of that in the world.

National economic security

Q: I am Suzanne Rose, with *EIR* news service. I would like to ask Mr. Min to discuss some of the concerns President Jiang Zemin has when he talks about the need for national economic security. And also, whether there is any attempt to prevent the concentration in the markets that we have here in the West?

Min: I should say that the economic reform policies in China will be implemented further on in the future, and the policies to transfer China's economy into a market economy will be implemented in the future. I should say that the reform in agriculture and also in agriculture products is quite ahead of that in the industrial field, and also the enterprises.

I should say that the orientation for China's purchasing and marketing of agriculture products in the future is to adhere to the direction of socialist market economy. Grain, because this is a kind of commodity which is of very important significance in the national market—so it will be placed under the control of the state through market regulation.

And the mechanism of fixing the price by the market, will be introduced. The purpose of introducing the policies, and also the reform into China is to ensure the high enthusiasm of the farmers in the production, and thus ensure the stable production of grain. I think it has been well-acknowledged by both China and also the international community that the reform of the agriculture product marketing in China has been quite successful in transforming the previous shortage situation of supply and demand, to the current quite balanced situation.

The Chinese government attaches great importance to the process of industrialization in the development of agriculture, even though its portion in the total GDP is reducing gradually.

In China, we rely on the increase of agriculture production by three means. Firstly, the policy measures. Secondly, the introduction of science and technology. And thirdly, the increase of inputs into agriculture. And we will continue our efforts in these three aspects in the future.

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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EIR's hour-long video features speeches by Lyndon LaRouche and Helga Zepp-LaRouche, and by former Mexican President José López Portillo. Here, Mr. López Portillo is shown with Mrs. LaRouche (right) and Mexican political leader Marivilia Carrasco.

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Business Briefs

Finance

Stronger monitoring of capital flows sought

Chinese Vice Finance Minister Jin Liqun called for stronger monitoring of short-term capital flows and for reform of the international financial structure, *China Daily* reported on March 18. Jin spoke at the first meeting of finance and central bank deputies from nine members of the Association of Southeast Asian Nations (ASEAN), plus China, Japan, and the Republic of Korea. The "nine-plus-three" meeting was proposed by Chinese Vice President Hu Jintao.

Jin said that there are some defects within the affected economies, but also serious deficiencies in the international financial system, especially the swings of huge volumes of short-term capital flows. "International efforts on crisis resolution and prevention cannot be effective if their focus is just directed on domestic issues of individual economies, while marginalizing destabilizing factors external to those economies," he said. "Financial markets would not swing so wildly if financial institutions were more closely monitored. This has particular relevance for emerging economies, as an interplay of domestic financial-sector weakness and international capital flows have even more violent impacts."

Jin added that "it is in the interests of every economy to cooperate closely with each other in strengthening the monitoring of short-term capital flows and mitigating the potential violence of financial-system turmoil."

Technology

Superconducting storage system ready for delivery

An important large-scale application of the phenomenon of superconductivity is now a commercial product, American Superconductor announced in early March. It has shipped its first industrial Magnetic Energy Storage system to the STEWEAG electric utility in Austria.

Electricity is a commodity that, in general, cannot be stored, but has to be constantly produced for use instantaneously. When there are even slight interruptions to the flow of power, or a drop in the voltage, industrial facilities can come to a standstill, as their electrical equipment shuts down into a safe mode, to protect itself from surges. For the aluminum foundry in Gleisdorf, Austria, this problem is severe during the spring, when storms produce much lightning.

The superconducting electromagnetic electricity storage system will be housed in a portable trailer at the foundry, and will sense any voltage reduction in the plant's delivered power. Most reductions last less than two seconds. When a momentary disturbance is sensed, supplemental power will be provided, preventing a plant shutdown. The magnet, made of low-temperature superconducting wire, will be powered up, and then will remain so indefinitely without degradation until the power is needed. Conventional copper wire would dissipate the energy, producing waste heat, and have to be continuously re-powered at some expense.

Middle East

Africa, Eurasia start up electricity network

On March 16, Egyptian President Hosni Mubarak and Jordanian King Abdullah bin Al-Hussein officially inaugurated an electricity network link between Egypt and Jordan in Taba, Sinai. The link is part of an agreement to connect the electricity networks of Egypt, Jordan, Iraq, Syria, and Turkey signed on Aug. 13, 1996, and has expanded into an initiative to link Africa and Asia with Europe's Mediterranean Electricity Pool.

The North African grid (Libya, Tunisia, Algeria, and Morocco), which is expected to be finished in 2000, had already been linked through Morocco to Spain, with a cable under the Strait of Gibraltar, in August 1997. Egypt and Libya were linked in May 1998. Syria and Jordan are expected to be linked in 1999, as are Syria and Turkey. Turkey is linked across the Bosphorus Strait to "European Turkey" and Bulgaria. The Jordan-Iraq network is expected to be delayed until 2002,

because of the UN sanctions against Iraq. It could be connected to Iran in the future.

Israel has been excluded from this project since Prime Minister Benjamin Netanyahu came to power in 1996 and inaugurated his anti-peace policy.

The initial project, which has so far cost \$500 million, is being partially financed by the Arab Fund for Economic and Social Development, headquartered in Kuwait. The Islamic Bank of Development (based in Saudi Arabia) is also contributing to the project.

The Gulf countries have also started a similar project to link the six member states of the Arab Gulf Cooperation Council, at a cost of \$1.7 billion.

Infrastructure

China discusses huge water-diversion project

Delegates to the just-concluded National People's Congress, and the preceding Chinese People's Political Consultative Conference in Beijing, from the province of Qinghai in western China, proposed an enormous, strategic project to divert water from the Yangtze River to the Yellow River. The motion for the project was submitted to both bodies.

Han Yingxuan, chairman of the Provincial Political Consultative Conference of Qinghai Province in northwest China, called for a vast project to pipe water from the Qinghai-Tibet Plateau. "Putting an end to the water shortage in the north is of strategic significance to the sustained social and economic development of our country," he said.

Qinghai Deputy Governor Wang Hanmin told *China Daily*, in an exclusive interview on March 18, that China's strategic plan to divert water from southern rivers to northern areas originated in the 1950s. "Compared with plans to divert water from the lower or middle reaches of the Yangtze River, Qinghai's proposal, upon implementation, will ensure more regions in northern China benefit," Wang said.

The project of channelling water northwards, known as the "western route plan," has been debated for decades, because of the

GERMAN Defense Minister Rudolf Scharping criticized the International Monetary Fund, while in Washington on March 15. In the Balkans, he said, where NATO is trying to support Macedonia, the industrial privatization policy which the IMF advocates, could cause an unemployment rate of 50%. This policy discredits the West and NATO.

ROMANIA is close to declaring default on more than \$2.4 billion in government and private foreign debt, as the currency, the leu, has lost one-third of its value since the beginning of the year. President Constantinescu was quoted in the March 18 *Wall Street Journal*, "A market economy is not worth it if it creates profound social fracture."

AUSTRALIAN Deputy Prime Minister and Minister for Trade Tim Fischer wrote that, "at present I do not consider that the government should be actively promoting the [Eurasian] Land-Bridge concept," in response to a Parliamentary inquiry. The government had never before mentioned the existence of the project.

THE GUATEMALAN banking system is illiquid, a Guatemalan government official told *EIR*, in a discussion of Ecuador's crisis. Five financial houses have gone bankrupt, and another two are about to follow, and no one is extending loans to anyone, the official said.

INDIA has asked Kazakstan to offer Indian oil firms projects in the petroleum sector, and to give them equity participation in upstream projects. India is the sixth largest energy market in the world, and over 40% of its commercial energy requirements are provided by oil and gas.

BRAZIL'S Minas Gerais, "the only state in which electrical power has not been privatized," was also "the only state not affected by the power outage" on March 11, that left 40% of the country without electricity for several hours, *O Globo* reported in its March 17 edition.

huge investment and engineering work required. Drought has become an increasingly serious problem in northern areas, with the seasonal dry-up of the Yellow River in northern China becoming longer over the years.

Han Yingxuan said that more than 80% of direct water runoff in China takes place in the south, where cultivated land accounts for just 40% of the country's total. "The water shortage prevalent in vast areas of China has strangled economic development," he said. Han suggested piping water from the Yangtze River and its upper-reach subsidiaries on the Qinghai-Tibet Plateau into the narrow Yellow River in three stages. Once the project is finished, 110 billion cubic meters of water, twice the current volume of the Yellow River, can be piped north each year, and "this would effectively put an end to water shortages in the north," Han said.

Lu Qiang, a member of the Chinese Academy of Sciences, is investigating underground water resources, especially for drinking water, for the northwest. Lu said that the Xinjiang Uygur Autonomous Region alone boasts twice as much underground water as the volume in the Yellow River.

Agriculture

Free trade threatens Croatian production

In the context of Croatian admission to the World Trade Organization (WTO), Croatian agriculture is being hit hard. Tariffs on the import of almost all agricultural products are to be lowered from 35%, to European Union duty rates of 20.8%. In Croatia, import duties for meat are currently 66%, milk 33%, meat products 75%, and beverages 80%. Deputy Agricultural Minister Miroslav Bozic, who is heading the talks with the WTO on agriculture, announced that this will cause "a certain degree of disorder."

The Croatian Parliament had just ratified a system of agricultural stimulation and direct subsidy payments for farmers, which will not mean very much under these new conditions. Already, farmers are in an uproar, because they have not been paid by the

state and other manufacturers for last year's harvest. Farmers from the main agricultural areas of Croatia, the war-damaged eastern regions of Slavonia and Baraja, had planned a big demonstration and road blockade at the beginning of March, but it was postponed because the government has said it will pay.

In the past, imports made up an increasing amount of Croatian food consumption, while the development of domestic agriculture was neglected, due to powerful trading conglomerates in the country. With these new WTO agreements, protection for domestic agricultural production will be effectively ended.

Nuclear Energy

Taiwan okays fourth power station complex

Not yielding to anti-nuclear protests that had sparked riots outside the parliament in 1996, the Atomic Energy Council of Taiwan on March 17 approved the construction of the fourth set of nuclear power plants on the island.

The council studied the issue for 17 months, and had more than 100 experts assess the safety of the plant design, during which it amassed 9,000 pages of documentation. It concluded that the design "adequately ensured public health and safety." The two reactors will be supplied by General Electric Co., under a \$1.8 billion contract. The total cost of the project is \$4.8 billion.

The reactors are slated to be built in Taipei County's Kungliao township, on the Pacific coast. A major demonstration by Kunkliao fisherman and other "activists" is slated for March 28, the 20th anniversary of the accident at Three Mile Island in Pennsylvania. When the construction permit was issued, the Taiwan Environmental Protection Union denounced it and said it would mobilize 30 anti-nuclear groups to stage protests and demonstrations.

If construction goes according to plan, the first unit will go online in 2004, and the second in 2005. Taiwan has six other reactors, accounting for 24.8% of the island's electrical output.

Curie conference reflects on impact of discovery

Poland's President, speaking on the centenary of the Curies' discovery of polonium and radium, proposed a permanent dialogue on the "problems at the borderline of politics, science, and economic life."

On Sept. 17, 1998, Polish President Aleksander Kwasniewski keynoted the International Conference on the Discovery of Polonium and Radium—Its Scientific and Philosophical Consequences: Benefits and Threats to Mankind, marking the centenary of Marie and Pierre Curie's discovery of these elements. President Kwasniewski's speech, "Scientific Discovery and Its Consequences—Reflections of a Politician," prompted one Polish scientist taking part in the conference, Dr. Zbigniew Jaworowski, to respond to the President's remarks, praising his vision, but correcting some of the myths relating to ecology, which the President had enunciated.

Jaworowski, a multidisciplinary scientist who is an M.D., Ph.D., and D.Sci., is a professor at the Central Laboratory for Radiological Protection in Warsaw and a former chairman of the United Nations Scientific Committee on the Effects of Atomic Radiation. He is known internationally for his work on radiation protection and climate science, and several of his articles have appeared in 21st Century Science & Technology. Jaworowski provided EIR with translations of President Kwasniewski's speech, his own comments, and a follow-up letter from the President. Dr. Jaworowski's speech at the international conference, "Radiation Risks in the 20th Century: Reality, Illusions, and Ethics," appeared in EIR's July 24, 1998 issue.

President Kwasniewski's speech, Dr. Jaworowski's reply, and President Kwasniewski's letter appear here, slightly edited and with subheads added.

President Aleksander Kwasniewski

Dear Ladies and Gentlemen:

I welcome cordially all those who have come to Poland

to attend the meeting of men of letters on the occasion of the 100th anniversary of the discovery of polonium and radium by Maria Sklodowska Curie and her husband Pierre Curie.

For Poles, the biography of Maria Sklodowska Curie is reason for a great and rightful pride. She is the personality of our national legend, one of those heroes of the past about whom children read in schools. Her life, her scientific career, have been a model for successive generations of researchers. The centenary of the discovery of polonium and radium offers an exceptional opportunity to pay tribute to our great compatriot. This is also an opportunity to express words of gratitude to France—the country which gave a home to the young Poles and offered the conditions for scientific development. I wish to thank the Nobel Prize winners who have honored our meeting.

I wish to thank Prof. Helena Langevin-Joliot and Pierre Joliot—grandchildren of Maria and Pierre Curie—for their presence. I wish to express heartfelt thanks to the representatives of the honorary patrons of our meeting—Mr. Federico Mayor, the General Director of Unesco, and James Dooge, representing the International Council of Scientific Unions.

I am grateful that you have come to Warsaw. The presence of so many eminent persons is a reason for great satisfaction. We have an exceptional opportunity to hear your opinions and suggestions regarding various implications of research studies and the role of the researchers in contemporary civilization.

I am pleased that I can welcome to you to Poland—the country which is making up, at an accelerated speed, for the lost distance dividing it from the highly developed states in Europe. Today's Poland is joining NATO and is negotiating the terms and conditions of its membership in the European Union. The past five years have witnessed a quick economic growth. Inflation is falling, and so is unemployment. Despite



Left to right: Maria Skłodowska Curie, Dr. Zbigniew Jaworowski, Polish President Aleksander Kwasniewski.

the financial crisis that had hit Russia, our foreign exchange reserves are growing. Poland is considered today one of the most stable countries in this part of Europe. These accomplishments are the merit of successive governments that represented very differing political options.

Poland can boast an excellent tradition of scientific achievement, which it treasures in the memory of its great researchers. You have come to a country that understands well the great significance of science, education, and technological advancement for our future.

Looking back at the last century

This conference is devoted to the centenary of the discovery of polonium and radium. The anniversary character of this meeting and an imminent turn of the century lead one to make historical comparisons, summaries, and reflections. “Nothing in the world is constant, but change”—this saying, widespread among the futurologists, has never been more topical than today. The world has faced problems, the depth and scope of which have never been envisaged by anybody, but which have to be urgently resolved. Within 500 days or so we will enter the 21st century. We are all asking ourselves the question, what century will it be? Let us recall—the 19th century was the era of steam and electricity; these were the days that gave birth to modern industry. The 20th century is the era of extraordinary development of science and great discoveries, the era of the atom. Scientific discoveries of the past 100 years played a fundamental role in the great transformation of the world of the 20th century. They also strongly affected people’s lives on Earth.

The extraordinary accomplishments of nuclear physics initiated by the discovery made by Maria Skłodowska Curie and her husband brought the development of nuclear energy. They also offered completely new possibilities of treating numerous diseases that used to plague people. The great discoveries of the first half of the 20th century—which broke with the classical understanding of the micro-world—offered the possibility to develop, not only nuclear energy, but also, a later discovery of the transistor and the laser. These great discoveries stimulated the development of electronics, telecommunications, and computer sciences. Their immediate consequence was the creation of the global computer network, which linked not only scientific laboratories, but also PCs on every continent. Equally imposing is the development of chemistry, biology, medicine, and industry that implemented these magnificent discoveries. In the second half of the 20th century, the first transplantation of a human heart took place. At the turn of our century, the famous Dolly sheep was cloned.

On the other hand, disappointments and fear accompany the development of science. Technological progress and discoveries do not always serve to benefit humanity. We can observe it whilst remaining within the domain of interest of the Curies. It turned out that radiological therapy has not become a panacea for cancer. We have not eliminated the global threat of nuclear annihilation, which is the direct effect of their discovery.

An example from another domain: Spectacular chemical discoveries have brought a civilizational advancement, but also pollution of the environment, with long-term biological and civilizational consequences that are difficult to foresee.

The same applies to molecular biology and genetics. Even with technical protection and legal regulations, one cannot assume that this rapidly developing domain of science is absolutely safe, without any potential danger. Growing industry, and societies which are growing richer, carry the threat of polluting our planet, especially the threat of climate changes. The growing use of energy accounts for the pollution of the atmosphere. The greenhouse effect is growing. The protective ozone layer is increasingly thinner.

Despite the passage of 100 years, neither the politicians nor the researchers can effectively solve the problems of our planet. After the end of the 19th century, terrorist bombings took place in the streets of many European capitals. Paradoxically, not much has changed in this respect—only Alfred Nobel's dynamite was replaced by semtex, the discovery of Czech researchers.

Fascinating discoveries lie before us

Today, nobody will have the courage, as in the 19th century, to say that there is nothing more to be discovered. The most fascinating discoveries are probably before us. We have learned to make use of nature over the past centuries. I believe that the 21st century will bring us knowledge of how to respect it, and not to disturb the balance of the natural environment, whilst using its renewable resources, and how to live with it in harmony. It is the obligation of the current generations to pass knowledge to the coming generations. The time has come to think, not only about the acquisition and transfer of knowledge, but also about the conditions under which we can utilize that knowledge and boost it. And this means, above all, concern for the natural environment and its resources.

The researchers are not to be blamed for the fact that the 20th century, called the century of science and advancement, has not lived up to its expectations. One hundred years ago, during the *belle époque*, it was believed that it would be the century of freedom, peace, development, and progress. It turned out to be the years of two world wars, brutal force and violence, invasions, and ravages. Therefore, there are reasons to perceive the forthcoming century without excessive optimism. However, there are no reasons for fear, which could paralyze the will to act. I am convinced that the 21st century will be the era of growing competition, but also the era of cooperation. A lot, a lot indeed, depends on how people—politicians, managers, and researchers—make use of their power, money, and knowledge.

We should not be surprised or indignant over the fears of many people who are bombarded by the growing amount of information about the negative consequences of certain discoveries or ecological disasters. The effect of Chernobyl was not only a disaster on an immense scale. It also made us aware where arrogance and human errors can lead. Certainly Chernobyl is responsible for the restrained attitude toward nuclear energy, which is considered by many scientific authorities as the most ecological and safe way to generate en-

ergy. Among others, as a consequence of that disaster, the nuclear energy project has been laid off, for at least a couple of years.

What conclusions can be drawn from that by the politicians and scientists, but also by you, who have gathered here today?

Firstly, we have to prevent the consolidation of a negative syndrome of social opposition against scientific and technological advancement. The influence of various pseudo-scientific prophets operating with simplified generalizations and half-truths, creating myths and collective fears, has to be weakened. In order to achieve this aim, scientific circles should improve their communication with society. The ability to break the frequently hermetic language of science should become increasingly popular.

Freedom from irrational fears

Secondly, we must give ourselves an unequivocal answer, whether self-imposed limitations on researchers and cessation of research in potentially dangerous domains are necessary. I am convinced that otherwise, we would experience a true catastrophe with consequences for the future of all of humanity. The striving to seek the truth, and discover the rules which govern nature is an immanent feature of the human mind and an inalienable right. This is the source of development.

This is why society and public opinion must be helped to draw a picture of the world and the situation in the domain of research, which is free of irrational fears. Scientists can accomplish that, above all. No one else understands better all the possible threats—but also immense development opportunities, stemming from the development of science and technology. Science and scientists can and should create a unique “early warning system” for threats resulting from new discoveries, warning against dead-end streets. It is easier to be such a voice of warning for the man of letters than for politicians.

Politicians are responsible to their electorate and must represent their interests in decisions to be taken. For a politician in a democratic country, the only road to the realization of his strivings is to convince others of his reasoning and to obtain consent for their realization. The search for a compromise is one of the fundamental methods of effective rule.

The scientist must be different. In my conviction, they cannot seek a common denominator with the spokesmen of other scientific views. Nobody would ever think about the determination of scientific reality by way of a vote. What is more, the scientist must at all times be ready to leave the road he was pursuing and his reasoning, if the facts contradict his hypothesis. Moreover, whilst a compromise in the striving to discover the laws of nature and truth is impossible for a man of letters, for a politician and decision-makers, such a position would be close to fundamentalism.

But also, politicians must know when to say “*non possumus*” [not possible], because the morality of a politician

cannot differ from that of a scientist. Politicians, like scientists, should have a sense of responsibility, including responsibility for the coming generations. They should also have the vision of the future in a perspective much longer than the next term of office or elections. They should perceive the opportunities for and threats to social development. Politicians and men of letters pursue only different roads and are guided by differing rules of conduct.

The Manhattan Project breakthrough

Some years ago, science was practiced by a small group of people based at universities. Laboratories were small and modestly equipped. No state authorities dealt with the financing of science, since the expenditures were relatively small. It was enough to allocate funds for the construction and equipment of universities, whereas the universities or private sponsors funded the research work of various scientists. Frequently, great discoveries were the fruit of individual passions or modest salaries or even their own funds. Archimedes, Copernicus, Leonardo da Vinci, or Darwin, were eminent scientists of their days, but, for none of them, was research how they made their living.

The Second World War and the implementation of the Manhattan Project brought the real turnaround. It was the first time that such a large group of people was gathered in one place and at one time, including physicists, mathematicians, chemists, engineers, and, finally, the military men, whose only objective was to construct an atom bomb. It was the only way to realize the idea born in the minds of a number of outstanding nuclear physicists over such a short time. This was a political decision, and it was taken by politicians led by the then-President of the United States of America, Franklin Delano Roosevelt. It was also his successor, the next President of the U.S.A., Harry Truman, and not researchers, who took a decision on the first — and so far, the only — use of the terrifying vision and the research product, namely the nuclear weapon. This event shows very clearly the immense moral burden shouldered by politicians and scientists — for the practice of science and the use of its fruits.

It is worth noting that the Manhattan Project turned out to be a turning point in the history of science, also, in another aspect. It was the beginning of an entirely new attitude toward science and toward the financing of research studies. After the end of World War II, research was included, for the first time, in state budgets. Also, major industries started building their large laboratories, employing the most outstanding minds, which were given means and opportunities not to be found in any university laboratories.

Paradoxically, it is from that time that accusations began to be addressed more frequently that misunderstood the role of science in the development of society. Public opinion often accuses governments and parliaments of having mistaken priorities. There are voices reflecting the pressures of the electorate on the implementation of short-term election promises —

and science rarely fits into them — leading to shrinking public outlays for research.

This state of affairs has been observed both in democratic countries and in authoritarian systems. The situation could be illustrated by an anecdote regarding a conversation that a Nestor of Polish physics, Leopold Infeld, had with a minister of the communist government, about the need to raise the extremely low salaries of researchers. It happened some 40 years ago. According to Infeld, the then-minister rejected him, by saying that scientists would not stop working even if they were paid low salaries, whereas the miners would.

The morality of a politician cannot differ from that of a scientist. Politicians, like scientists, should have a sense of responsibility, including responsibility for the coming generations.

What has changed since those days? It might seem that everything has changed in Poland. Today, we are encouraging miners with material incentives to change their profession, to facilitate the closing of unprofitable mines. But this, however, does not make the scientific milieu feel any better.

It must be said, in all seriousness, that, if science does not become, soon, one of the top priorities of the state, we will not be able to look without fear into Poland's future in the increasingly competitive world. Science is the best investment for societies entering the 21st century. This applies to the entire state, but also to decisions made by individual people. Education and related research are a vital necessity for the developing countries.

I have every basis to believe that Poland's political elites accept this statement as one of the programmatic imperatives. Not only because this is the need of our country, but also because this attitude is taken by an increasing number of states worldwide.

The place of nations and states in the 21st century depends on science and education. I believe that this applies both to the advanced countries and to Poland, which is making up for delays. We have entered the road of systemic changes aiming to free the possibilities of man. In the previous system, they were hampered and restricted. The effectiveness of the market economy and inviolability of democracy is related to the level of public education. New economic conditions accounted for a sudden awakening of educational aspirations.

What does modernization of the educational process mean today? Above all — the consolidation of general knowledge and, as a consequence, the growth of fundamental sci-

ences. This also means a better knowledge of what is going on in the world. We are living in the days of the globalization of the economy, technology, and science. These domains require appropriately prepared people. Whoever fails to meet competition will condemn himself to degradation in his perspective.

I am deeply convinced that the dreams and strivings of the past generations for a prosperous and broadly educated Poland will come true now. Also Maria Skłodowska Curie deeply believed that education could change and make society more sophisticated. True to positivistic ideology, she wrote in her biography: "There is no possibility of building a better world without improving the fate of individuals."

Society and science in the new millennium

I have not the slightest doubt that the realization of dreams and expectations of humanity for the future millennium will only be possible if we use the creative accomplishments of the intellectual elites. They can analyze the aims of development and define the roads leading to its realization. They can be the voice of warning and they can help avoid future threats flowing from scientific and technological progress. They can finally help to carry out fundamental changes in the educational system. We should do our utmost to make the voice of intellectuals heard and listened to. In this, I see a great role to be played by governments and international organizations. I believe that the international community of scientists will not refrain from participating in such important social tasks in a way it has never done before.

I am posing an open question from this standpoint: Do all of us — the fathers of scientific and technological progress and its consumers — need to establish a permanent international forum for consultations and exchange of ideas, where we discuss the main problems at the borderline of politics, science, and economic life? Such a forum could play an advisory role, like that of the Economic Forum at Davos. I am leaving this issue for your consideration.

I wish you fruitful debates, and pleasant memories of your stay in Poland when you return home.

Response from Dr. Zbigniew Jaworowski

Warsaw, Sept. 26, 1998

Dear Mr. President,

It was a pleasure to hear your opening lecture on Sept. 17 at the International Conference on the Discovery of Polonium and Radium — Its Scientific and Philosophical Consequences: Benefits and Threats to Mankind. Both I and many other participants of the conference highly appreciated your realistic assessment of the relationship between science and contemporary civilization.

I was impressed by your arduous stressing of the need to prevent consolidation of the negative syndrome of social opposition, against false prophets of doom, creating myths and collective fears. This is one of the important challenges of our time that should be addressed by scientists and politicians. Not an easy task, as myths and fears have intoxicated society as a whole, including scientists, intellectuals, and politicians. In scientific literature, this situation is sometimes likened to the obsessive fears of witchcraft in past centuries.

These myths, however, resounded in your presentation. They are (1) global nuclear annihilation; (2) dimensions of the Chernobyl disaster; (3) man-made climatic catastrophe; (4) disastrous consequences of ozone layer destruction; and (5) pollution of the global environment. In my professional work I deal with scientific aspects of all these five menaces. May I, please, comment on them?

(1) Currently there are about 50,000 nuclear weapons stocked in arsenals worldwide, with a total explosive yield of about 13,000 megatons. This is only 30 times more megatons than up until now have been exploded in atmospheric nuclear weapons tests. According to estimates of the United Nations Scientific Committee on the Effects of Atomic Radiation (UNSCEAR), a respected international authority on this matter, the average individual radiation dose from all these nuclear tests, accumulated between 1945 and 1998, is about 1 millisievert (mSv); that is, less than 1% of the average natural radiation dose. Exploding, in a short time, all the nuclear weapons stocked in the arsenals, with combat geographic distribution similar to that in past nuclear tests, the average individual would receive a long-term radiation dose of about 60 mSv. This is a far cry from the short-term lethal dose of 3,000 mSv for man. We are unable to annihilate either all human beings or all life on Earth, even after a substantial increase in nuclear arsenals.

(2) According to the estimates of UNSCEAR, the average radiation dose from the Chernobyl fallout outside the former U.S.S.R. consists in a tiny fraction of the natural dose (e.g., 0.3% in Central Europe). In the most contaminated parts of Belarus, Ukraine, and Russia, it reaches about 6 mSv per year, which is less than natural doses in many regions of the world. For example, in the city of Chernobyl in 1992, the average annual dose was about 5 mSv; inside the granitic Grand Central Station in New York, 5.4 mSv; in a region in Sweden, 35 mSv; in Brazil, 37 mSv; in India, 53 mSv; and in Ramsar county in Iran, from 89-285 mSv. In all these high natural radiation regions, no increase in cancer incidence or genetic disease has been observed.

Twelve years after this catastrophe, UNSCEAR estimates that "apart from the dramatic increase in the thyroid cancer in those exposed as children, there is no evidence of a major public health impact to date from the radiation exposure caused by the Chernobyl accident in the three most affected countries. No major increase in all cancer incidence or mortality has been observed that could be attributed to the accident.

In particular, no major increase has been detected in rates of leukemia, even among the accident recovery workers, one of the major concerns after radiation exposure." At its 1998 session, UNSCEAR also stated that "screening must . . . play a role in the reported increases in thyroid cancers." In other words, the increases in thyroid cancers are partly the result of more people being screened for the disease, not the result of an increase in incidence. On the other hand, psychosomatic disturbances, occurring in the former Soviet Union on a mass scale (not related to irradiation), are caused by scare propaganda, and by the policies of authorities, based on radiological ignorance.

The Chernobyl accident cost 31 victims their lives. Thus, it was a less harmful industrial catastrophe than many other catastrophes in the 20th century, even compared with the average number of 70 traffic fatalities occurring over one weekend in Poland. An industrial catastrophe in Bhopal, India, in 1984 killed 15,000 persons. In this perspective, the Chernobyl accident was not, as you said, "a disaster of an immense scale." But the false myth of thousands of fatalities in this catastrophe led, in many countries, including in Poland, to the virtual strangling of the development of human- and environment-friendly nuclear power.

(3) The hypothesis of man-made climatic change is opposed by more and more scientists. For example, the "Oregon Petition" against the Kyoto Protocol [the December 1997 amendment to the 1992 "Earth Summit" treaty, mandating drastic reductions in emissions of "greenhouse gases"], was signed in 1998 by 17,000 American scientists. Contrary to what the media and politicians (including Vice President Al Gore) proclaim, scientists are far from a consensus on this matter. I discuss this in an enclosed paper. [Cf. Zbigniew Jaworowski, Ph.D., "Ice Core Data Show No Carbon Dioxide Increase," *21st Century Science & Technology*, Spring 1997.]

(4) That the ozone scare is not a real danger, one can learn from a basic geophysical datum: Traveling from any place on the globe about 22 km in the direction of the Equator, increases the dose of UV [ultraviolet] radiation by 1%. Were the production of chlorine-containing CFCs [chlorofluorocarbons] (supposedly destroying the ozone layer in the stratosphere, which shields us against UV) not stopped, the maximum decrease of the ozone layer could reach about 5%. This would cause an increase in UV dose corresponding to moving 113 km toward the Equator. Nature introduces thousands of times more chlorine into the stratosphere than man does. If not for this natural flow of chlorine and other natural mechanisms of stratospheric ozone destruction, the concentration of ozone in the atmosphere would very soon surpass the lethal level for all life.

(5) Finally, let's have a look at pollution. One of the most fashionable contaminants of man and the environment is lead. It was the fear of the health impact of atmospheric lead pollution that was behind elimination of leaded gasoline

from gas stations. Production of unleaded gasoline needs 25% more crude oil; by this factor we increased consumption of oil at the expense of future generations. However, the advent of leaded gasoline in 1925 coincided with a dramatic decrease of lead levels in Europeans, in comparison with its level in our ancestors from the Middle Ages and the 19th century.

Metallic lead was unknown in Poland 2,000 years ago, when its level in humans from the southern part of the country was about 2 micrograms (μg) per gram of bone. But in the 11th century, a monk from a monastery near Krakow had a lead level in his bones of about 100 $\mu\text{g}/\text{g}$, and between the 13th and 19th centuries, among inhabitants of Krakow and its surroundings, the lead level ranged from 50 up to 300 $\mu\text{g}/\text{g}$. Now, in Krakow, the average lead concentration in human bones has decreased to 4 $\mu\text{g}/\text{g}$. Similar trends occurred in other European countries, in the U.S.A., and Japan. A study of snow and ice from nine glaciers in Spitsbergen, Alaska, northern and southern Norway, the Alps, Ruwenzori, Uganda, the Peruvian Andes, and from the Antarctic Peninsula, demonstrated that, in the 19th century, the global atmosphere was slightly more contaminated with lead than now (probably due to higher volcanic activity before 1900 than after) and that more than 90% of atmospheric lead was of natural origin.

I strongly support your initiative, Mr. President, to create a forum where scientists, economists, and politicians could exchange views and educate each other. It could be a means of helping to dispel the myths and illusions that hound the end of this century.

Sincerely yours,
Zbigniew Jaworowski

Response from President Kwasniewski

Warsaw, Nov. 9, 1998
Prof. Dr. Zbigniew Jaworowski
Central Laboratory for Radiological Protection
Dear Professor:

My cordial thanks for your letter. I read with great interest your enclosed articles. I fully agree with your opinion on the myths of: global nuclear annihilation, Chernobyl, climatic warming, destruction of the ozone layer, and the danger of contamination of the environment. I appreciate also your support of the initiative of creating a forum, where politicians, scientists, and economists could exchange opinions and learn from each other.

I wish you, Professor, much success in your scientific work.

Sincerely,
Aleksander Kwasniewski

Mad Brzezinski's chessboard

by Lyndon H. LaRouche, Jr.

March 16, 1999

If you had thought Bozo the Clown is now just a memory from a Baby-Boomer's childhood, you obviously had not studied the March-April edition of the New York Council on Foreign Relations' organ, *Foreign Affairs*.

Remember Bozo as the fellow in the clown-suit standing on a platform above a large tank of water. He taunted you with the meanest, most provocative insults imaginable, daring you kiddies to throw baseballs at the target which, if hit solidly, would dump Bozo into the water—to your great satisfaction. That is pretty much the way in which many of today's saner strategists and historians, world-wide, look at Zbigniew “Tweedledum” Brzezinski, Henry “Tweedledee” Kissinger's one-time successor as U.S. National Security Advisor.

“Zbiggy,” as he is called, is the deceptively goofy thug some Washington regulars of President Carter years used to refer to as “Woody Woodpecker.” He was never of much use for winning wars; but, to the present day, he remains, like Kissinger, a person of those Hobbesian compulsions which dedicate him to provoking them. You doubt that? Read one of his most recent publications, *The Grand Chessboard*: Pure Hobbes! A real Bozo!

The trouble is, there are many Bozos more or less as nasty and loony as Zbiggy among Wall Street's hired “national security” roustabouts. If you had any doubt of that fact, read the current edition of *Foreign Affairs*. All of the leading items of that edition are, like *The Grand Chessboard*, devoted to veteran Harriman lackey Zbiggy's favorite lunacy, “geopolitics.” The trouble is, that many of Wall Street's Democratic Party assets, like Brzezinski, Al Gore, Madeleine Albright, William Cohen, and other backers of “a nuclear globalizing of NATO,” are, in practice, on the same “geopolitical” kick as the worst among the Bush league war-mongers on the Republican side.

This revival of geopolitics, as featured within the current *Foreign Affairs*,

could start World War III. Conceded: this would not be the same kind of war as World War I and II. It would be much different, but, in the end, much worse: the kind of war no one would know how to bring to an end. It would evolve into a doomsday war, featuring included use of nuclear weapons, the kind of war which, minus the nuclear weapons, was customary until the Fifteenth-Century birth of the sovereign nation-state.

The kinds of wars *Foreign Affairs* geopoliticians would provoke, would be like the perpetual warfare of the time of the pre-nation-state Roman Empire, or, the Welf League wars which ended with the Fourteenth-Century New Dark Age, or, the 1618-1648 Thirty Years War organized by pro-globalist feudal imperial power against the institution of the modern sovereign nation-state. It would be the kind of war which brings a “new dark age” to whatever parts of the world it touches. That kind of World War III—the kind of warfare which has evolved out of the precedent of “Desert Storm,” is what a considerable number among the world’s most respected senior strategists, estimate, quite accurately, could become a “limited” nuclear war, killing perhaps “no more than” some tens of millions of people in the U.S.A., as in Russia and other places.

Such an escalation toward global conflict could start from the present likelihood of Israel’s using its nuclear-weapons options, as part of the now onrushing escalation and counter-escalation of its current Middle East escalation for warfare, wars directed against targets including Iraq, Lebanon, Syria, Iran, and Sudan. That Middle East war, currently being run by Britain’s Blair government, with complicity of the currently dominant faction of the Washington Principals’ Committee, could lead, by chain-reaction, toward a major “limited nu-

clear” exchange over much wider areas, a few years down the line after Israel’s now-threatened next action.

The H.G. Wells-style scenario implied by Zbiggy’s *The Grand Chessboard*, defines Central Asia as the likely cockpit from which the war could, and, according to the utopian madness of his “shape of things to come,” should spread to wide areas of the world.



Zbigniew Brzezinski. Writes LaRouche: “ ‘Zbiggy,’ as he is called, is the deceptively goofy thug some Washington regulars of President Carter years used to refer to as ‘Woody Woodpecker.’ He was never of much use for winning wars; but, to the present day, he remains, like Kissinger, a person of those Hobbesian compulsions which dedicate him to provoking them.”

It is not only the calculated strategic scenarios which represent the danger of even nuclear escalations. There is a crucial added factor, beyond the calculations of the Principals’ Committee’s maddened utopians. That factor is the already defective, and rapidly self-deteriorating moral character of Israel’s post-Rabin government, combined with the sundry circumstances and internal weaknesses of the present array of British, U.S.A., and continental European governments. Under conditions which such emotionally unstable political systems as those governments sense as unbearably prolonged, escalating economic crises and other stress, many among those governments, including that of the U.S.A., would probably react to the effect of a series of escalations toward spreading warfare. This would lead toward exactly the kind of exhibition of “flight forward” which would turn the Principals’ Committee’s utopian calculations into a nuclear-warfare toll adding into the tens of millions or more world-wide.

The world has already seen clear evidence which should have warned us of this danger. Study the way in which Al Gore led the Principals’ Committee in foisting upon a President Clinton harried and diverted by an impeachment battle, the Principals’ Committee’s bombing of Sudan. That was followed by the Principals’ Committee’s foisting of the greater lunacy of the presently

ongoing, escalating war against target Iraq. Compare these instances with the presently operational policies of the British and Israeli governments, together with the Principals' Committee, in pushing to extend their already-ongoing war in the Middle East, into a new, "imperial NATO" doctrine of deploying forces, including nuclear capabilities for actions against an ill-defined list of potential "rogue states," including "Caspian oil" wars in Central Asia.

This is a joint British, U.S.A., and Israeli operation, currently under overall direction of the present Blair government, without any significant preconsulting with other NATO members than the British Commonwealth and U.S.A.!

Look at the way in which the continuing after-effects of the British launching of "Desert Fox," were aggravated by Secretary Albright's loutish conduct at the Rambouillet conference on Kosovo. Her foolish diplomacy, set in the context of the Blair government's launching of the U.K.-U.S.A. war on Iraq, prevented a negotiable solution from being reached over the Kosovo issues.

Compare the pattern of behavior of the Principals' Committee, in pushing genocide in Black Africa, and the totally unjustified bombing of a pharmaceutical plant in Sudan, with the demented conduct of Vice-President Al Gore and Secretary Albright during the recent APEC meeting sessions in Kuala Lumpur. Look at the consistently Gore-like, "bi-polar" rage factor, in the conduct of the Gore-dominated Principals' Committee. Look at the desperation of Gore's efforts to cover up his misuse of his political position in world affairs, to promote corrupt political and financial dealings on behalf of Gore's personal political interest. It is the toleration of this kind of behavior within the U.S. government, which is prompting strategic analysts to foresee a growing and fairly early danger of wars which merge and "nucleate" to the threshold of nuclear firestorms.

I believe that we could still prevent the limited nuclear and other wars which madmen such as Brzezinski are currently attempting to start. However, they will be avoided only if we begin to act now to prevent emotionally and intellectually weak, increasingly hysterical leading governments, including that of the U.S.A., from continuing their present tendencies toward increasingly irrational, "flight forward" reactions to the stress centered in the present, hyperinflationary global financial and monetary bubble.

Thus far, there is no justified cause for any of those ongoing, or threatened military actions which the U.S.A. and Britain are taking in the direction of something like "World War III." Nonetheless these actions are being taken; and, more and more, a current revival of lunatic litanies on the subject of "geopolitics" is being circulated as probable *casus belli*, as the current issue of *Foreign Affairs* typifies that specific expression of strategic madness.

What ought to be the obvious question is: Since there is no justification for planning warfare of this sort, why is the

march of the British Commonwealth and U.S.A. toward such warfare presently ongoing at an accelerated rate? For anyone who understands the sheer hysteria gripping both the City of London and Wall Street, there is no mystery about the way in which either funds for the 2000 Presidential and Congressional campaigns are being steered from Wall Street, or in which the mass media of the U.S.A. and British Commonwealth are beating the drums for war.

In this report, I address three closely related issues. First, why are people like Brzezinski and the editors of *Foreign Affairs* so hell-bent on pushing the world toward even actual nuclear warfare? Second, for what cause are the supporters of Blair's present leadership acting? Third, what is the significance of war-monger Brzezinski's, and others' emphasis on the attempt to revive the same old "geopolitical" kookery used by King Edward VII's Fabian-led Round Table to set off World War I?

1. The flight-forward factor

So, now turn to focus upon the "flight-forward" factor.

Presently, all of sub-Saharan Africa is victim to a spreading Holocaust which has already exceeded six millions African victims. It is a Holocaust sponsored chiefly by a British-led combination of Commonwealth, Israeli, and U.S. factions operating in the Africa theater.

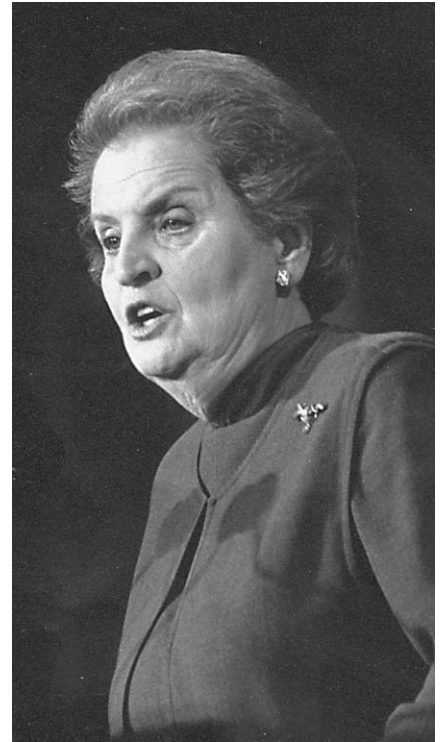
Similarly, since the British-planned provocation of the Spring 1982 "Malvinas War," most of Central and South America have been pushed toward the present edge of Africa-like Holocausts.

In a related way, western continental Europe, most notably, is dominated by a collection of governments which are not merely weak—greatly undermined in their authority by the ruinous actions imposed by the Thatcher-Mitterrand-Bush combination of 1989-1992—but politically shallow, each based upon very fragile political combinations. Look at Italy, whose political stability was destroyed, by a destabilization and looting operation run directly, with open shamelessness, from the private yacht of Britain's Queen Elizabeth II. Read the report on the Thatcher-Mitterrand 1989-1991 destabilization of Germany issued by the Kohl government this past year.

Take note of the irony of the political situation in the U.S.A. today.

The evidence is, that President Clinton has achieved a level of personal popularity rivalling memories of President Franklin Roosevelt. The relevant irony of that personal popularity is, that it is in direct contrast to the unpopularity of the Democratic Party's leadership, and to the profound lack of popular enthusiasm for prospective Year 2000 Presidential candidate Al Gore.

The President's popularity is based, not upon what he has accomplished, but on such considerations as his expressed



Among the members of the Principals Committee, left to right: Vice President Al Gore, Secretary of Defense William Cohen, Secretary of State Madeleine Albright. The utopian calculations of this British-backed grouping could take a nuclear-warfare toll adding into the tens of millions or more world-wide.

desire to develop partnerships with Russia and China. To the thinking citizens, these seem sensible impulses, which are nonetheless opposed by many Republicans and Democrats. Clinton's repeatedly frustrated attempts at a sane foreign policy—as in Northern Ireland, the Balkans, and the Middle East—show him to be an obvious outsider to “those other bums” in the Democratic and Republican parties' current establishments.

Overall, the first-hand evidence is that the President is liked by those voters who regard him as an “outsider,” the only kind of political official a sensible citizen trusts these days. In effect, were President Clinton suddenly removed from office, the United States would, in that instant, lose the protective “mantle of Heaven.” It would collapse quicker that you could pronounce “Ozymandias.”

This deep, wide, and growing fear and contempt for establishment politics and politicians, is consistent with the general situation which has been building up in the U.S.A. and western Europe since the “political juice” went out of the U.S. Reagan Administration, beginning the 1985-1986 interval. As I noted above, in western Europe, the decisions made during late 1989 and 1991-1992, by the Thatcher, Mitterrand, and Bush governments, have created today's disastrous economic and political situation. For those reasons, as I have already noted, the nations of the so-called “Atlantic Alliance”

are dominated presently by increasingly weak, and increasingly unstable governments and ruling political combinations; these are governments and parties from which the electorates are increasingly estranged.

Apart from some recent hopeful signs in Asia, the world as a whole is a terrible, and, truth be known, increasingly bankrupt mess. As we witness, since December, in the continued escalation of the British and U.S.A. bombing of Iraq, weak governments are prone to the kind of loss of nerve which the U.S. Principals' Committee has displayed in its current “flight forward” into a Middle East adventure.

The root of the political situation among these nations is the contrast between the increasing grip of defective ruling ideologies, and the real-life disasters these ideologies have brought upon the economies and great majority of the population of each nation.

Measured by real-economy standards, the net physical output, productivity, and consumption of the population of these nations, has been in overall net decline since the 1971-1972 launching of that present “floating exchange-rate monetary” system, which replaced the relatively successful previous Bretton Woods system. In the U.S., for example, no amount of the recent and current outpouring of deliberately faked governmental and Wall Street propaganda, could conceal the fact, that basic economic infrastructure is collapsing,

that health-care, social-security, and other general welfare standards, are in the process of being gouged ever more savagely, our productive industries are an endangered species, and that our national food security—our farmers—is being wiped out.

With relatively few exceptions, presently, most among the leading circles are insane in the literal, mathematical-physical sense of the term; by the standard of cause and effect, they are passionately deluded, seized by an obsessive denial of a truth they refuse to face. They are true believers in pagan superstitions called by such misleading names as “democracy” and “free trade,” or “globalization” and “ecologism.”

Take the U.S. case first. Look at some of the more recent pattern of relevant developments.

Begin with the change in U.S. policy-direction before and after the 1994 U.S. Congressional elections. Before those elections, a leading theme of the Clinton Administration was protecting the health-care standards of the population as a whole. After the Republican victory, the weight was shifted, toward cutting health-care savagely, cuts with no basis in fact other than the intent to create superprofits for the speculators taking financial control over the market in health-care, finding ways to loot Social Security, similarly. In short, to tear down government, and loot the general population, all for the pleasure and profit of the international financial syndicates behind the global hedge-fund bubble.

Disaster struck in Spring and Summer 1996, as Vice-President Al Gore, flanked by the cousin of the notorious Roy M. Cohn, Dick Morris, led the charge to bully President Clinton into capitulating to then-Speaker of the House Newt Gingrich, on the “welfare reform” issue. That change in the President’s policy, doomed the Democratic Party to lose the fight in the 1996 U.S. Congressional elections. That, in turn, enabled Clinton’s adversaries to set up what became the attempted parliamentary coup d’état, against the President and the Constitution, of 1998 and early 1999.

The overwhelming majority of the U.S. population were estranged, more and more, from both their governmental institutions and from the incumbent leadership of the Democratic and Republican national committees. That did not begin with the 1994 Congressional elections; the alienation of the voters from the parties and government, has been escalating since the imposition of the so-called “Phase I” and “Phase II” austerity policies of the months immediately following the August 1971 break-up of the post-war Bretton Woods system.

For the past twenty-eight years, the overwhelming majority of the U.S. citizenry—labor, farmers and other productive entrepreneurs, and scientifically trained professionals, among many others—have become habituated to expecting less and less of better, and more and more of worse, from both their government and the political parties’ leaderships.

Overall, the trends in Europe are in the same, downward accelerating direction, especially since the policy-changes in-

roduced under the combination of Thatcher, Mitterrand, and Bush, during the 1989-1992 interval. Recently, the Kohl government was defeated in the general election, because the “Red-Green” combination was considered as the “outsider.” Not long after the new “Red-Green” government was installed, its popularity began dropping to levels as low as, or even below those of the just previously ousted Kohl government.

Not only are the populations more and more estranged from the ruling governments and leading political parties of Europe, as in the U.S.A. In every other respect, the policies of those governments are increasingly an absolute economic failure, both in Europe and in the U.S.A. Thus, the behavior of those once-impregnable Atlantic powers now appears to be, more and more, a parody of the great Persian host marching toward its doom on the plains outside Arbela.

This combination, of populations increasingly estranged from their governments and leading political parties, and successive governments, like leading political party hierarchies, showing themselves, more and more, to be bungling failures, pushes those parts of the world into a condition of increasing loss of the ability of governments to govern by any means but the modern equivalent of the mailed fist. The fist moves with increasing desperation. The death-penalty orgy in the U.S.A. merely reflects this accelerating loss of existing governments’ fitness to govern.

Since the terminal phase of the presently ongoing, global financial collapse erupted into the open, during October 1997, the situation for these governments, under a continuation of their present policies, is becoming hopeless. Now, since mid-October 1998, when the IMF’s Group of Seven chose to unleash the greatest hyperinflationary monetary and financial expansion in history, the doom of the entire global financial and monetary system is not far away. Thus, if and when we think of where things are going now, the image of Adolf Hitler in the bunker might come to mind.

In history, there are many cases of empires and other governments which have lost the moral authority to rule, but which nonetheless still retain the power of arbitrary rule, at least for the short term. The contrast, between an accelerating loss of moral authority, and their determination to retain power nonetheless, is the usual catalyst for wild orgies of political repression by the regimes in power, for the growing popularity of the revolutionary upheavals which those regimes provoke, and for the wars which condemn the “Ozymandias” of real-life history to the doom they and their regimes have brought upon their nations and themselves.

It is this quality of “flight forward,” which, as we saw at Kuala Lumpur, characterizes the political style of Vice-President Al Gore and his closest bed-fellows on the Principals’ Committee. This unfitness to govern, typified by the “bipolar”-like behavior of Gore, is a key factor in the growing war-danger now spreading around the world.

The Atlantic powers, in particular, have thus become a

collection of ruling institutions which has each lost both the confidence of its populations, and the intellectual and moral fitness, and authority to continue to rule. Unless President Clinton can reassert his constitutional powers, bring globalization and “free trade” to a halt, and create a global alliance of sovereign nation-states under the kind of “New Bretton Woods” system which I have prescribed, the situation in western Europe, the Middle East, and the Americas is on the road to becoming hopeless during the near to medium term.

2. What are they defending?

The combined incompetencies of the present governments of the Atlantic powers have their principal origins in four exemplary, lunatic assumptions. Those implicitly fatal misassumptions, underlie each and all of the policies now pushing the world into the presently escalating strategic pattern of “flight-forward” follies:

1. Peace through military enforcement of a world government established and maintained by a London-dominated B-A-C (British-American-Commonwealth) coalition.

This means the establishment of a de facto “world government,” ruled by the B-A-C Cabal, through the mustering of military means to enforce the undermining and eradication of any political institutions which might be capable of resisting such a modern parody (under the intentionally misleading names of “globalization” and “democracy”) of an ancient imperial tyranny. This means the elimination of all sovereign nation-state economies, including the sovereignty of the U.S.A., through the overtly, explicitly treasonous doctrines of “globalization” and “free trade.”

2. Regulating “dual-use technologies:” the use of modern types of scientific principles and related technologies is denied to nations which are outside the B-A-C bloc. This denial is based upon the absurd, and plainly immoral pretext, that these technologies might be used to develop means of warfare—“weapons of mass destruction,” such as those with which Israel threatens its Arab neighbors today.

In fact, any technology which would enable a nation to maintain and improve the general welfare of its population, is a technology which falls under the heading of “dual-use technologies.” In other words, the true motive of the bans on so-called “dual-use technologies,” is, as then-Secretary of State Henry A. Kissinger prescribed in his 1974 NSSM-200, to keep the nations so targetted in an imperially assigned status as “colonies” of the B-A-C bloc: to keep those nations’ populations as “barefoot, poor, and as sterile” as possible.

3. The elimination of the principle of equity from international relations among and within states. This includes the repeal of the U.S. Federal Constitution, through repeal of its fundamental law, the “general welfare” principle set forth in the Preamble of that Constitution.

In every case, the imposition of so-called “IMF condition-

alities” represents nothing other than intentional genocide—a genocide fully as “genocidal” in effect as Adolf Hitler’s—aimed against much of the population of the targetted nations. These policies of “IMF conditionalities,” have two actual motivations. One, since, as I noted, Secretary of State Henry A. Kissinger’s pro-genocidal NSSM-200 of 1974, and also since the Carter Administration’s pro-genocidal “Global 2000” and “Global Futures,” genocidal forms of “population control” measures have been integral features of the foreign policy and foreign economic policy of the U.S.A. and relevant other governments and supranational agencies.

We see the same genocidal policies applied in the U.S.A. and in western Europe, for example, in the forms of abrogation of earlier, long-established commitments to promote the general welfare. In the U.S.A., for example, the slogan “We must save Social Security,” usually means looting Social Security for the benefit of Wall Street loan-sharks: in other words, bail out Wall Street by robbing the pensions of “the useless eaters.” The same is behind cuts in health-care. The same is behind that form of stealing from farmers called “cutting agricultural subsidies.” The same policy is behind present policies of “free trade” and “globalization” as pushed by Vice-President Al Gore, for example: loot U.S. citizens of their employment by exporting jobs to slave-labor markets in other nations, or into prison labor in the U.S.A. Indeed, in the U.S.A., most of the relevant trends in legislation constitute a suicide-pact in favor of types such as Al Gore’s Wall Street Long Term Capital Management cronies.

By such sweeping violations of the fundamental law of the U.S. Federal Constitution, and also the U.S. Declaration of Independence before it, the government and leading political parties have cut themselves off, more and more, from the citizenry. Worse, they defend these measures in the name of “democracy,” lacking even the honor of an honest tyrant in perpetrating such cruelties—chiefly for the sake of Wall Street—upon the population as a whole. As the economy is ruined, and as the hypocrisy of both government and leading political parties becomes increasingly shameless, those governments of the Atlantic powers make themselves the targets of widespread popular, deepening resentments and contempt.

Similar patterns are seen in the cases of the governments of western Europe—not excluding the present, increasingly hateable and contemptible government of the United Kingdom. Sooner or later, in one way or another, the people betrayed will eliminate such governments; if such tyrants pretend to be “democratic,” or perhaps “democratic socialists,” or “leftists,” they are likely to be dumped more quickly on just the account of the plainly disgusting nature of such pretenses.

4. The misuse of the name of “democracy” to outlaw every standard of truth and justice from the practice of law within or among states.

On recent occasions, Vice-President Al Gore has insisted upon a monstrously perverted definition of the term “democracy.” His argument has been that the exemplar of “democ-



A scene from the film "Things to Come," based on H.G. Wells's book *The Shape of Things to Come*. Brzezinski defines Central Asia as the likely cockpit from which war could spread to wide areas of the world, along the lines of Wells's utopian scenario.

racY" is "billions of decisions" embedded within the actions of predators in unregulated financial "markets," such as those "decisions" represented by the raids on Malaysia by international predator George Soros. Similarly, Gore's definitions defend the looting of your pensions, health care, food supplies, and so on by similar predators' actions within financial "markets" as something to be upheld in the name of "democracy."

The misuse of 'Democracy'

Gore's announcement, that much of his youth was devoted to shovelling manure, accounts for much of his expressed opinion. The reality of his practice shows that his claim to "democracy" rests upon notions of law peculiar to those models of tyrannical irrationalism which Plato exposes,

in his *Republic*, in the behavior of the characters Thrasymachus and Glaucon. Gore's conception of the practice of law and statecraft dates from pre-modern, ancient and feudal history, from societies in which the meaning of law was defined as the arbitrary whim of an emperor, or the custom of the most barbaric pack of usurpious overlords.

In short, by Gore's logic, the Emperor Nero could have made himself a Democrat by issuing a decree which stated that the word "democracy" should be used to mean whatever Nero chose it to mean on whatever occasion. There is no *truthful* definition of "justice" under Nero's law, and no *truthful* definition of "democracy" in Gore's usages.

However, Gore's perverted use of that term does have a precedent. A short explanation of that connection should be supplied here, as follows.

Gore's view of "democracy" and "free trade" is a copy of that supplied by Friedrich von Hayek's Mont Pelerin Society, a "radical right" group dedicated to the pro-satanic dogma of the notorious Bernard Mandeville [*The Fable of the Bees*]. According to Mandeville, everything deemed immoral, or even evil, must be tolerated, all according to Al Gore's insistence, that random interactions in the "market-place" of social practice, shape the result to far more beneficial effect than any willful choice of good over evil.

This doctrine of Mandeville and the Mont Pelerin Society, echoes the immediate predecessors of Adam Smith's dogma of "free trade," John Locke's empiricism and François Quesnay's esoteric, pro-feudalist doctrine of *laissez-faire*. The argument used by Locke, Mandeville, and Smith, is derived from the

Ockhamite doctrine of Galileo Galilei, that all action in the universe can be reduced to inanimate interactions along straight-line distances. The latter includes both percussive interactions and action-at-a-distance, as Newton copied Galileo on this point.

Galileo's doctrine formed the esoteric core of the famous Cartesian manifold. That doctrine was applied to social relations by Galileo's personal student, Thomas Hobbes, and defined the social theory of John Locke.

Imagine! That a moral good appears in the universe only through inanimate forms of actions and reactions along straight lines? Imagine! That the manifest increase of man's willful power in the universe, an increase effected solely through scientific and related forms of discovery of princi-

ples, is claimed to be nothing more than random action among bumping and pulling actions? Gore's is a very wild, if dumb sort of esoteric delusion.

In short, when Gore says "democracy," he means anarchy in the same sense as the English lords imposed their anarchy (the *Magna Carta*) on England's King John. Put no restraints on the free movement of financial pirates; let the anarchy of the financial barons reign! Call that "democracy."

Since the Classical tragedians Aeschylus and Sophocles, and Plato's *The Republic*, all literate persons have recognized the danger of subjecting society to rule by some arbitrary ideology, such as the four, including "democracy," which I have just identified above. Sophocles' *Antigone* is among the most forcefully clear demonstrations of this principle. As the traditions of Solon and the great Classical tragedies should have made clear to any literate person, the greatest danger is not any of the ideologies involved in a nation's self-destructive impulses, as much as it is the very idea that any arbitrary religious or other ideology contrary to reason can be imposed upon society, without risking effects leading surely toward the self-imposed doom of that culture. Any policy which substitutes ideology for reason, as *Antigone* illustrates that point of law, leads nations and even entire civilizations to their doom.

Such is the root of the accelerating loss of the moral authority to govern, of the presently ruling institutions of the U.S.A., western Europe, and other nations. It is not the fact that such versions of "free trade," "democracy," "globalization," and "world government" are terribly bad. They are very foolish, and terribly bad in themselves; but the far greater danger is, as the *Antigone* tragedy underscores the point, that those ideologies might be awarded the authority of arbitrary law, as unchangeable trends in policy-shaping. The danger is that the name of "law" might be misused in service of some ideology, as Gore's cultish misuse of the terms "free trade," "ecology," "globalization," and "democracy" illustrates such folly.

In that latter case, the society seized by such a fatal delusion, has denied itself the right to terminate foolish policies at such time that evidence has freshly shown that they are foolish. The bad law reigns, hallowed, and protected from reason, by a cloak of ideology. The delusion is, that such notions of "ecologism," "world government," and "free trade," since they are established trends, represent either progress, or the results of the previous election, and, therefore, *must be defended in the name of custom*. That is what defines these kinds of arbitrary beliefs as a mass delusion. It is that delusion which threatens an early self-imposed end for the existence of western European civilization.

There lies the root of the lack of the dwindling moral authority to govern among those governments, both the B-A-C group of nations and continental western Europe, too.

What can the universe do to persuade such "true believ-

ers" that their delusions do not work? The history of fallen empires and failed cultures shows, that the answer to that question is elementary. The universe will react, as it has in the past, in the simplest way imaginable. The good news is that the universe will simply let such "true believers" eliminate themselves by the natural consequences of their own delusion. The bad news is, that, unfortunately, that also means the elimination of persons whose only crime was that they refused to break free of the grip of such governments and their chosen customs.

Such is the fate of governments and nations which refuse to give up their stubborn delusions, such as those to which Al Gore adheres today.

The principle of hypothesis

This brings the discussion back to a point which is a centerpiece of all my work in economics, philosophy, and politics: the Platonic principle of *hypothesis*. This is summarized in my *Road to Recovery*, for example. It is from the standpoint of this principle of hypothesis, that all of the issues emphasized here may be brought into the clearest, and most accurate representation, and with the least effort.

To understand both how a mass delusion works, and how it must be addressed for correction, I emphasize the method of hypothesis. For this purpose here, I use the notion "hypothesis" as Plato does. I speak of "hypothesis;" I also speak of a related, but higher-order conception, "higher hypothesis," as Plato does. I begin this explanation with a definition of "hypothesis."

The simplest form of hypothesis is illustrated by the case of a pre-"New Math" form of standard classroom geometry. In that classroom, the principle is, that all of the combined set of definitions, axioms, and postulates of such a geometry constitute a simple form of hypothesis. No proposition can be accepted in that geometry, unless it is fully consistent with that set of definitions, axioms, and postulates. Once you have adopted a certain set of definitions, axioms, and postulates, and if you have also used the rule of deductive logic as a substitute for measuring truthfulness, then every legitimate theorem of that geometry is already stated simply by noting those definitions, axioms, and postulates.

Once we understand how a simple, deductive hypothesis of that sort works, we can compare that with other forms of hypothesis, and thus come to understand the differences between simplistic classroom geometries, and real-world geometries.

It happens that such a classroom geometry is true only in the classroom, not in the real world. The geometry of the real world is of a more complex form. Real-world geometries, therefore, have different definitions, axioms, and postulates, than the simple-minded classroom varieties of deductive geometries, such as those of a Galileo, a René Descartes, or of the followers of such acolytes of Bertrand Russell as Norbert

Wiener and John von Neumann, for example. In other words, real-world geometries are representable only by different hypotheses than the simple hypothesis of ordinary classroom geometry.¹

Think of different geometries as like maps belonging to different universes. Once it is demonstrated that Map A directs the traveller away from the goal which lies on Map B, continuing to follow Map A will result in moving a further distance from the stated goal than ever before. If the increasing discrepancy is recognized as either ensuring the doom of an important mission, or even the survival of the travellers, the sane among those pilgrims will recognize that Map A must be abandoned, and Map B used instead. Those who have an obsessive faith in Map A, despite all real-world evidence, have two choices: give up the obsessive faith, or become increasingly, ever more hysterically insane. Such is the nature of delusions; such is the view of mass delusions which requires our attention to the principle of hypothesis.

The relevant connections are identified in the following way.

The easiest way to understand how ideological delusions, such as “free trade,” work, is to compare these delusions with any sort of classroom textbook geometry which does not work in the real world. For example, to look at this problem from the standpoint of mathematical physics, contrast the way in which an appropriate physical geometry maps an action in the real world, to the way a defective geometry fails to meet real-world standards. It is sufficient to compare the hypothesis associated with the delusory geometry, with the hypothesis for the relevant real-world geometry.

Instead of comparing the theorems of the two geometries, one by one, look at delusory and real-world geometries from the standpoint of their opposing hypotheses. Any one-by-one comparison of theorems is an inconclusive, as well as a tedious way to approach the matter. In the case of “free

1. For the benefit of readers not familiar with this subject, the following advice will probably be sufficient here. There are three elementary types of geometries: those of, respectively, (a) zero-curvature, (b) constant curvature, and (c) non-constant, but regular curvature. From no later than the ancient civilized Greeks until Kepler, relatively competent, real-world, non-deductive, geometries were based upon the simple physical geometries of solar-astronomical calendars and oceanic astro-navigation. Kepler's discoveries introduced geometries of non-constant curvature, which became the basis for Leibniz's discovery of the calculus based upon Kepler's posing of this challenge. The successive work of Gauss and Riemann defined all competent mathematical physics after them, as conditional upon forms of hypergeometry known as expanding systems of multiply-connected manifolds. Geometries of zero-curvature, such as Descartes' model, or that formerly commonplace in secondary school classrooms, are properly used only to introduce the subject of geometry to novices; they have no consistency with actual physical systems. Notably, the definitions, axioms, and postulates of a classroom geometry, or the writings of a Descartes or Immanuel Kant, are all false, since they are based upon arbitrary, false intuitions about space, time, etc., intuitions which have no correspondence to the functional characteristics of the real universe.

trade,” “globalization,” and so on, no U.S. policy based upon these ideologies will be consistent with reality; all policies based on these hypothetical definitions and axioms will be incompetent in fact, and lead to disasters in effect. It is not each policy which must be considered by itself; the flaw of all such policies is shown by examining the definitions, axioms, and postulates which shape each and all of that entire class of policies.

For example. All of the “free trade” and “globalization” policies which are responsible for the disastrous failure of present U.S. financial, monetary, and economic policies, are known as “monetarist” policies. In other words, they are based upon the arbitrary, false, but all-too-popular assumption, that relations of production and trade are determined with sufficient precision by projecting the expected results of a policy in term of market-prices. Any policy based on such a false assumption is, at its least worst, a defective policy which should be replaced by a competent one. When an error of that sort is adopted as a proposed principle, the error takes on the character of a delusion, even a virtual mass psychosis.

In the real world, successful functioning of economic processes was never determined functionally in terms of a system of purely market-prices—and never could be, even to the most distant future times. What happens, then, if a group of people adopt the delusion that “everything must be explained in terms of monetary theory (such as the zero-sum game lunacy of the late John von Neumann and his deranged followers)”? The effect, obviously, will be a situation in which such “true believers” in monetarist doctrines behave in a way so contrary to reality that we rightly term that belief a psychosis. Their working hypothesis is a “psychosis,” in that sense and degree.

The case of the so-called Black-Scholes formula, for which Merton and Scholes gained a Nobel Prize in Economics, is an excellent illustration of belief which has performed the function of just such a psychosis. This formula has no correspondence to real-world economies, yet, until a catastrophe which struck New York's Long Term Capital Management (LTCM) organization in mid-September 1998, most of the leading bankers of the U.S.A. and western Europe behaved as if the formula described the statistically determined behavior of financial processes in the real world. All of them were collectively deluded; many, including Federal Reserve Chairman Alan Greenspan, still are. The most crucial axiomatic assumption responsible for the delusion of Greenspan and others, was their blind, utterly irrational religious faith in the teachings of a certain John von Neumann, that economic processes are a “zero-sum game,” in which losers and winners balance out, and, therefore, the market itself will not collapse if the game of financial speculation is played accordingly. During the events of August and September, it was proven most conclusively, and painfully, that believers in John von

Neumann's teachings and the Black-Scholes formula in particular, were the victims of a mass delusion, a virtual psychosis.

The reaction to the LTCM crash by the governments and central bankers of the so-called G-7 nations was therefore of outstanding clinical-psychological significance. The reaction by Alan Greenspan et al., was to attempt to save the failed financial system by unleashing the most deadly hyperinflationary bubble in all history to date, with effects far more disastrous than had those governments and bankers done nothing at all.

That illustrates what we mean by using the term "psychosis" to describe the present state of mind of those governments and banking institutions. In this case, "psychosis" signifies a belief which is not only false to reality, but systemically so. It is a delusion so deeply entrenched in the victim that he would rather kill himself—or, sometimes, like Adolf Hitler, everyone else in reach—rather than accept the reality that the universe does not work in a way which fits their delusion.

There, in politics, you have political cases such as Adolf Hitler in the bunker. That is also today's British monarchy, which would rather plunge the entire world into an apocalypse, rather than accept the evidence that their political system—their hypothesis—is doomed.

Now, consider the real-life case, in which most citizens will, on the one hand, "repeat after me: we believe in 'free trade.'" They don't really believe in "free trade" in the way Wall Street fanatics such as Alan Greenspan do; but, they do believe it is smart to be overheard saying, "I believe in free trade." Most of our ordinary citizens are like that; most of the things they say, are things they say only because they believe that saying such things is expected of them, by people who have the political power to enforce such policies.

However, unlike typical Wall Street lunatics, ordinary people believe that, "Come cold weather, we kittens need our mittens." The Wall Street warlocks insist: "You must give up your mittens for the sake of the economy, just as we shipped your job off to a slave-labor spot in Mexico." At the point that some popularized ideology, such as "free trade," begins to take away from the population things upon which life itself depends—such as Social Security, places of decently paid employment, and health care—all for the sake of Wall Street's "free trade" ideologies, a strain develops between the Wall Street ideology and the people.

About that time, sane people begin to suspect, more and more, that Wall Street's management ought to be removed from places of authority, and replaced by persons who are actually qualified to make an economy work for the general good of real living people and their posterity.

Not only is there that kind of political strain, but the economy ordered as the present one is, couldn't work, and never did. It may appear to work, as the British Empire seemed to work (to some deluded persons) during the Nineteenth

Century; but the success of the United Kingdom economy depended absolutely on looting most of the rest of the world's area, either through colonies, or through swindles run under the cover of traffic in international financial loans.

Under the post-1971 form of U.S. economy, and recent trends in economic policy of western Europe, the per-capita physical-economic power of the economy erodes, even moves to the brink of collapse. At such points, the strains between the pressures of reality on the majority of the nations and their populations, and the ideology of the B-A-C "globalizers," grow into a condition in which the gap between the ideology and political reality becomes insufferable. Thus, the conflict between one hypothesis, such as the "free trade" delusion, and the hypothesis corresponding to reality, reaches a breaking-point.

It is in circumstances such as this, that the great wars, revolutions, and similar convulsions of history have erupted in the past, as they are erupting now. Always, then as now, those convulsions were the by-product of a delusion such as those I have identified here.

3. Geopolitics

The thing to keep in mind, if you chance to pick up a copy of the March-April 1999 edition of *Foreign Affairs*, is, that no sane and literate U.S. patriot ever believed in "geopolitics." The subject itself is a crude sort of esoteric nonsense, but a sort of nonsense adopted for a clearly intended purpose. It happened in the following way.

The facts I shall summarize are conclusively documented, and, in that sense, easily accessible to all decently-educated, sane persons. The general public, which is being cheated and looted by Gore and his cronies, does not know these facts; if it knew those facts, it would not allow itself to continue to be fooled, looted, and cheated in that way. That said, let us sum up the nature of the hoax called "geopolitics," as quickly as possible.

To the typical American visitor, late Nineteenth-Century England had become a nation of wild-eyed kooks. There was John Ruskin and the Pre-Raphaelite Society; strange theosophical religions were dropping like overripe fruit from the British family trees; the landscape itself was dotted with queer blokes like Bernard Shaw and the Fabian Society, and a certain oddball who preferred to make a religion out of geography, a queer fellow by the name of Halford Mackinder. At that time, Britain had also spawned another queer fellow, known as the Prince of Wales. The perversions of those two intersected, creating the myth of "geopolitics."

At that time, the Prince of Wales, about to become King Edward VII, wanted a very large war for the purpose of destroying continental Europe's economies and peace; but, he did not dare to state his motive for this war openly. Pathetic

Halford Mackinder's queer religious doctrine on the subject of certain alleged epiphenomena of political geography, was chosen to provide the diversionary cover-story for King Edward VII's orchestration of what became known as World War I.

Edward VII had already ruled the British Empire for most of the last four decades of the Nineteenth Century, before being crowned officially in 1902. His mother, Queen Victoria, a.k.a. "Mrs. Brown," had turned (increasingly) dotty about the time of the death of her husband, Prince Albert. During the subsequent decades, when Victoria was not being turned out briefly for public occasions, as had she been the stuffed corpse of Jeremy Bentham, the Lord Palmerston-trained Prince of Wales, functioned as the real center of monarchical power for the remaining decades until her death.

The crucial event leading to the adoption of the myth of geopolitics by King Edward VII's Empire, was the crushing defeat of British policies by President Abraham Lincoln's United States, during events of 1864-1865.

Defeated by Lincoln were not only the British puppet, the Confederacy, but also the alliance of Britain, Isabella II's Spain, and Napoleon III's France, the alliance which had put the butcher-Emperor Maximilian on the throne of Mexico. Instead of a divided and crushed U.S.A., as Palmerston's Britain had intended, the U.S. emerged in 1865 as the world's leading military power. During the interval 1861-1876, the U.S.A. had emerged as the most powerful and most technologically advanced national economy of the world, the model admired and copied by Japan, Germany, and Alexander II's Russia, among others.

Furthermore, as a result of the emergence of a number of nations committed to the U.S.'s American System model of technology-driven agro-industrial national political-economy, cooperation developed among states which had adopted this American model as the basis for both their own internal development, and also the basis for joint ventures of mutual benefit among other nations which had a similar, pro-American-model orientation. The pivotal feature of that system of cooperation, was the activation of the German-American economist Friedrich List's design for a Eurasian railway-based network, from the Atlantic to the Pacific. List's design was that which had been used by American patriots, such as John Quincy Adams and Abraham Lincoln, to launch what became Lincoln's U.S. transcontinental development around an Atlantic to the Pacific transportation grid. The U.S. transcontinental rail system inspired imitation among the patriots of Japan, China, Russia, Germany, and others.

That U.S.-modelled Eurasian land-bridge policy implied a kind development of the land-area of Eurasia which would have led to the disintegration of the British-dominated colonial system, and the general adoption of the American System of political-economy, of Benjamin Franklin, Alexander Hamilton, the Careys, and Friedrich List, as the emerging world system of national political economies.

Edward VII and his assets were determined to end that threat to the British Empire's world-hegemony, by putting each of the partners in Eurasian cooperation at each other's throats, the British policy which caused World War I. The process leading to World War I began in France, during the 1890s, with the Dreyfus case and the ensuing emergence of Britain's factional allies to power in that country, through events such as Fashoda and the establishment of the Entente Cordiale under Edward VII. The Entente Cordiale, combined with British and French orchestration of the Balkan Wars of the pre-World War I period, created the London-Paris-Russia alliance which organized the launching of World War I. Meanwhile, the assassination of U.S. President William McKinley, resulted in the U.S.'s turn away from all of the U.S.'s traditional friends and allies in Eurasia, and the Teddy Roosevelt and Woodrow Wilson committed to alliance with Britain's Entente Cordiale against Germany.

The truth of King Edward's plan for war could not be honestly stated openly by the leading political circles of Britain, France, and the U.S.A. An esoteric myth had to be created as an ideological pretext. That esoteric pretext was the neophysiocentric myth of "geopolitics."

That same purpose lies behind the policies of such minions of Prime Minister Tony Blair's British Commonwealth as today's U.S. Principals' Committee majority and the contributors to *Foreign Affairs* quarterly. Nineteenth-Century Britain spoke more plainly than today's Principals' Committee. Old Britain called their motive "the Empire." Today's imperialists call it "globalization."

The issue which has always separated the self-interests of what became the United States and American patriots from the British monarchy, since the accession of King George I to the then newly-established throne of the United Kingdom, at the death of Queen Anne, has been two opposite, fundamentally irreconcilable conceptions of man and nature.

One, the British monarchy's view, is rooted in the Physiocratic perversion, as typified by the esoteric, pro-feudalist *laissez-faire* dogma of the notorious Dr. François Quesnay; that Physiocratic dogma typifies the origins of the lunatic way of thinking about geography which is called "geopolitics." The opposing view, that of Benjamin Franklin, and all American patriots today, is the Mosaic conception, of each man and woman as made in the image of the Creator, to exert dominion within the universe.

The fighting issue, from the present British monarchy's side, is the fact that a world based on the participation of every person in the benefits of scientific and technological progress, constitutes a world in which the British financier-oligarchy and its servile lackeys do not choose to live. That was the issue of the American Revolution; that was the issue of the U.S. Civil War. That was the British monarchy's motive in its unfortunately successful efforts to create World War I. That was the British motive for putting Adolf Hitler into power in Germany, in January 1933, thus orchestrating

the war which destroyed any foreseeable future threat to British interests from continental western Europe. That is what the British monarchy's Blair government is doing, in concert with the pack of dangerous fools gathered around the pathetic Vice-President Al Gore's faction within the Principals' Committee. That is what the late Averell Harriman's war-mongering servile lackey, Zbigniew Brzezinski, is preaching to his protégé Secretary Madeleine Albright, et al., today.

For anti-science freak Al Gore and his co-non-thinkers, the issue is to stop all scientific and technological progress everywhere in this planet. (As the collapse of LTCM illustrates, the Black-Scholes notion of "information theory" is in direct opposition to both scientific and economic progress.) The development of the vast, undeveloped regions of Central Asia, using the strategy developed by List and others for the U.S. transcontinental railway system, means a profusion of scientific and technological progress throughout, and beyond the Eurasia land-mass.

The result must be the greatest outpouring of machine-tool and related production from the U.S.A., western Europe, and the former Soviet scientific-military-industrial complex, into the vast, growing markets for technology-driven increases in the per-capita productive powers of labor throughout South and East Asia, a growth extended into the Middle

East, Africa, and a rebirth of the savagely looted nations of Central and South America.

The educational and related development of the whole population of these regions, means an uplifting of the mental state and well-being of the human individual. It means development of the individual in ways consistent with the notion of each and every man and woman made equally in the image of the Creator, qualified equally to participate in the fruits of reason leading to mankind's progressive dominion within the universe. This splendid result is precisely what the British monarchy will not tolerate. Their reaction is: "Better the apocalypse!" Their servile lackeys, the Tony Blairs and Al Gores of the world, are prepared to act in ways which might bring about just such an apocalypse, this time world-wide.

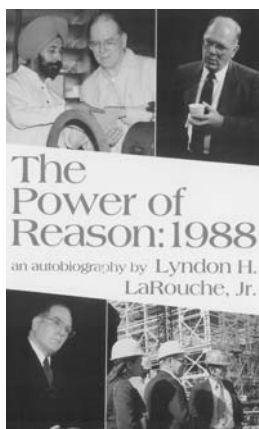
It is not the land-mass of Eurasia which offends madmen such as Brzezinski. What frightens them, is the fear that that land-mass might be developed in such ways that the world as a whole would find no room for the continued power of such a disgusting anachronism as the present British monarchy and its proposed "new, globalized Tower of Babel," its new version of the old Babylonian, Roman, Byzantine, and British empires. That has always been, and remains the purpose behind the babbling about "geopolitics."

It is past time to get all self-professed "geopoliticians" out of places of influence in our republic's policy-shaping.

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—Former U.S. Attorney General
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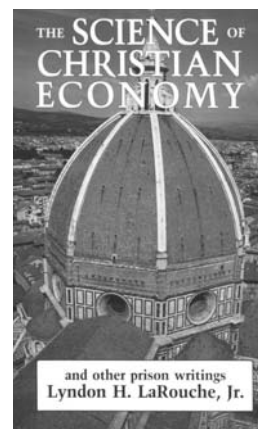


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To war with the IMF, or to peace with LaRouche

by Umberto Pascali

What seemed unimaginable a few days ago, is now happening: an escalating confrontation in the Balkans, massive deployments by NATO, relentless bombings, the world divided into two opposing camps, and three words—at first whispered with terror and incredulity, then firmly stated as a terrible realization—World War III!

From the Vatican to Russian President Boris Yeltsin, the warnings to stop the bombings are multiplying. Vatican spokesman Joaquin Navarro Valls stated on March 24: “The use of force is always a defeat for mankind. One cannot help but think of the possible victims, and of the feelings of hatred that will unavoidably arise. It comes to one’s mind what Pope Pius XII said on Aug. 24, 1939: ‘Nothing is lost by peace; everything can be lost with war.’ ” The date mentioned by Navarro Valls was the day after the signing of the Hitler-Stalin Pact, the beginning of the process that led directly into World War II.

Today, two opposing fronts have been formed, as Russia, China, India, and, progressively, Italy and other European countries, are calling for a halt to the bombings. But, those who triggered the situation in Kosova intend to provoke, in Russia in particular, a radicalization and an emotional desire for revenge among a of large strata of the population and of the elites. After years of International Monetary Fund (IMF)-dictated economic destruction and humiliation, all the powder needed for the explosion is there. The NATO bombing of the Slavic Serbian “brother” could be that fuse.

As Lyndon H. LaRouche had warned, the financial oligarchy is ready to push the situation toward global war in order to salvage the unsalvageable: the mountain of worthless speculative paper piling up exponentially in the financial temples of the City of London and Wall Street.

In the meantime, a different process was gaining momentum, and recruiting new countries trying to escape from the collapsing financial system and to create an alternative to

economic death—the “Survivors Club,” centered around India, China, and Russia, and including Malaysia and some other nations. For these countries ravaged by the IMF’s shock therapy, the alternative is more and more openly represented by LaRouche. The financial oligarchy had to act.

On June 28, 1914 in Sarajevo, the assassination of Archduke Franz Ferdinand of Austria by a British-controlled Serbian terrorist organization triggered—not caused—World War I. The situation had already been carefully prepared, such that elites, governments, and people, clinically “insane” and oblivious to the consequences of their actions, could easily be led into an instinctive, rageful rush to war.

The present situation in the Balkans has indeed been “prepared” for a general explosion. The reason why the Balkans was the “war laboratory” of choice for the British Empire then, and for its updated form, the British-American-Commonwealth faction, today, are clear. In the Balkans, Europe, the Middle East, and Asia meet. The presence of different cultures, ethnic groups, and religious backgrounds is seen by the British psychological warriors (well trained, for example, in Northern Ireland), as a weakness to be manipulated and exploited. In periods of economic prosperity, these differences favor cooperation for mutual benefit. But in periods of economic depression, such as the present, provocations and “divide and conquer” operations are easily set up.

Who is Milosevic?

Since 1991, Serb dictator Slobodan Milosevic has had a green light for his bloody “Greater Serbia” adventure—in Croatia, Bosnia, and Kosova. As *EIR* has pointed out repeatedly, the force behind Milosevic is not Russia, as superficial media analysis about the pan-Slavic, pan-Orthodox “brotherhood” keeps repeating. Milosevic started his career as a pro-IMF banking manager, and he was an “economic liberal,” in the sense that he favored the usurious policies coming from

the West. Milosevic enjoyed a close relationship with the gang of Henry Kissinger and Lawrence Eagleburger, and the most effective support for Greater Serbia, for example in Bosnia, came from top intelligence officials of the British and French armies, who were sometimes labelled “traitors,” but, according to experts, they were “deployed into a complex operation.”

Milosevic could have been stopped much, much earlier. His supposed invulnerability, the image projected by the Western media of the Serb evil superman challenging the world, was a pathetic fraud. Milosevic was protected exactly because he was the most efficient provocateur on the market. For example, few doubt that the British officials who made sure that Milosevic could carry out his ethnic cleansing, had not fallen in love with the idea of a Greater Serbia; they were just preparing the conditions so that the “experiment” could take place.

With Kosova, the experiment had reached the critical point. The “new NATO” (see article which follows), which was prepared also starting in 1991, suddenly discovered its “humanitarian” vocation. The problem of stopping Milosevic became the key issue. British Prime Minister Tony Blair became the most impassioned spokesman of the “humanitarian” line. His hysterical appeals (“Britain does not end at the Channel”) to “fight oppression,” to “stop the massacre,” were broadcast while he was pushing for the deployment in Kosova of Gen. Sir Michael Jackson and his Rapid Reaction Corps. What the flaming “humanitarian” Blair forgot to say, is that Sir Jackson was one of the butchers of the 1972 “Bloody Sunday” in Derry, North Ireland, and a specialist in intelligence warfare—including deployment of “gangs” and “counter-gangs” to fuel confrontations.

Rambouillet’s military annexes

The “peace conference” in Rambouillet that preceded the NATO bombing was aimed, on the part of the British-American-Commonwealth faction, at making sure that Sir Jackson’s troops were deployed in Kosova. This was the substance of the so-called “military annexes” that the Serbs, and the Russians, refused to accept. In an interview on March 25, the Russian Ambassador in Washington revealed that the Russian delegation at Rambouillet was intentionally misled and kept in the dark on the military annexes, and then was presented with them at the last minute—a *fait accompli*, whereby it was hoped that Russia would accept the deployment and the destruction of the principle of national sovereignty. The Ambassador revealed that Moscow had shared intelligence on the training of Kosovars’ military groups in NATO countries with the relevant parties, but nothing was done.

Indeed, the real target of the bombing of Serbia, is Russia—at the very moment that the Russian leadership is finally beginning to draw the line on the IMF destruction of their country. The provocations against Prime Minister Yevgeni Primakov by U.S. Vice President Al Gore (see article, p. 64), and Gore’s torpedoing of the potential for a peaceful solution that Primakov was expected to find in talks with President

Clinton, show that the financial oligarchy has thrown away its mask.

The provocation against Primakov is the signal that the financial globalizers intended to force a confrontation before the crisis could be defused. Reportedly, Primakov and President Boris Yeltsin were pushing a peace plan, which Milosevic most probably would have been forced to accept. Apparently, the plan excluded the stationing in Kosova of the British Rapid Reaction Corps; but, it was never given a chance. This is the same plan that Italian Prime Minister Massimo D’Alema has endorsed, amid the rageful reaction of the “new NATO” and its Anglo-American sponsors.

Sir Michael Jackson: would-be Kosova viceroy

The condition that the “new NATO” has spelled out to stop the bombing, is that Serbia (and Russia) accept the “military annexes” of the Rambouillet peace conference, i.e., the stationing of 28-36,000 NATO troops under the command of three-star British Gen. Sir Michael Jackson. This is the part that the Russian mediator rejected in Rambouillet. Sir Jackson is the head of the Allied Command Europe Rapid Reaction Corps (ARRC), and he is waiting in Macedonia to make of Kosova what the London *Times* calls a “NATO protectorate.”

The Italian daily *Corriere della Sera* revealed on March 13, in an article entitled “The Peacemaker Who Shot the Irish,” that Jackson was one of the authors of the 1972 “Bloody Sunday” massacre in Derry, Northern Ireland.

On that Sunday, a platoon of Her Majesty’s paratroopers from the First Battalion opened fire on an Irish demonstration, killing 14 unarmed citizens. The head of the Battalion, Col. Derek Winford, stated arrogantly that “they certainly were sharpshooters.” Winford’s second-in-command was then-Capt. Michael Jackson.

Britain’s psychological warfare operations in Northern Ireland—the use of “gang-counter-gang” provocations to “keep control of the territory”—could evoke an eerie parallel with the situation in Kosova.

Jackson subsequently pursued a successful “anti-insurgency” career, becoming chief of all the British forces in Northern Ireland and then head of the elite NATO ARRC. Prime Minister Blair reconfirmed his special brand of hypocrisy, when he announced last February that he would keep his election promise and open a new inquiry into the “Bloody Sunday” killings. At the same time, Blair was praising Jackson’s Rapid Reaction Corps, en route to Kosova.

The new NATO's long march toward World War III

by Umberto Pascali

If NATO air strikes were to take place, then “the United Nations regime would have been violated by NATO with all the resulting consequences. We are talking about aggression, and states under aggression must have means to defend themselves.”

—*Russian Foreign Minister Igor Ivanov, March 23*

Any NATO military action without UN Security Council authorization “will not be accepted by the international community and would violate the UN Charter.” —*Qin Huasun, China's UN representative, and president, UN Security Council, March 23*

“By using NATO to attack a sovereign nation we are about to turn the Alliance on his head. NATO is not an offensive alliance. . . . It was created to prevent aggression against the sovereign nations of Europe.”

—*Sen. Robert Smith (R-N.H.), March 23*

These three statements were made just 24 hours before cruise missiles from NATO warships in the Adriatic Sea began to hit Kosova, Montenegro, and Serbia. Indeed, these statements are a taste of a growing reaction that has reached unprecedented levels in Russia—where Defense Minister Marshal Igor Sergeyev talked about a “new Vietnam in the middle of Europe”—but are also widespread in many Western countries, including the United States. This reaction, both popular and institutional, has little or nothing to do with a defense of, or sympathy toward the Serbian *Duce*, Slobodan Milosevic. In fact, it is known that Russian diplomacy has tried to push Milosevic to stop his attacks against the ethnic Albanians—attacks which ultimately gave the pretext to the “men of peace,” such as British Prime Minister Tony Blair, to push for the bombings and the rumored intervention of ground troops to follow.

In reality, the precedent established by the NATO operation against Serbia is potentially much more dangerous than the specific operation itself—many observers are nervously using the expression “World War III.” *It establishes for the first time*, since the creation of NATO on April 4, 1949, the following precedents that were never voted on or approved by the members of the alliance, and are not to be found in the NATO basic texts:

1. NATO can intervene militarily out-of-area, in contravention of Article 5 of the North Atlantic Treaty.

2. After 50 years, NATO is no longer a “defensive alliance,” but has now become an “offensive alliance.”

3. NATO has arrogated to itself the right—against its founding document—to intervene against any sovereign country.

4. NATO has arrogated the right to do so without, and even against, the mandate of any institution, such as the Organization for Security and Cooperation in Europe (OSCE), or the United Nations, as is explicitly demanded by the 1949 North Atlantic Treaty.

5. Finally, the “new NATO” arrogates the right to go to war without the formal consent or mandate of the parliaments and congresses of member countries.

These are not formal or legalistic points; as we shall see, any one of them can potentially spill the blood of many wars to come, and issue a death sentence for the principle of national sovereignty. The pretext used to justify these precedents has no real importance. For example, the British House of Lords potentially destroyed one of the key corollaries of national sovereignty when the U.K. government arrested on its territory a foreign former head of state. The fact that the person used to establish the precedent, Augusto Pinochet, fit into the category of “criminals,” does not change the disruptive potential of that decision.

In the case of the air strikes on Serbia, the formula used was that of “overwhelming humanitarian necessity” and the need to stop Milosevic. But the new principle established in this way cannot and will not be abandoned. A military attack against a sovereign nation now is “legally” acceptable. Whoever controls the NATO machinery—and we are not talking about the elected institutions of the member countries—can, at this point, unleash an attack on a sovereign country, provided that a media campaign has “established” that the country is a “rogue state,” or is in other ways distasteful.

It would be difficult, even impossible to find anybody who would put his right hand on the Bible to testify that the motive for the war campaign of Tony Blair or Al Gore is “humanitarian,” or that “philanthropic reasons” dictate that Kosova is to

be transformed into a “NATO protectorate” under Sir Michael Jackson, one of the main persons responsible for the 1972 “Bloody Sunday” in Derry, Northern Ireland. It would be difficult as well to find any Balkan insider who believes that the help given to Milosevic and to war criminal Radovan Karadzic by some of the highest-ranking British and French intelligence officers in Bosnia, was just a case of “mistakes” or “individual faults.”

Indeed, the NATO that is bombing Serbia now has little to do with the organization that was created 50 years ago. The “new NATO” is the product of a process that started in 1991, in the post-Berlin Wall era, and reshaped the organization to potentially become the modern instrument of a new British colonial-style “gunboat” diplomacy. As is well known, the *modus operandi* of the British colonial empire was to assemble a fleet of the most modern gunboats to blackmail any country or population in the “Third World” of that time, which refused to submit and to give up their sovereignty. A few examples or precedents—e.g., the technologically unchallengeable bombing of a port—were enough to “send the message” that it were unwise to resist.

The smoking gun

Though the process of creating the “new NATO” started after the end of the Cold War, the legal precedent for this “independent” policy is more recent. It dates to Nov. 13, 1998, when a coalition of forces, both inside and outside the United States, seemed to be able to block the insane “bomb Iraq” plans. That day, the annual Plenary Session of the North Atlantic Assembly (NAA, the organization of NATO countries’ legislators) approved a report on Kosova, and the resulting “Policy Recommendation 278.” France’s Arthur Paecht, general rapporteur on “Stability in South-Eastern Europe: An Ongoing Challenge,” stated in his conclusions:

“The humanitarian catastrophe that is in the making in Kosovo must be avoided at all costs. . . . It is essential to demonstrate to Mr. Milosevic that the brutal repression of Kosovar Albanians will not be allowed.”

Thus, “barring early results, the international community must be ready to use force to impose a cease-fire; NATO should be ready to act under the authority of a UN or OSCE mandate if possible; there is, in any event, sufficient ground in international law for NATO to act without such mandate in order to avoid crimes against humanity and to maintain or restore international peace and security.”

On the basis of this report, the assembly voted up “Policy Recommendation 278.” “Recommendations” are addressed to the NATO countries governments and to the NATO Secretary General and NATO Council. They carry weight in the national parliaments and congresses, and rarely are dismissed.

“The Assembly,

“1. Convinced that the international community and the Atlantic community, in particular, have a responsibility to

FIGURE 2
The Kosova crisis region



contribute to the restoration of stability . . . in Southeastern Europe; . . .

“Urges the member governments and parliaments of the North Atlantic Alliance. . . .

“i. to make clear that the Allies are ready to use force and that they will not hesitate to implement their plans if diplomatic and economic measures remain insufficient to bring about a cease-fire;

“j. to seek an international mandate for military intervention, while considering that the use of force in the present situation of Kosovo is already legitimized by existing international law. . . .”

The NAA annual session in Edinburgh provoked furious reactions from the Russians, and heated debate among the NATO members themselves. Gen. Valery Manilov, first deputy of the Russian general staff, in an interview with Itar-Tass news service, labelled any NATO military action taken outside the treaty area without a UN or OSCE mandate as a “totally unacceptable . . . act of aggression.” This point is of crucial importance for Russia and China, because, after the unilateral U.S.-U.K. decision to bomb Iraq, without an explicit mandate by the UN Security Council, they see the last remaining diplomatic mechanism available to them in questions of NATO military operations—namely, their veto power in the UN Security Council—now gone. With the Edinburgh resolution, for the first time, this point was made not *de facto*, but *legally*, *de jure*.

During the debate in Edinburgh, the French delegates argued that such a decision could push other countries to do the same, thus undermining international law. On the other side, the fact that the rapporteur who presented the resolution was

French, confirms, in the view of experts, the division inside France itself. It was also reported that the push to pass through this formulation came from four legislators: two Americans and two British (two close allies of Blair: the heads of the Foreign and Defense committees in the House of Commons).

Although the official precedent established in Edinburgh is not a formality, the consequences are appalling. In fact, the Edinburgh session was dedicated to preparing the basis for the key NATO meeting that is expected to establish the final word on the globalization of NATO: the 50th anniversary celebration in Washington, D.C. in April. A comment by Radio Free Europe on Nov. 16 stressed that “the resolution is a non-binding recommendation, but the definition of the scope of the Alliance’s activity is at the heart of a debate over NATO’s new ‘strategic concept’ due to be adopted at the summit in Washington in April. The concept is to prescribe NATO’s role and direction for the years to come.”

Finally, to underline the symbiotic connection between the NAA and NATO as such, the Assembly decided to change—after more than 40 years—its name into “NATO Parliamentary Assembly.”

The new NATO and shock therapy

The process of transforming the “old NATO” into the “new NATO,” started officially with the summit of the NATO heads of state in Rome on Nov. 7-8, 1991. The summit approved the “Alliance New Strategic Concept,” which this April’s Washington summit is due to act on.

What was the “New Strategic Concept”? What was it supposed to achieve? We should go back to 1991.

Although formally the Soviet Union still existed, the Berlin Wall had collapsed in 1989, and the general understanding of most governments and people, both inside and outside Europe, was that the Yalta division of the world was finished, the Soviet empire was *kaput*, and that a future of cooperation and economic development was just around the corner for countries which were to regain their full national sovereignty, heretofore limited by the conditions of the Cold War. Although Deutsche Bank president Alfred Herrhausen, the strategist of an ambitious plan for large investments for the economic development of the former Soviet bloc, had been assassinated on Nov 30, 1989, just three weeks after the collapse of the Wall, nevertheless, both Europe and the United States were still nominally committed to the idea that the development of eastern Europe was the “business of the century.”

Together with the “inevitability” of economic development, another idea was widespread: that NATO, created to defend Europe and the United States from the Soviet threat, was no longer really necessary. Although NATO would remain as an institution for an undetermined period of time, there was no question that it would ultimately wither away.

Instead, two parallel processes were put in place. First, the plans for economic development were smashed by the

imposition of the International Monetary Fund (IMF) and World Bank “shock therapy,” which destroyed the limited productive apparatus in the former East bloc. Second, NATO not only had no intention of fading away, but instead, a series of proposals was floated to demonstrate that NATO was to be broadened and made more efficient. The model this “new NATO” was to follow, was that debated already at that time in Great Britain as the “new British security policy,” then formalized in the British “Strategic Defense Review.”

This “Review” led to a radical metamorphosis of the British Armed Forces, based on the assumption that neither the United Kingdom, nor any NATO country, would be directly threatened by military force. The “operational scenario” is not that of an all-out war, but “a major crisis involving our national interest, perhaps on NATO’s periphery or in the Gulf.” Furthermore, the British military machine, which always had an “expeditionary” character and structure (designed for its colonial empire), was to reconfirm this concept, abandoning any idea of a large territorial army and focussing instead on “flexible, mobile,” very sophisticated formations that could very rapidly be operational in any corner of the world.

It is not difficult to recognize in this scheme the characteristic (though modernized) of the old British colonial Navy. In fact, the NATO summit that agreed on the “New Strategic Concept” was not much more than a formalization of what had been triggered by the previous NATO summit in London in July 1990. Of course, in the interval between the two meetings, a new “fact” intervened: the war against Iraq, pushed by Margaret Thatcher and George Bush. “Desert Storm” was used as a precedent to demonstrate that NATO must remain in effect. What was theoretical in London, became concrete in the NATO meeting in Rome.

The Alliance’s New Strategic Concept

At their meeting in London in July 1990, NATO’s heads of state and government agreed on the need to transform the Atlantic Alliance, to reflect the new, more promising era in Europe. While reaffirming the basic principles on which the Alliance has rested since its inception, they recognized that the developments taking place in Europe would have a far-reaching impact on the way in which its aims would be met in the future. In particular, they set in motion a fundamental strategic review. The result was the “New Strategic Concept.”

It was difficult to demonstrate the necessity of a transformed and upgraded NATO in 1989-90. The document signed by NATO heads of state in November 1991 is not vehement on the question of the “new model”; nevertheless, it establishes crucial points that will be carried later to the extreme. Namely, that the *raison d’être* for NATO now is “ethnic rivalries,” “crisis management,” the fight against “weapons of mass destruction” in the hands of supposedly uncontrollable forces, and the undefined concept of defense

of “global stability.” None of the points of the document are justified by the 1949 Treaty. The document reads in part:

“7. The security challenges and risks which NATO faces are different in nature from what they were in the past. The threat of a simultaneous, full-scale attack on all of NATO’s European fronts has effectively been removed and thus no longer provides the focus for Allied strategy. . . .

“8. In contrast with the predominant threat of the past, the risks to Allied security that remain are multi-faceted in nature and multi-directional, which makes them hard to predict and assess. NATO must be capable of responding. . . .

“9. Risks to Allied security are less likely to result from calculated aggression against the territory of the Allies, but rather from the adverse consequences of instabilities that may arise from the serious economic, social and political difficulties, including ethnic rivalries and territorial disputes, which are faced by many countries in central and eastern Europe. . . . They could lead to crises inimical to European stability and even to armed conflicts, which could involve outside powers or spill over into NATO countries.”

At this point in 1991, there was nothing under way in Yugoslavia that would have led anyone to imagine what would happen when Milosevic was given the green light to go on a rampage, one absolutely against any rational, strategic—even chauvinistic—interest of Serbia. On the other side, it is clear that the eyes of the drafters were pointed in the direction of the social earthquakes that were to result from IMF economic conditionalities. Indeed, it was at this moment that the IMF was solidly planting its shock therapy roots in eastern Europe. Instead of plans for economic development, such as those advocated by Herrhausen, and in much more explicit and elaborated form by Lyndon LaRouche, plans which would have guaranteed stability through prosperity, the financial elite of Wall Street and the City of London was going for a scorched-earth policy. Upheavals were to be expected. The financial elites’ solution: Use the military instrument to guarantee that shock therapy would continue to be enforced.

The document also begins to prepare the ground for “non-Article 5” out-of-area operations. Article 5 of the 1949 Treaty calls for NATO intervention only if a NATO member is attacked or threatened on its own territory. That is what made NATO a “defensive organization” for 40 years. But the new document states:

“12. Any armed attack on the territory of the Allies, from whatever direction, would be covered by Articles 5 and 6 of the Washington Treaty. However . . . Alliance security interests can be affected by other risks of a wider nature, including proliferation of weapons of mass destruction, disruption of the flow of vital resources and actions of terrorism and sabotage. . . .

“13. . . .The end of East-West confrontation has greatly reduced the risk of major conflict in Europe. . . . On the other hand, there is a greater risk of different crises arising. . . .

“14. . . .The changed environment offers new opportuni-

ties for the Alliance to frame its strategy within a broad approach to security.”

In the New Strategic Concept, the use of the military becomes just one of the tasks of the new NATO. It is now to have responsibility in the fields of diplomacy, politics, and other basic functions that had been a necessary and integral part of the sovereign duties and rights of individual member states. In regard to management of crisis and conflict prevention, the document states:

“31. In the new political and strategic environment in Europe, the success of the Alliance’s policy of preserving peace and preventing war depends even more than in the past on the effectiveness of preventive diplomacy and successful management of crises affecting the security of its members.”

And, it advances the idea of NATO as “peacekeeper,” on behalf of, for the moment at least, the UN:

“41. In peace, the role of Allied military forces is to guard against risks to the security of Alliance members; to contribute toward the maintenance of stability and balance in Europe. . . . They can contribute to dialogue and co-operation throughout Europe by their participation in confidence-building activities, including those which enhance transparency and improve communication; as well as in verification of arms control agreements. Allies could, further, be called upon to contribute to global stability and peace by providing forces for United Nations missions.”

There is a particular stress on the need for “flexibility” and “mobility,” with an eye on new types of deployment:

“52. In order to be able to respond flexibly to a wide range of possible contingencies, the Allies concerned will require effective surveillance and intelligence, flexible command and control, mobility within and between regions.”

Out-of-area deployments: How Iraq and Yugoslavia ‘solved the debate’

At the North Atlantic Alliance meeting in Edinburgh, one of the key reports, “NATO Forces: Preparing for New Roles and Missions,” was presented by Lorenzo Forcieri. It analyzed the gulf between the 1991 strategic concept and the “revised” concept that is to be inaugurated in April in Washington. Forcieri stressed that after the 1991 summit in Rome, a debate began on whether out-of-area operations were to be accepted. “Although the Alliance’s New Strategic Concept of 1991 was one of the most innovative steps . . . the collapse of the Soviet Union outdated it,” he said. “The disappearing of this entity calls for a revision of NATO’s assigned role. . . . Second, the Gulf war and the crises in former Yugoslavia solved the debate on the possibility of NATO undertaking ‘out-of-area’ operations and strengthened the practice of co-operation with non-NATO countries. Both these concepts were just at an embryonic stage in 1991.”

“Preparing for New Roles” stresses repeatedly the providentiality of the explosion in Yugoslavia. “It should be recognized that a crisis in any part of the world can potentially

affect our national security. During the Cold War, crises were seen through the spectrum of East-West confrontation. Therefore crisis management was linked to [that confrontation]. The end of the Cold War and the emergence of ethnic rivalries and intercommunal conflicts has initiated a new consensus that unstable situations, such as experienced in the Balkans, represent potential crisis. This second generation of crisis management requires arbitration and growing international intervention. . . .”

Indeed, the role played by Milosevic in the Balkans represents one of the biggest spurs the NATO “globalizers” have had to justify the implementation of their schemes.

The NATO bombing under way now on Kosova, Serbia, and Montenegro, can be seen as a coherent conclusion of those premises. The involvement of NATO in the Balkans was parallel to the strategy of NATO enlargement in eastern Europe, until the recent induction of Poland, Hungary, and the Czech Republic into NATO, a few days before the bombing started. The implied promise that attracted so many countries was: If you join, you will have credibility with financial institutions such as the IMF and you will be “protected.” In a large region scorched by the shock therapy, such a proposal is very difficult to refuse, even if it is illusory.

From ‘between peace and war’ to war

The document “NATO Forces: Preparing for New Roles,” from Edinburgh in November 1998, reads: “The concept of crisis can be interpreted in many different ways. In this report it refers to the area between peace and war. . . . In contrast to the traditional clear-cut distinction between war and peace, since the end of the [Cold War] we have been confronted with a situation which cannot be considered either fully fledged war or peaceful coexistence. . . . They fall in a . . . gray area that includes ethnic conflicts, religious controversy, and territorial claim.”

Indeed, this concept of “no war no peace,” and the “crisis management” of such a situation, has progressively dominated the thinking of the “new NATO” strategists for years. There is almost no resemblance to the 1949 North Atlantic Treaty.

First, in the treaty there is an evident stress on the role of the UN. Though this is by no means a guarantee of respect for national sovereignty, it does establish a forum in which any out-of-area operation has to be discussed and mandated. Despite the obvious faults of the double standard system of the UN Security Council Permanent Five members (with their right of veto) and rotating members (without such a right), still, that situation somehow reflected Franklin Delano Roosevelt rejection of anything that smelled or felt like British colonial methods, including the unconditional, unchecked power to impose its rule based on pure force, in any corner of the world. We do not intend to glorify the creation of NATO in 1949. Most probably, if President Roosevelt had not died prematurely, the world would not have been divided by an

“Iron Curtain,” despite all the efforts of Winston Churchill. Rather, programs of economic development would have rapidly transformed Russia and the British colonial empire, and the British methods of “divide and conquer” would have been brought to a halt after the end of World War II.

The text of the Treaty reads:

“The Parties to this Treaty reaffirm their faith in the purposes and principles of the Charter of the United Nations and their desire to live in peace with all peoples and all governments. They are determined to safeguard the freedom, common heritage and civilization of their peoples. . . They seek to promote stability and well-being in the North Atlantic area.

“Article 1

“The Parties undertake, as set forth in the Charter of the United Nations, to settle any international dispute in which they may be involved by peaceful means in such a manner that international peace and security and justice are not endangered, and to refrain in their international relations from the threat or use of force in any manner inconsistent with the purposes of the United Nations. . . .

“Article 3

“In order more effectively to achieve the objectives of this Treaty, the Parties, separately and jointly, by means of continuous and effective self-help and mutual aid, will maintain and develop their individual and collective capacity to resist armed attack. . . .

“Article 4

“The Parties will consult together whenever, in the opinion of any of them, the territorial integrity, political independence or security of any of the Parties is threatened. . . .

“Article 5

“The Parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all and consequently they agree that, if such an armed attack occurs, each of them, in exercise of the right of individual or collective self-defence recognised by Article 51 of the Charter of the United Nations, will assist the Party or Parties so attacked by taking forthwith, individually and in concert with the other Parties, such action as it deems necessary, including the use of armed force. . . .

“Any such armed attack and all measures taken as a result thereof shall immediately be reported to the Security Council. Such measures shall be terminated when the Security Council has taken the measures necessary to restore and maintain international peace and security.”

On March 24, 1999, after the air strikes against Serbia had started, UN Secretary General Kofi Annan went before the media to plead that “the UN should be involved in the process.” For many, those words marked the end of the postwar era. Now the UN has been superseded by an “independent” NATO that draws its power neither from institutions representing world’s countries, nor from the institutions of the member countries. Who is then pulling the strings? I will take this up in a forthcoming article.

The winds of Al-Sumoom: a curse or a blessing for Iraq?

by Hussein Al-Nadeem

Overshadowed by the war in Kosova, which coincided with the *Hadj* pilgrimage season for Muslims, the Iraqi crisis has become covered by a layer of ash left from the past three months of American-British aerial bombardment. In mid-April, after 2.5 million Muslims from all corners of the world will have left Saudi Arabia, having made their holy pilgrimage to Mecca, the dreadful Al-Sumoom wind will be gathering momentum from the heart of the Arabian Desert, blowing eastward to buffet Iraq, eastern Arabia, and the Persian Gulf. Whether this wind is going to blow away the ashes and fan a new fire in Iraq, or is going to put off the stupidity of meaningless war against Iraq, will be determined by the overall international and regional strategic developments, especially the war drive in Kosova. As Lyndon LaRouche has repeatedly stated, the Iraqi crisis is not what determines the international developments, but is a result of what is happening on the international geopolitical scene. The Iraqi crisis has very little, if anything, to do with what the Iraqi leadership does or does not do.

Shift in the 'Arab atmosphere'

The policy of bombing without any clear, strategic objective, has given rise to Arab leaders' concern that the operation to overthrow Saddam Hussein is not at all a quick fix, as they had believed. Last November, Arab countries which signed onto the Damascus Declaration (Egypt, Syria, and the six Gulf states) gave a clear signal that they would not oppose a major operation against Iraq, saying that whatever happens to Iraq is the responsibility of Saddam Hussein. The bombing did not take place in November, but in December, in Operation Desert Fox. In January, after the holy month of Ramadan, a new and prolonged wave of air strikes was started against Iraqi defense installations in the U.S.-U.K.-imposed "no-fly zones" in north and south Iraq. This bombardment has had no clear objectives or timeline. Syria and Egypt, ahead of the other Arab states, realized that they were obliged to reverse the horrible mistake of November and try to take a reconciliatory approach toward the Iraqi leadership.

Egypt and Syria's efforts led to the Arab League's Council of Foreign Ministers meeting, which ended on March 18

with a statement in favor of Iraq's demand to condemn the Anglo-American operation. Without naming the United States or Britain, the final statement stated: "The Council stresses its commitment to Iraq's unity and its regional safety and the security and safety of [Iraq's] neighbors, and demands a halt to the actions targetting Iraq outside the framework of the relevant Security Council's resolutions, and also demands that all parties, including Iraq, implement all Security Council resolutions in form and practice, and that the Secretary General [of the Arab League] will be assigned to follow up this issue."

A similar meeting failed on Jan. 24, when the Iraqi Foreign Minister walked out, accusing his counterparts of plotting with the United States and Britain against Iraq. The recent statement was reached after prolonged negotiations, because Kuwait and Saudi Arabi opposed the mentioning of military attacks on Iraq in the Arab League's agenda. Egypt's President Hosni Mubarak and Syrian Foreign Minister Farouq Al-Sharaa intervened to convince the Saudi Foreign Minister to accept a pro-Iraqi statement.

The opening meeting was delayed a few hours on March 17, due to the meeting between Mubarak and Saudi Foreign Minister Saud Al-Faisal. The meeting was again postponed because of a dispute between Iraq and Kuwait and Saudi Arabia concerning the issue of those "missing" in the Gulf War. Iraq says that it has no prisoners from Kuwait or Saudi Arabia. The issue was excluded from the discussion, since it was decided that the Secretary General of the Arab League, Dr. Ismat Abdul Magid, will establish a special committee to explore the two sides' claims, in cooperation with the International Red Cross.

One day after the meeting, President Mubarak visited Kuwait in order to discuss with the Kuwaiti Emir the prospects of a reconciliation with Iraq. Mubarak said, after returning to Cairo, that "the Arab atmosphere is much better now." A few days before the meeting, President Mubarak, Foreign Minister Amr Moussa, and Presidential Adviser Osama El-Baz made statements regarding Egypt's rejection of the current policy of daily bombing of Iraq by the United States and Great Britain. President Mubarak met with U.S. Ambassador to Cairo Daniel Kertzer on March 15. According to the Arabic

daily *Al-Hayat*, Mubarak stressed “the necessity of stopping the raids on Iraq.” Amr Moussa had stated a week earlier that “the Arab states do not support the military strikes against Iraq” and “are for a political and diplomatic solution and non-intervention in the internal affairs of Iraq, the interests of its people, its unity, and lifting the embargo imposed on it.”

Meanwhile, El-Baz said that “U.S. policy on Iraq threatens the Middle East’s regional stability.” El-Baz added that “the situation in Iraq threatens to destabilize the region as the U.S. is pursuing a policy of confrontation in the crisis.” He stressed that Egypt’s concern is that “this policy of daily bombing might become a routine which the region will have to get used to.”

On March 14, U.S. Undersecretary of State for Near East Affairs Martin Indyk was informed by Syrian President Hafez al-Assad that Syria no longer approves the current U.S. policy against Iraq.

Most interesting was the reaction from U.S. ally Saudi Arabia. Saudi officials were quoted in the *International Herald Tribune* saying that “whatever has to do with going out and hitting targets in Iraq will not have the support of the kingdom.”

U.S. split over Iraq policy

In the same week, Gen. Anthony Zinni, commander of the U.S. Central Command, was on tour in the Gulf. Zinni reiterated his objections to supporting the Iraqi opposition’s effort to overthrow the Baghdad government, through an invasion (see *EIR*, Feb. 12, 1999). Speaking in Kuwait, at the same place where ten days earlier Defense Secretary William Cohen had told U.S. Marines to “be prepared to go to war against Saddam,” General Zinni said: “We are not preparing to carry out a military operation” against Iraq. He added that “the strikes will stop as soon as the Iraqi regime stops targeting our airplanes.” While in Abu Dhabi the day before, Zinni stressed that “there must be a transition to a new government in Iraq, but in a way that does not destabilize the region.” He added that “there is no military coordination with the Iraqi opposition.”

The factional dispute in the United States and Britain concerns the reliability of the Iraqi opposition in any attempt to change the government in Iraq (see “Profile of Iraqi Opposition Groups,” *EIR*, Jan. 29, 1999). However, the real underlying issues are the “feasibility” of the Iraq Liberation Act, which was shoved down the throat of President Bill Clinton in 1998, and of U.S. policy toward Iraq in general.

The fault line runs between those enemies of Clinton in Congress, and even in his own administration, who want to follow the policy of “go in and kill ’em all” by invading Iraq, and those allegedly representing the President’s and the State Department’s line favoring a military coup from within the Iraqi military establishment, without risking a regional or civil war.

‘By their fruits ye shall know them’

On March 10, former CIA Director James Woolsey testified before the U.S. House Armed Services Committee on policy toward Iraq. Woolsey started by stating that over a year ago he had told Congress that “it was urgent to move toward a strategy—an overt, not a covert one—to replace the Baath regime in Iraq.” This effort resulted in the administration’s endorsement of the Iraq Liberation Act in October 1998. These words, and the strategy outlined below, were also the exact words of the British-controlled chairman of the Iraqi National Congress, Ahmad Al-Chalabi. It is not clear yet who copied what from whom (see *EIR*, Feb. 12).

Woolsey’s strategy consists of six points:

1. Maintain the existing no-fly zone in the north and south for all Iraqi aircraft, including helicopters, and expand the zone’s restrictions to create “no-drive” zones for Iraqi military vehicles.

2. Recognize an Iraqi government-in-exile, probably centered in the Iraqi National Congress (INC), and furnish it with light arms, including anti-armor weapons.

3. When areas in the north and the south of Iraq are adequately protected from encroachments by Iraqi ground forces, by a combination of indigenous (including defecting) forces and air power, permit those areas to be free of the trade restrictions imposed on Iraq, such as letting these regions pump and sell oil.

4. Bring charges against Saddam in international tribunals and do everything possible to hinder his use of offshore assets.

5. Broadcast into Iraq, in the manner of Radio Free Europe.

6. Utilize any excuse to conduct air strikes, such as Saddam’s current efforts to attack U.S. aircraft maintaining the no-fly zones, to damage as severely as possible the instruments whereby Saddam maintains power: the Special Republican Guard, the Special Security Organization, Iraqi Intelligence, etc.

Under Woolsey’s term as CIA director (1993-95), a CIA operation took off which had been put in place in northern Iraq by the Bush administration in 1992. The operation involved using the INC to run an invasion from the Kurdish region in northern Iraq. Woolsey is possibly responsible for one of the biggest fiascoes since the Bay of Pigs. On Aug. 31, 1996, Iraqi army tanks, with the help of the Kurdistan Democratic Party (PDK), took over the city of Arbil in northern Iraq from the rival Kurdish Patriotic Union (PUK). The Iraqi forces arrested 200 Iraqi INC members who were working with the CIA, and a huge amount of documentation was confiscated. The INC agents were later executed. The irony here is that the PDK (one of the seven groups included in the U.S. Iraq Liberation Act) collaborated with the Iraqi army in this operation, and still maintains relations with the government in Baghdad.

As a result of this fiasco, in September 1996, some 8,000 Iraqis had to be evacuated from northern Iraq to Turkey and then to Guam, in what was called Operation Pacific Haven. Later the refugees were given political asylum in the United States. Only 450 of these were INC members. In the United States, six refugees were later arrested by the FBI and detained for two years. According to the FBI, they constituted "a threat to national security," and the Immigration and Naturalization Service ordered that they be deported back to Iraq.

Woolsey volunteered to defend the six Iraqis and launched a campaign to stop the deportation. The FBI was forced by Congress to declassify the investigation proceedings. The charges against the six were made public, that they were "Iraqi spies." Nothing is known about the truth of the charges, and no thorough investigation of the whole operation has been conducted. In the same month, September 1996, the U.S. administration decided to close off all channels with the Iraqi opposition and the INC. Already in 1995, when Woolsey was being replaced as Director of Central Intelligence by John Deutch, the Iraqi opposition claimed that there was a shift in the emphasis from the INC to the Iraqi National Accord (INA), which was established the same year by the British foreign intelligence organization MI6. The MI6 involvement was revealed by Scott Ritter, the British-Israeli spy who was part of the United Nations weapon inspection team, UNSCOM, in Iraq. The London- and Amman-based INA includes Iraqi army officer defectors and former Baath Party and government officials. The INA is allegedly the group which could run a military coup, while the INC could conduct an insurgency in Iraq. These two groups are called in Iraq the "five-star-hotel opposition," while the real military force, the Kurds, have channels into the Iraqi government and oppose the Iraq Liberation Act.

The Iraqi opposition, which is being tossed between London and Washington, has developed from a joke to a bad joke, and finally to a rotten fruit. A frustrated London-based representative for the Iraqi Shia opposition group the Supreme Council for Islamic Revolution in Iraq (SCIRI), stated recently that "the only thing the Iraq Liberation Act has achieved, is to discredit the Iraqi opposition by showing them as if they were pure American agents. The Iraqi opposition have received no money, no arms, and no political assistance, which was supposed to arrive soon."

Despite that, the INC has been invited to organize a conference in Washington in late April. The conference has been endorsed by members of Congress such as Rep. Benjamin Gilman (R-N.Y.) and Sen. John Kerry (D-Mass.). The conference could be planned to coincide with a major operation against Iraq, depending on developments in Kosovo. The timing is crucial, because ground operations have to be concluded before the extremely hot summer, and the onset of the winds of Al-Sumoom.

President Clinton does not seem to be prepared to go either with a military coup against Saddam or an invasion. However, his policy is to continue to "contain" the Iraqi government, through the oil sanctions and other political measures. This policy can no longer be accepted in the region, for both moral and strategic reasons.

Only a policy consistent with that called for by Schiller Institute President Helga Zepp-LaRouche, to lift the sanctions and integrate Iraq's human and natural potentials into the Eurasian Land-Bridge project, can guarantee justice and freedom for the Iraqi nation and the world.

Otherwise, policies being set into motion by London, the U.S. Congress, and by Al Gore's Principals Committee, can only lead to mass death and destruction.

Ye, shall know them by their fruits. Do men gather grapes of thorns, or figs of thistles? Even so every good tree bringeth forth good fruit; but a corrupt tree bringeth forth evil fruit. A good tree cannot bring forth evil fruit, neither can a corrupt tree bring forth good fruit. Every tree that bringeth not forth good fruit is hewn down, and cast into the fire. Wherefore by their fruits ye shall know them.—Matthew 7:16-20

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Germany's Lafontaine resigns, as economic reality strikes

by Rainer Apel

When German Finance Minister Oskar Lafontaine's decision to resign his post was made known through the news wires on March 11, the immediate response of many was surprise, particularly in view of the fact that he also resigned as Social Democratic Party chairman, and as a member of the national Parliament. The circumstances surrounding the resignation were peculiar: Lafontaine informed his boss in the cabinet, Chancellor Gerhard Schröder, by letter, and he did the same in respect to the party executive. After the letters of resignation were delivered, he was not available for public comment, and his close friends told the media that he had "decided to withdraw into private life."

Actually, Lafontaine's resignation did not come as a surprise to those who have kept a close eye on him in recent weeks and months. On one side, he certainly has turned into a victim of his own power ambitions—first, because he wanted to be a super-minister in the cabinet that was formed in October 1998. He was not satisfied with the Finance Ministry post as he inherited it from his predecessor, Theodor Waigel; Lafontaine also assumed additional powers in the sphere of economic policy and European Union affairs, from other cabinet ministries, particularly from the Ministry of Economics. The post of Finance Minister already being one of the most powerful, the authority that Lafontaine assumed with his superministry made him the most powerful man in the Schröder cabinet. But, here is the message for all other leading politicians in this time of deepening world economic depression and financial collapse: If you are not trained and conceptually equipped for a job in such a time of crisis, you will fail in the face of reality.

Reality—that is, increasing financial troubles, building social and political unrest, continual wars of nerves among the finance ministers of the Group of Seven governments over the future of the present global financial system, controversies inside the German cabinet, and other factors—took its toll on Lafontaine.

The SPD's problems

One must keep in mind that power-hungry as he has always been, Lafontaine has always been a hedonist throughout his political career: The good life in a service economy, the promotion of an ecological society at the expense of industry and productive jobs (resembles U.S. Vice President Al Gore,

somewhat, doesn't it?), aggressive outbursts against political adversaries who held onto traditional values—all of that has been typical of Lafontaine. This author has witnessed the destruction of the traditional German Social Democratic Party (SPD) by Lafontaine, over the last 20 years.

Many, if not most, of the problems that the SPD has had over the last two decades have a name: Lafontaine. For him, the combination of a policy of budget austerity combined with ecologist outlooks always took precedence over the SPD's traditional solidarity with the labor movement. If, from the mid-1980s on, Lafontaine has not had big problems with the German labor movement (at least not in public), it was due to the fact that the union leadership turned ecologist, too. The project of forming SPD coalitions with the Greens, first on a municipal and state level, then also on a national level, was the brainchild of Lafontaine and numerous corrupt labor leaders who told Schröder to adopt the red-green policy, when he wanted to become SPD Chancellor candidate for the 1998 elections.

That march into the red-green alliance on a national level had a prelude: In 1995, a coalition among Social Democrats and Greens was formed, against heavy resistance from within the SPD, in North Rhine-Westphalia, Germany's biggest state, with about 20% of the nation's constituency. Also that year, Lafontaine made himself SPD party chairman through a coup, prepared by intrigues that moved acting party chairman Rudolf Scharping aside and kept Lafontaine's biggest rival, Schröder, out. This was to ensure that if Lafontaine did not run as the Chancellor candidate in the 1998 elections, he would at least define policies for whoever did.

The policy package that Lafontaine designed for the first red-green government that took power at the end of October 1998, was an outright disaster—particularly for labor and other SPD constituencies, most of whom are in the lower-income strata of the population. From the start, the government made clear: that budget-balancing was its first priority, that plans for an "ecology tax" package would be pursued despite broad public protest, and that there would be loyalty to the monetarist project of the European Monetary Union (EMU) despite the fact that it would kill more jobs. And, the government made clear that it would phase out the use of nuclear technology.

Against the background of increasing unemployment



Oskar Lafontaine's (left) resignation as Germany's Finance Minister gives Chancellor Gerhard Schröder (right) and the Social Democrats an opportunity to break their alliance with the Greens and form a "Grand Coalition" with the Christian Democrats. It's an opportunity to drop monetarist policies and to join the "Survivors' Club."



caused by the global financial crisis which had broken out in Asia, Russia, and Ibero-America, and that made itself increasingly felt during the last quarter of 1998, these two pet projects of Lafontaine—the EMU and the phaseout of nuclear technology—made him, apart from the Greens, the most hated man in the SPD. The Feb. 7 election for the state Parliament in Hesse, which voted out the ruling red-green government, was the first big shot against the red-green government in Bonn. Since then, Lafontaine has come under massive attacks inside the party and among the labor unions because of his austerity policies. Repeatedly, at party executive meetings as well as at meetings of the SPD parliamentary group, he showed signs of strain, lashing out against his critics in an increasingly hysterical way. By the end of February, it was reported that Lafontaine was close to resigning as Finance Minister.

The second week of March finally brought the resignation. It was a very turbulent week that began with a protest rally of 35,000 nuclear sector workers against the government on March 9, and the collapse of Chancellor Schröder's government-industry roundtable talks with leaders of the nuclear industry. The fact that Lafontaine had provided Schröder with false figures on the economic damage estimated to result from the anti-nuclear course, and that industry leaders had uncovered this hoax before Schröder's very eyes, made long-standing tensions between the Chancellor and his Finance Minister boil over. At the weekly cabinet session on March 10, an enraged Schröder confronted the cabinet with the fact that "the protest of 35,000 nuclear workers" and the resistance of the German industry against the ecology tax and the anti-nuclear course had to be taken seriously, because "we are witnessing a conjunctural downturn of the economy right now," he said. Schröder said that he would no longer tolerate

policies against labor and industry, and he threatened to resign. Actually, this is what he should have done right away, so that the red-green coalition could have been replaced by a coalition with the Christian Democrats—a "Grand Coalition," which is the preferred model among German voters.

The East German files

Schröder did not resign, but Lafontaine did, the day after the cabinet session. But, the fact that he also resigned as SPD party chairman and as a member of Parliament, poses a puzzle. Was it exhaustion, under the strain of the triple job, which caused his abrupt departure, as many of the German media have hinted? Or, was there something else behind the sudden resignation?

During the week after Lafontaine's resignation, some of the German media began to leak that when Chancellor Schröder's top aide, Bodo "Bobo" Hombach, was in the United States recently to negotiate on the transfer to Germany of former East German intelligence files which the CIA had seized in the turbulent days of November 1989 through March 1990, when the Berlin Wall came down and the East German regime collapsed, Hombach learned that the files contained delicate facts about Lafontaine. All of this was instantly denied by the German authorities, naturally, but the leak, wherever it may have originated, refreshed many memories about what took place in those days before the final reunification of the two Germans.

At that time (late 1989-early 1990), Lafontaine fiercely opposed the unification of Germany, and he offered himself as an alternative to pro-unification Chancellor Helmut Kohl. Now, it is interesting to recall that, exactly because of that, Lafontaine gained massive support not only among the East

German socialists who were fighting for their survival as an independent regime, but also among those in the Anglo-American geopolitical cabal around British Prime Minister Margaret Thatcher and U.S. President George Bush, who (at least originally, in Bush's case) wanted to prevent German unification. In the spring of 1990, when Lafontaine arranged to be nominated SPD Chancellor candidate against Chancellor Kohl, Lafontaine had a lot of supportive coverage in the media of the English-speaking world—and also in France, which was run by President François Mitterrand, who opposed the reunification of Germany as well.

A knife attack, which Lafontaine barely survived, on April 25, 1990, abruptly ended his Chancellor ambitions. The background to this assassination attempt has never been revealed, and neither has the background to a shooting that almost killed Christian Democrat Wolfgang Schäuble, Chancellor Kohl's chief negotiator for reunification, a few weeks later. But the policy which Lafontaine and the Greens, who also vehemently opposed German unification, stood for, was voted out, because the vast majority of German voters in the December 1990 elections wanted to see Germany reunited.

For five years Lafontaine stayed in the background, only stepping forward again with the coup at the 1995 Mannheim SPD party convention that made him party chairman. With the increasing, unsurmountable problems which the pro-monetarist Kohl government faced during 1997 in the wake of the Asian financial crisis, Lafontaine's SPD won the elections of September 1998. However, Chancellor Kohl was able to place a time-bomb under the red-green cabinet, because in the spring of last year, several months before the elections, he took the highly unusual step of publishing secret government documents on the period of German reunification (see *EIR*, Aug. 14, 1998). That documentation addressed the fact that Kohl was coerced into accepting conditionalities on reunification—including the transfer of German economic and financial sovereignty to the envisaged European Central Bank, and the decision to drop German political and industrial opposition to the free trade, "shock therapy" onslaught against the post-1989 economies of the former Soviet bloc.

What the documentation only vaguely hinted at, was that the adversaries abroad of German unity, had supporters inside German politics. Kohl, throughout his political career, has always been careful not to say anything negative about the Americans, although he would have many reasons to do so, particularly concerning the Bush Presidency. And, whatever files the German government has that contain really delicate facts about Bush, Thatcher, and Mitterrand, have never been publicized. But those former East German files in the possession of the CIA, contain facts of this category, as well.

Therefore, when Hombach, as has been hinted at, noticed that the files he was interested in, contained facts on Lafontaine dating from exactly that period of attempted sabotage of German reunification, he may have reported that back to Bonn, maybe to Chancellor Schröder.

Only a question of time

Let there be no mistake, however, that Lafontaine's resignation as Finance Minister was only a matter of time, because his policies have engendered widespread enmity against the government within the German population. But, it may well have been the leaks about those secret files that convinced Lafontaine to pull out now, and quit the other two posts as well, rather than wait. For the better parts of the SPD, and for German politics, his resignation can prove beneficial, whether those files are published or not: *if* the SPD can liberate itself from the alliance with the Greens, which Lafontaine forced it into, and *if* it can join with the Christian Democrats in a Grand Coalition, which would have a broad majority and popular support sufficient to correct the concessions Germany made in 1990, and drop the EMU and orient toward cooperation with eastern Europe and Russia, which Thatcher and Bush, with the aid of Lafontaine and his ilk, were able to prevent at that time. In short, Germany does have a chance to quit its job as deck steward on the *Titanic* of Western monetarism, and to join the "Survivors' Club" around China, Russia, India, Malaysia, and other nations that intend to defend their economic and political sovereignty in this protracted global economic crisis.

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Colombians remoralized by LaRouche movement

by Gretchen Small

More than 2,000 Colombians turned out in Bogotá in mid-March to hear Marivilia Carrasco, head of the Mexican branch of the Ibero-American Solidarity Movement (MSIA), speak on “The World Financial Collapse and Lyndon LaRouche’s ‘Road to Recovery.’” The trip broke the Colombian media establishment’s two-decade-long policy of blacking out LaRouche and his Colombian associates of the MSIA. Six major radio programs, several of them broadcast nationally, interviewed Carrasco during her visit, bringing LaRouche’s ideas to tens of thousands more.

The density of the activities set off an intellectual shock-wave. In just five days, Carrasco, joined by the head of the MSIA in Colombia, Max Londoño, gave 10 presentations on LaRouche’s work, each to hundreds of people. Individual organizers and significant institutional forces in the country were alike remoralized. At every one of the events, people expressed profound gratitude that someone could explain *why* Colombia now stands on the point of disintegrating as a nation, and could provide an alternative to the Hell which life there has become.

The dramatic demonstration that LaRouche’s ideas constitute a major force in Colombia, has changed the assessment of the potentialities of the battlefield by patriotic circles, as well as by London’s Dope, Inc. machine, which thought that the country was theirs to destroy. Most Colombians and most foreigners had already written the country off. But the incredible turnout to hear Carrasco and Londoño revealed, including to the Colombians themselves, that many have not given up, but are turning for leadership to the only group which has stood firm over the years.

LaRouche was right

The LaRouche movement in Colombia has been organizing for about 25 years, under increasingly adverse circumstances as the dope cartels turned the country into a war zone. In the recent period, deep pessimism and terror paralyzed Colombians, as their government—with full international backing—handed whole chunks of the country over to the narco-terrorist armies, and called it “peace.”

But two weeks before Carrasco arrived, a new shock hit: the collapse of the currency and banking system of Colombia’s southern neighbor, Ecuador. Colombians, watching the events in Ecuador as they were being reported blow by blow in the media, saw directly how a financial system can disinte-

grate in 24-48 hours—exactly as LaRouche has warned is about to happen to the entire world system.

Colombia is only one step behind Ecuador. As Carrasco arrived, the headlines in Colombia’s papers blared that industrial output in the country had fallen by 13.3% in January alone—the greatest one-month fall since the National Association of Industrialists began measuring output in 1985. Foreign banks are meanwhile threatening to pull out of Colombia, and at the same time, the news hit that 14 of Colombia’s 26 departments (similar to U.S. states) are bankrupt, unable to meet payments for pensions, payrolls, and debts, inaugurating a crisis similar to that of Brazil.

The deans of economic faculties and business schools at six of Bogotá’s top universities decided that the time had come to open their schools up for presentations by LaRouche’s representatives. In most of these schools, no professor had dared for years to attack the reigning monetarist free-trade ideology, yet suddenly, sometimes up to half the students studying economics at the university, were joined by faculty and university administrators, to hear a systematic presentation on why the system has failed, and how to replace it.

Halfway through her visit, when Carrasco arrived at the Military University, a school with both military and civilian students, she was received as an honored visitor, met by a welcoming committee which gave her a tour of the beautiful colonial part of the university, and brought her into an auditorium filled to standing-room only. Over 550 people had come, including students from the Catholic University who had missed her earlier presentation there, but had gotten word of what she presented.

Five hundred of the 2,000 people who heard Carrasco over the course of the week, were military officers from three military schools. At one institution, where more than 200 representatives of all three branches of the Armed Forces and the police were present, so much LaRouche movement literature was sold that organizers had to return the next day, to fill orders. The presentation set off a “revolution” in thinking at that school, one participant reported later.

Significantly, in each case discussion did not focus on Colombia, but on the global situation. At each event, Carrasco first laid out the systemic nature of the financial crisis, using LaRouche’s famous Triple Curve, the Typical Collapse Function, and explaining how the strategic threat coming from the oligarchical drive to use the crisis to destroy the nation-state, has provoked a counter-reaction, the “Survivors’ Club” of nations (led by China, Russia, and India and organized around LaRouche’s Eurasian Land-Bridge proposal), which the LaRouche movement is organizing the United States and Europe to join.

From that standpoint, what is happening in Colombia suddenly made sense to people. As one military engineer said afterwards, “Now I understand that the war which Colombia is suffering, is controlled by international forces.”

Interpol heroin conference exposes U.S., EU hypocrisy on Myanmar

by Gail G. Billington

On Feb. 23-26, seventy-four officials representing 28 member countries of the International Criminal Police Organization (Interpol) gathered in Yangon, Myanmar for the Fourth International Heroin Conference. Joining these officials were some 16 media correspondents, including representatives of Britain's Reuters and the British Broadcasting Corp., Australia's ABC, Agence France Presse, Deutsche Presse Agentur, New Zealand TV, Japan's TV Asahi, *Asia Times*, and Russia's *Izvestia*. And yet, one of the most revealing aspects of the conference, is who was *not there*. Originally, 43 Interpol members had been invited, but the United States and the European Union boycotted the meeting, saying they were protesting the human rights record of the military council, the State Peace and Development Council (SPDC), and Myanmar's position as an opium-growing country. The boycott comes on top of economic sanctions imposed on Myanmar by the United States and Europe.

This was supposed to be the conference that no one attended. One journalist, prior to the conference, was incredulous at Interpol's naiveté in allowing the conference to be held in Myanmar.

Naiveté? Interpol? About heroin? What's wrong with this picture?

Paul Higdon, director of Interpol's Criminal Intelligence Department, hinted at the fraud underlying the U.S.-EU boycott in his opening speech. "I regret a political situation that is viewed by many as a serious problem has held hostage the universally recognized problem of drug abuse. There is more to gain through dialogue than through boycott. There is not a single country which is not affected by drug trafficking and use. It is a global problem needing cooperation and mutual assistance," he said. Higdon challenged the boycotters' charge that Yangon is protecting top heroin lords Khun Sa and Lo Hsing-han, who reached amnesty deals with Yangon, ending two out of 16 insurgencies in border areas. Higdon noted with irony, "You can say we have two bad characters who are on the loose, but before the government could do anything with heroin, they had to do something with insurgencies. Sometimes you have to make a pact with the devil. You have to look at the totality of the situation rather than one little piece of it."

EIR is the authority

To look at "the totality of the situation," as Higdon suggests, means to look at where Myanmar's drug problem came from historically, because it didn't spring up after the events of 1988, which far too often have been taken out of any historical context. On the opening day of the conference, the government daily *New Light of Myanmar* featured excerpts of an *EIR* Special Report, "Britain's 'Dope, Inc.' Grows To \$521 Billion" (*EIR*, July 26, 1996). The report was an update on *Dope, Inc.*, the now classic book produced by *EIR* staff under the direction of Lyndon LaRouche in 1978, now in its third edition. While the U.S. government was not present at the Yangon conference, the U.S. Information Agency ran the entirety of *New Light of Myanmar's* report from *EIR* in its Feb. 27 *Foreign Broadcast Information Service*.

The *EIR* report gives extensive detail on Britain's role in opium trafficking in the 19th and 20th centuries, from the Opium Wars to the present day—literally, how the British Empire was financed by drug money. *New Light of Myanmar* highlighted *EIR's* Ibero-America editor Dennis Small as saying that the best way to understand who is behind international drug production, distribution, and trafficking, is to use the criteria formulated at the Nuremberg trials: "knew or should have known." *EIR* correspondent Joseph Brewda's report, "Britain's Opium Wars: Two Centuries, and Going Strong," is used as the basis for *New Light* to draw the conclusion, "It . . . was an ideal policy of the British to use opium as a weapon to destroy China in the 19th century, and even in the current 20th century, they continue to use opium as a weapon against certain countries which they would like to destroy. It has been stated that opium is used not only as a business, but also as an instrument in a bid to revive the old British empire. Moreover, it is used as a powerful weapon to destroy social structures throughout the world."

New Light points out, based on the Brewda report, that around 1850, the British exported 3,210 tons of opium to China from India; in 1880, they exported 5,880 tons of opium. But, the author reports, "according to the 1995 record, only 2,560 tons of opium were produced in the Southeast Asia Golden Triangle region. It was one-tenth of the opium that the Chinese consumed and the British distributed in 1900. . . ."

Illegal opium production is 4,467 tons. It is known that 97% [is] produced from British monopolized nations and their business. The [other] 3% [is] produced from other nations including Myanmar. Joseph Brewda expressed . . . that it is the British who monopolized 80% of legal production and 97% of illegal production of opium.”

The money-laundering nations

The \$521 billion figure cited by *EIR* was an estimate of the annual proceeds from drug trafficking at the time. According to internet “chat-room” gossip on the Interpol conference in Yangon, Interpol officials discussed that 60-80% of these proceeds are laundered through financial institutions in the countries that boycotted the meeting, and that these same institutions would find it very difficult to kick the habit.

In his opening speech to the conference, Myanmar’s Home Minister Col. Tin Hlaing regretted the “unfortunate” decision of the United States and Europe to boycott the meeting, saying, “The international drug trade is an urgent problem which needs to be addressed in a spirit of mutual cooperation by the entire world community. As two of the largest markets for heroin in the world, the United States and Britain bear a special responsibility to work with the rest of the international community in every way possible. Their huge markets fuel a global narcotics trade which threatens to affect many countries in the developing world, including Myanmar. The Government of Myanmar . . . urges them to put politics aside, for the sake of the millions of people around the world whose lives are threatened by the drug trade.” Col. Tin Hlaing outlined Myanmar’s strategy to eradicate all opium poppy production within 15 years, noting that “should there be assistance from the international community, this goal will be achieved sooner rather than later.”

Drug armies

The reference to border “insurgencies” by Interpol’s Higdon is crucial to Myanmar’s drug-production problem, and its solution. To this day, the government in Yangon does not control the integral territory of the state, and borders with neighboring countries have not been demarcated precisely because of insurgencies of ethnic armies that have waged war against the center, in some cases going back to the British-backed assassination of Gen. Aung San and his associates in 1947. *EIR* reviewed this history in its Aug. 29, 1997 issue, in a special report devoted to updating a profile of mega-speculator George Soros, the world’s leading promoter of drug legalization and whose Open Society Institute underwrites the Burma Project, one of the world’s leading non-governmental organizations (NGOs) backing Aung San Suu Kyi, head of the opposition National League for Democracy.

The possibility that Myanmar could succeed in eradicating opium poppy production has become a live option since



Opium poppy cultivation in Asia. Interpol Secretary General Raymond Kendall said in a note to the meeting in Myanmar, “It is high time the international community became acquainted with the excellent work that is being carried out in Myanmar against the illicit production and trafficking of heroin.”

its 1997 induction into the Association of Southeast Asian Nations, because without collaboration with its neighbors, especially those adjoining the Golden Triangle, the cost of such an operation, especially in light of the economic sanctions imposed on the country, would be nearly impossible to manage.

Therefore, it is useful to see who *did* attend the Interpol conference in Yangon, including officials of the UN Drug Control Program, UN AIDS Asia-Pacific Inter Country Team (APICT), and Interpol members Australia, Brunei Darussalam, China, Ghana, Malaysia, New Zealand, Saudi Arabia, Thailand, Switzerland, Chile, Japan, Maldives, Mauritius, Nigeria, the Philippines, Singapore, South Africa, Sri Lanka, Tanzania, United Arab Emirates, Lao People’s Democratic Republic, Russian Federation, India, Indonesia, Pakistan, Israel, and Bangladesh.

This list includes many of what *EIR* has nicknamed the “Survivors’ Club,” led by the strategic triad of China, Russia, and India, backed up by the ASEAN nations, and Japan. The density of bilateral and multilateral accords that have been reached among Asian countries over recent months (see *EIR* March 19, p. 54) to secure national borders, to suppress all forms of smuggling, to allow extradition of criminals, and to reach agreement on economic development, are necessary prerequisites to accomplish what has been impossible for the last half-century. Myanmar is a

signator to a multilateral accord with the six Mekong River region countries, and has signed bilateral anti-drug accords with India, Bangladesh, Vietnam, the Russian Federation, Laos, and the Philippines. The most recent accord was that reached on March 8-9 between Myanmar's Senior Minister Than Shwe and Thai Premier Chuan Leekpai "to intensify the cooperation and coordination of law enforcement efforts with the aim of achieving the total eradication of illicit drug production, processing, trafficking and use in ASEAN by the year 2020."

At the end of the Interpol conference in Yangon, 10 resolutions were passed by the 28 attending countries aimed at coordinating the war on drugs, including cross-border cooperation, judicial initiatives, and extradition treaties.

Give 'em a chance

In his opening speech to the conference, Home Minister Col. Tin Hlaing detailed that, from September 1988 to the end of 1998, the government seized or destroyed 4,125 kilos of heroin, 28,358 kilos of opium, more than 26 million amphetamine tablets, 6,239 kilos of ephedrine, and more than 56,832 gallons of precursor chemicals, and torched 96 heroin-refining labs. Public destruction of captured drugs has taken place 12 times in Yangon and 19 times in border areas. Participants at the conference were given a tour of crop substitution projects in northern Shan State, and witnessed the 13th burning of drugs in Yangon, including 4,023 kilos of opium, 431 kilos of heroin, and 33 kilos of morphine base. Myanmar's top anti-narcotics officer, Col. Kyaw Thein, told reporters that 3,486 acres of opium fields have been destroyed since September, containing 15.25 tons of opium, and, according to official figures, 84,420 acres of poppy have been eradicated in the last decade.

Interpol Secretary General Raymond Kendall had intended to attend the Yangon conference, which would have been something of a "homecoming," as Kendall's father was saved by Burmese from capture by Japanese troops during World War II. Because of overwhelming political pressure, Kendall did not attend, but he sent this message to the meeting: "It is high time the international community became acquainted with the excellent work that is being carried out in Myanmar against the illicit production and trafficking of heroin."

From Bangkok, the UN International Drug Control Program praised Myanmar's anti-narcotics efforts and cooperation, while saying that it remains one of the world's largest producers of opium and heroin. Speaking at the Feb. 23 launching of the International Narcotics Control Board's 1998 drug report in Bangkok, UNDCP representative Christian Kornevall told the meeting that, for various reasons, chiefly poor weather, Myanmar's opium output in 1998 had fallen to 1,700 tons. But, he added, it was the first time the figures on Myanmar opium production provided by the UN, the United States, and Burma matched.

Fraud at Foggy Bottom

U.S. State Department spokesman James Foley defended the U.S. boycott of the Yangon conference on Feb. 23, declaring, "The United States did not send anyone to this conference because we would have preferred that Interpol hold [it] in another location. The United States believes the regime would use the conference to create the false impression of international approval . . . for its counter-narcotics and anti-crime conformance. . . . [Its] counter-narcotics efforts, while improving, are far from what is necessary and [Myanmar] of course, persists in disregarding political and human rights."

But, on Feb. 26, the State Department's Bureau for International Narcotics and Law Enforcement Affairs released its 1998 International Narcotics Control Strategy Report, which makes major, historic concessions on Myanmar's anti-drug efforts. Most important, for the first time in a decade, the United States holds out the possibility of resuming cooperation in anti-narcotics activities, something two former Drug Enforcement Administration heads have supported.

The State Department says that 1998 crop estimates for opium poppy were down 16% from 1997, resulting in an anticipated maximum amount of opium gum that "is the lowest potential production figure in ten years and a drop of 26% from 1997. The government engaged in significant opium crop eradication efforts in 1998. During 1998, seizures of methamphetamines tripled, although opium and heroin seizures were below last year's levels."

The report criticizes the government for doing little "against money laundering" and for cancelling a U.S.-funded crop substitution project—without giving the reason why Yangon might have done so—but makes a huge concession on who controls the drug-producing areas: "Burma currently accounts for approximately 90% of the total production of Southeast Asian opium. Most of this supply of illicit opiates is produced in ethnic minority areas of Burma's Shan State. Over the past few years, [the government] has increased its presence in this region. . . . Since 1989, Rangoon [Yangon] has negotiated cease-fire agreements with most of the drug-trafficking groups that control these areas, offering them limited autonomy and development assistance in exchange for ending their insurgencies. The regime's highest priority is to end insurrection and achieve some measure of national integration; counternarcotics interests in these areas are a lesser priority."

Even among those "ethnic drug-trafficking armies" that have made cease-fire agreements with the government, the report notes parenthetically that these are "not permanent peace accords," and that some of these groups (such as the United Wa State Army and MNDAA-Kokang Chinese) "remain armed and heavily involved in the heroin trade. . . . Burmese troops cannot even enter Wa territory without explicit permission."

The report continues: "There is no evidence that the government, on an institutional level, is involved in the drug

trade. . . . The Burmese have said that they would welcome information from others on corruption within their ranks.”

Under the section titled “The Road Ahead,” the report further admits: “Based on experience in dealing with significant narcotics-trafficking problems elsewhere around the world, the U.S. Government [USG] recognizes that ultimately, large-scale and long-term international aid, including development assistance and law-enforcement aid, will be needed to curb fundamentally and irreversibly drug production and trafficking. The USG is prepared to consider resuming appropriate assistance contingent upon the Government of Burma’s unambiguous demonstration of a strong commitment to counternarcotics, the rule of law, punishment of traffickers and major trafficking organizations (including asset forfeiture and seizure), anti-corruption, enforcement of anti-money-laundering legislation, continued eradication of opium cultivation and destruction of drug-processing laboratories, and greater respect for human rights.”

Time to move forward

U.S. Rep. Tony Hall (D-Ohio) delivered a powerful message on human rights in Myanmar, in a statement issued after his Jan. 9-18 trip to Myanmar, Laos, and Thailand. There clearly was friction with Aung San Suu Kyi over distribution of humanitarian aid. Hall appealed in his Jan. 21 statement, that “people who really care about Burma’s people — and not just the cause — have an obligation to let others who care about Burma’s people do the life-saving work that is desperately needed. No one faction has a corner on concern, and humanitarian needs should be given a much higher priority than they are getting now. . . . Burma is a noble cause . . . but it is also a country of 48 million people who need help. I challenge activists for human rights to work as hard to meet Burma’s people’s humanitarian needs, and I stand ready to help anyone who is willing to do both.”

Truthfulness in identifying and addressing the historical root of problems Myanmar faces, under *any* government, is essential for the health and welfare of the nation. On this count, the powerful and influential international “Burma lobby” backing Aung San Suu Kyi has been a major source of fallacy of composition, which can only make the process of national reconciliation more difficult — assuming, of course, that such reconciliation is the objective.

A March 1999 issue of *Focus International*, published by the British Foreign and Commonwealth Office, discusses for six pages the military government’s human rights violations against the National League for Democracy and “ethnic minority groups,” but nowhere identifies these “ethnic insurgents” as drug-running armies. Similarly, in the Burma Project Report, 1994-96, posted to the “www.soros.org” website, Project Director Maureen Aung-Thwin studiously omits any mention in her eight-page report on the history of the country, of the British Empire’s opium policy, which so richly blessed British Burma with its current addiction. Aung-Thwin does

report, however, that the Burma Project received \$1.2 million per year in 1994 and 1995, and \$1.8 million in 1996 from Soros’s Open Society Institute. A demonstrative gesture in support of human rights in Myanmar would be for “Burma lobby” NGOs to go “cold turkey” on Soros’s money.

A June 18, 1998 statement issued by Dr. Thauang Htun on behalf of the National Coalition Government of the Union of Burma, the government-in-exile, states: “The restoration of peace and national reconciliation and the establishment of the democratic form of governance are the most important prerequisite for the success of drug eradication. Only after that, could the way be paved to introduce an alternative development plan in the opium growing areas.” The statement points out that “the United Wa State Army alone has 20,000 armed forces that cannot be maintained without the source of income from the drug trade.”

The insurgents may have other ideas. On March 8, Kristian Nystroem, Singapore-based correspondent of Denmark’s leading daily *Jyllands-Posten*, reported that “not without bitterness, the [ruling council] pointed out to the Australian delegation, at the Interpol conference, that every time the government has attempted to reach either a military or a political settlement with one of the well-armed ethnic militia groups, ‘the West has attacked us for violations of human rights.’” Nystroem adds, “The military regime has not directly accused Aung San Suu Kyi and her [National League for Democracy] for being involved in illegal narcotics activities. But at least three of the parties supporting her are ethnic separatist groups with connections to the international Maoist movement, Revolutionary International Movement (RIM), which is notoriously deeply involved in the narco traffic.”

Jyllands-Posten, citing *EIR* as its source, reported that “RIM is a terrorist umbrella organization based in London, which . . . also includes the Kurdish PKK, the Peruvian Shining Path, the Sri Lankan Tamil Tigers and the Mexican Zapatistas. According to the *EIR*, 80% of all heroin in Europe in recent years is smuggled through Turkey, and the PKK sits on the lion’s share of this.”

No simple solutions

On the closing day of the conference, Interpol’s Higdon declared that he is confident that the Yangon government is committed to eradicating opium production. “I am confident that there is the political will on the part of the Myanmar authorities,” he said. Higdon encouraged conference delegates to “challenge” Myanmar on its drug policy, while saying that Yangon officials’ speeches were “open, candid, frank.” He described the 15-year eradication plan as “not a program that has been put together with chewing gum and baling wire. I am confident it will succeed.” However, referring to the EU and U.S. boycott of the meeting, he said that eradication “could be done quicker with outside help.” Australia’s Ambassador Lyndall McLean added, “There is more to gain through dialogue than through boycott.”

Is the Trilateral Commission becoming an extinct species?

by Scott Thompson

At the close of this year's Trilateral Commission meeting on March 13-15 in Washington, D.C., there were significant signs that the Commission, which had already been on the Endangered Species List as a Cold War institution, was on its way to extinction. For the first time, no concluding press release was issued by the chairmen of the Trilateral Commission on the "consensus" reached at the meeting, nor did the chairmen answer journalists' questions about policy decisions. The Trilateral Commission was originally founded by David Rockefeller as a supranational institution making policy for the global financier oligarchy, with representatives from North America, Europe, and Japan. Its executive committee has included the likes of Henry Kissinger, Zbigniew Brzezinski, Lawrence Eagleburger, and Britain's Lord Carrington.

This year, reporters were ushered in at the close of the final plenary session, so that there could be no question and answer period with the press. But the remarks of the three chairmen—North American Chairman Paul A. Volcker, European Chairman Otto Graf Lambsdorf, and Japanese Chairman Yotaro Kobayashi—showed that there had been a good deal of contention at the closed sessions:

Otto Graf Lambsdorf, who is honorary chairman of the Free Democratic Party in Germany, declared that this session of the Trilateral Commission had "left more questions than answers."

Yotaro Kobayashi, who is chairman and chief executive officer of Fuji Xerox Co., Ltd. and a member of the board of directors of Xerox Corp. and of ABB Asea Brown Boveri Ltd., let slip that there was a need for "qualitative and quantitative improvement" in his nation's economy. However, he stated that a Special Group on East Asia which will prepare the main document for next year's meeting in Japan had gotten off to a promising start. "Perhaps at next year's meeting we will develop a longer-term strategy for the 21st century," Kobayashi concluded.

Paul A. Volcker, who had been chairman of the U.S. Federal Reserve System during the Carter years, then chairman of the investment firm of Wolfensohn & Co., and now a

professor emeritus at Princeton, affirmed that there had been "a lot of cynicism about the U.S. government" expressed at the meeting. After rattling off the names of certain U.S. speakers, Volcker added: "Several people have questioned whether or not the U.S. is up to its role. I believe that these speakers demonstrate that there are some U.S. government officials and Congressmen who are up to international affairs."

The title of the main report discussed at the meeting, "21st Century Strategies of the Trilateral Countries: In Concert or Conflict," reflected the growing tensions among the Trilaterals. Following traditional Trilateral Commission practice, the main discussion draft report had been written by three people, one from each of the Trilateral regions, but it seemed as if this year the *rapporteurs* had not even talked with one another while drafting the report, let alone sought to present a coherent strategy for binding the Trilateral regions together in the 21st century.

This and other indicators seemed to show that there was more "conflict" than "concert," both in the report and the meeting's proceedings.

The three authors of the report who gave concluding remarks to the Commission at the last plenary on March 15, are the following:

Robert B. Zoellick, who is now president and CEO of the Center for Strategic and International Studies at Georgetown University in Washington, having served in the Bush administration as Undersecretary of State for Economics and Counselor to the State Department before becoming Deputy White House Chief of Staff;

Hisashi Owada, who had been Japanese Ambassador to the UN from 1994-98 and is now president of the Japan Institute of International Affairs; and,

Peter Sutherland, who is currently chairman and managing director of Goldman Sachs International and co-chairman of British Petroleum-Amoco in London.

One obvious concern within the Trilateral Commission was what Hisashi Owada referred to as the "global unilateralism" displayed by the United States in the post-Cold War world. And, Peter Sutherland presented a recent quote from

Sir Henry Kissinger, in which this self-confessed British agent stated, "For the U.S. to stand alone as the sole imperial power is not healthy."

Other areas where conflict among Trilateralists at the meeting was displayed include:

1. Whether NATO should expand or even continue to exist under U.S. domination, given increasing hostility from Europeans at American "out-of-area" deployments, the push by an Anglo-American faction for "NATO enlargement," and the desire of Europeans to have their own security system.

2. How to approach what Lyndon H. LaRouche, Jr. has called "The Survivors' Club" of Russia, China, and India, which has emerged with the fall of the Berlin Wall and the systemic collapse of the globalized economy. (See *Documentation* on Zoellick's containment policy.)

3. Whether "Euroland," which the United States had encouraged during the Bush administration, was really such a great idea, given that the value of the euro has been dropping since its introduction in January 1999; that Social Democratic governments desire to undertake deficit spending to supply more jobs and a better social safety net; and, the still burning question of whether European nations have given up too much sovereignty to a central bureaucracy—a bureaucracy which collapsed with the resignation of European Commission President Jacques Santer and 19 commissioners on the eve of the Trilateral Commission meeting.

4. As Hisashi Owada admitted, another source of conflict was that Japan had been in a decade-long economic collapse, from which, he optimistically forecast (having presented no real solution), it might take a decade more to recover.

It may be because of the wide array of disagreements on a common strategy, that several key Trilats were absent on the final day of the conference. These included the Hollinger Corp.'s Conrad Black, former Trilateral Executive Director and Carter National Security Adviser Zbigniew Brzezinski, and Commission Founder and Honorary Chairman David Rockefeller. As the tell-tale failure of the Trilateral Commission chairmen not only to issue a final press release, let alone face an inquiring press, suggests, there was no agreement reached on these "conflict" areas within the meeting itself.

The unspoken question

Perhaps what was most glaringly absent in the discussion, to judge from the Commission's draft report as well as remarks by Trilat members, was any substantive airing of what steps would be necessary to solve a systemic, global economic collapse. Not only was there no evident discussion of LaRouche's call for a New Bretton Woods System, or of global infrastructure programs such as his Eurasian Land-Bridge grand design, but the Trilateraloids called in to speak on a tenuous "new architecture" were the very individuals and institutions partially responsible for the systemic economic collapse.

Among the panels dealing at a distance with this prob-

lem were:

1. An address on March 13 by Deputy Secretary of the Treasury Lawrence H. Summers on "The Trilateral Countries and the Global Economy";

2. A plenary session the same day on "Trilateral Economies in a Turbulent Global Economy," where the speakers included AFL-CIO President John Sweeney on "Workers' Issues"; Yotaro Kobayashi on "Revitalizing the Japanese Economy"; and Edmond Alphandery, former French Minister of the Economy and Finances. The latter presented an Alice-in-Wonderland address entitled, "The Euro as the Catalyst for Economic Reform," which maintained that the already collapsing euro would become a rival reserve currency to the dollar and would help catalyze the European Union into becoming a superpower partner of the United States.

3. On March 14, there was a plenary session on "Brazil and Argentina," which are collapsing just as had the "Asian Tigers" last year under the assault of mega-speculators such as George Soros. The plenum was addressed by Andre Lara Resende, former Special Adviser to the President of Brazil, and Domingo Cavallo, former Economy Minister of Argentina. No evident solution to the economic devastation that has been taking place in Ibero-America for almost 20 years was broached, except for more of the same International Monetary Fund (IMF) recipe for austerity, budget-cutting, and dismantling of the physical economy.

4. On the same day, Andrei Kokoshin, vice president of the Russian Academy of Sciences and former First Minister of Defense and Secretary of the Security Council of the Russian Federation, gave an address, whose content is unknown. Kokoshin had been among those neo-liberal, free-market reformers, whom President Boris Yeltsin fired following Russia's default on its usurious GKO bonds last August, to install the government of Prime Minister Yevgeni Primakov, who has been following a "national economic strategy" that involves joining in the "Survivors' Club" with China and India.

5. On the morning of March 15, the hyenas of international finance appeared. Prince Philip's cohort in genocide, Sir James Wolfensohn, president of the World Bank, spoke on "the wider social and economic challenge." And, in a delphic play on Treasury Secretary Robert Rubin's call for "a new financial architecture," Stanley Fischer, first deputy managing director of the IMF, spoke about "Improving the Architecture of the International Financial System," although his institution had been responsible for finishing the economic devastation of most "Asian Tigers," Russia, Brazil, and other nations, following their having been devoured by hedge-fund operators like George Soros.

Clearly, in the fundamental domain of reaching a physical economic solution to the systemic economic collapse, the Trilateraloids were prepared to throw yet more countries into a New Dark Age from which no IMF/World Bank "recovery" policy would save them.

A fig leaf called 'rule of law'

Another area where the Trilats were more direct, despite disagreements, was military and security policy. In his discussion paper on "The United States," Bush Leaguer Robert Zoellick raised a fig leaf that the United States had been the original instigator of much of international law, but that a pragmatic response to circumstances of late had frequently kept Washington from exercising the very "rule of law" that it had helped bring into being.

Zoellick, while calling for containment of China, Russia, and India on the Eurasian continent, in apparent response to the growing union of these nations within the Survivors' Club, said that U.S. strategy had three other objectives: 1) "The United States needs to overhaul the ties with its two primary overseas partners, western Europe and Japan, to better meet a new generation of challenges"; 2) "North America, the European Union, and Japan need to reach out to the next group of potential partners in this political community," especially those nations "that are building open markets, creating middle classes, and developing representative democracies" in Central and eastern Europe, Ibero-America, and East Asia; and, 3) "The United States and the other Trilateral countries need to link these regions together within a global economic system of finance, trade, and information."

While calling for no further NATO enlargement, Zoellick presented the utopian post-Cold War vision of the enemy being so-called rogue states that have "increased access to weapons of mass destruction—especially biological and nuclear arms," which "is enabling hostile parties to raise the catastrophic stakes of conflict." He called for "an integrated theater and national system of missile defense," referring to the antiquated off-the-shelf system now being advocated by such Principals Committee members of the Clinton administration as Secretary of Defense William Cohen, Secretary of State Madeleine Albright, and Chairman of the Joint Chiefs of Staff Gen. Henry H. Shelton. Zoellick called upon Europeans to join in building "missile defense systems that share technology, costs, and operational missions."

Zoellick also called for the "dispersion of forces (instead of the traditional massing of forces)" that would "maximize firepower at a point in space and time" through the use of "information technology."

In the domain of security policy, Peter Sutherland, who elsewhere admitted that there was growing hostility to the treaties that had created the European Union, to the degree that the EU might disintegrate overnight, raised the question of how Europe could integrate the Western European Union defense pact with NATO. According to Sutherland, the solution would be to establish a High Representative for Common Foreign and Security Policy (CFSP) under the EU guidelines:

"The institutional framework of the new CFSP will be

completed in June, when the Council of Ministers will appoint the first High Representative for the CFSP and an early warning and planning unit will be set up to provide independent logistic support. Although it remains to be seen whether the High Representative will be able to exercise any real clout, rather than play a mere coordinating role, the personification of the CFSP can at least be expected to provide some operational advantages (partially answering Henry Kissinger's famous question of 'who do I call to speak to Europe?'). Certainly, it is a role that the public actually appear to want. The first High Representative for the CFSP will however have the unenviable task of trying to form policy with a group that has trouble coming to a consensus over security issues."

Utopian East Asian expansion

Bearing in mind that the Trilateral Commission was formed as a Cold War institution, which avoided seeking partnership with Russia and China, which it sought to contain, it is notable that Hisashi Owada wrote a proposal for expanding the Trilateral Commission to include an East Asian bloc. In his essay, "Trilateralism Revisited: The Need for Shared Responsibility," he writes that the world has become a *pax consortis* among nations that share the same "common values"—including "freedom, democracy, the rule of law, and respect for human rights."

"A totally different consideration should apply to the case of East Asia as a region relevant to trilateralism," Owada continues. "Many countries in this region now possess a remarkable degree of identity of interests with the countries of the trilateral regions in terms of their political structure based on the democratic principles of their government, their economic structure based on the free-market principles and their social structure based on the principles of the rule of law and of the respect for human rights."

"During the past 20 years, the region of East Asia has completely changed its face. What we are witnessing now is the emergence of this region as a homogeneous group of partners that include Japan, the Republic of Korea, the Philippines, Thailand, Malaysia, Singapore, and Indonesia, as well as Taiwan and Hong Kong, all possessing many of the common characteristics with the trilateral regions in terms of their political, economic and social structures, and essentially sharing the common values that trilateralism is trying to pursue. . . . There should be no reason why East Asia as a region, parallel with the region of North America and the region of Europe both West and East, should not claim a place in the Trilateral Commission as one of the three partners in the triad. It is gratifying to note that there is already some movement in this direction."

Of course, what is glaringly missing from this schema is China, the world's most populous nation, which would be left out of the expanded Trilateral Commission, while

Hong Kong and Taiwan might be included. It seems that this expansion of the Trilateral Commission for the year 2000 meeting in Japan, may be one of the topics that were discussed during the recent Commission meeting, by the newly formed East Asia group, which included people from almost every country except mainland China. This proposal for expanding the Trilateral Commission is predicated upon the systemic economic collapse having not made the group altogether extinct by 2000.

Documentation

Zoellick seeks containment of Russia, China, India

Bush Leaguer Robert B. Zoellick, the president and chief executive officer of the Center for Strategic and International Studies at Georgetown University in Washington, D.C., wrote the U.S. section of the draft report for the March 13-15 Trilateral Commission meeting, entitled "21st Century Strategies of the Trilateral Countries: In Concert or Conflict?" Rather than call for a joining of the Trilateral countries with the "Survivors' Club" emerging through the integration of China, Russia, and India, Zoellick clearly sees the Club as a potential security threat that must be contained for the time being at least.

The following are excerpts from his essay:

"Ongoing, healthy U.S. partnerships with Europe and Japan will go a long way toward ensuring security in two regions—the trans-Atlantic area and the Asia-Pacific—where instability has bred threats to the United States. These partnerships will also enhance the ability of the Trilateral countries to address the uncertainties of China's and Russia's futures. . . .

"At the edges of this democratic community [the Trilateral countries—ed.] are the three great challenges of Eurasia—China, Russia, and India—each in the midst of a massive transformation. China and Russia are experiencing staggering internal turmoil while they are also trying to redefine their place in the world. Our aim should be to offer a path to integrate China and Russia peacefully into this community if we can, while being prepared to shield against them if we cannot. . . .

"The Trilateral countries must still cope with Russia, Ukraine, and other states of the former Soviet Union. For the foreseeable future, the security problems these countries pose will stem from their weakness, not their strength. In-

deed, the political, economic, and social breakdowns in Russia are most dangerous because they increase the risk of hostile parties obtaining weapons of mass destruction. . . .

"The rise of China looms over the rest of Asia. Although China still faces staggering internal problems, there is no doubt that its influence in Asia is on the rise. The priority of China's leadership is economic development, an understandable choice. But it is troubling that China has not accepted the idea that an ongoing U.S. presence in East Asia assures the region's security. It appears that China would prefer a future where it could cooperate with Korea, exercise pre-eminent influence in Southeast Asia, and keep Japan in check. China's insensitivity to democratic hopes—whether in Taiwan or on the part of a few activists on the mainland—is also not encouraging.

"China's leaders have demonstrated, however, pragmatism about security questions—at least at this stage in China's evolution. If the United States, Japan, and South Korea demonstrate a resolve to perpetuate the current structure of East Asian security, I believe China will accept that reality. . . .

"Japan and the United States should be developing a more balanced security and military partnership. The revised U.S.-Japan defense guidelines, once implemented, will better prepare the two countries to cope with a military crisis. But this should be just the starting point for a strategy to move Japan towards a greater supporting role. Japan and the United States should start to align their militaries much more closely—through shared intelligence, doctrine, weaponry, use of information technology, operational planning, training and combined exercises. This military integration would lessen the likelihood that any external shock—in Korea, China or elsewhere—might precipitate a shift in Japan's security strategy. . . .

"Deeper U.S. security ties with Japan should be accompanied by the development of a U.S.-Japanese-South Korean alliance. . . .

"China would not welcome these developments. It will fear the interference of the United States and Japan with Taiwan. It would prefer a fluidity in Asian security arrangements which it might manipulate. Yet it is not in our interest to leave openings for Chinese mischief, or worse. Rather, we should combine a firm security posture with opportunities for China to deepen its economic and political cooperation with the region and the world. . . .

"The security of the community still depends largely on the United States. In 10 to 15 years, however, we could achieve a complementary European partner as part of NATO and supporting Pacific partners, including Japan, South Korea, Australia, and perhaps others. The next steps would be to draw together the trans-Atlantic and trans-Pacific security partners and to provide an opportunity for serious security cooperation with China, Russia, and India."

Ugandan army under fire

Amnesty International points to violence of Museveni's military against civilians in northern Uganda.

For 13 years, a war has been raging in Northern Uganda between the Ugandan Peoples Defense Force (UPDF) of President Yoweri Museveni and the Lord's Resistance Army (LRA). The Western media and human rights organizations have focused attention only on the LRA, whose assaults on the Acholi people living in the war districts of Kitgum and Gulu have brought the Acholi community to the point of annihilation. Over the years, the LRA has abducted up to 10,000 children from northern Uganda; the LRA is mostly an "army" of terrorized children, now some of them "grown up" in years of fighting.

But the Amnesty report, "Breaking the Circle: Protecting Human Rights in the Northern War Zone," documents, as earlier reported by *EIR*, that the UPDF has acted neither to end the war militarily, nor to protect the people from the LRA.

Today, in northern Uganda, almost 500,000 people are internally displaced. Many of the atrocities carried out against the Acholi people by the UPDF revolve around the forced removal of Acholi farmers and their families into "protective villages," where they have no means of livelihood, no sanitation, no clean water, no schools, and no food.

The Amnesty report details that, in late 1996, the military forcibly removed many people in Gulu district to the camps:

"In Aswa and Kilak Counties in Gulu many villagers were reluctant to abandon their homes, fields and possessions. Some villagers, especially those distant from roads, were con-

cerned that movement might make them more rather than less likely to be attacked by the LRA. They were concerned that their homes and property would be left unguarded and that their crops, which by this stage of the year were already maturing, would be unharvested, leaving them destitute. They were also concerned about the living conditions in the places that people were to be concentrated. For example, in early November 1996 local councillors in Bungatira told journalists: 'People fear that they will starve in the camps. They prefer the army deployment in their villages.' . . .

"The UPDF is reported to have used indiscriminate artillery and mortar fire to force people to move. The UPDF does not deny that it has shelled villages but claims that artillery fire has always been directed at LRA units. For example, on 17 September, Pabwo, in Bungatira, north of Gulu, was shelled. . . .

"On 29 October UPDF troops stationed at Anyama Teacher Training College are reported to have shelled and mortared the villages of Ngomrom, Agung and Lukome in Aswa to persuade people to move the camp at Anyama. A three-month-old baby boy was killed."

Once people had been forcibly removed from their homes into the villages, the UPDF indicated that it considered anyone caught in the countryside to be sympathizers of the LRA, and such people were often summarily killed.

The most vulnerable targets in the war in northern Uganda are the children, who also come under fire from

the UPDF. Amnesty reported:

"One of the most serious incidents involving UPDF troops in Kitgum District took place on 1 March 1998 at Ogole, eight kilometres west of Wol in Agago County. The LRA sent about 80 children, many of them such recent captives that they were bound together, to collect water under the guard of approximately 20 LRA soldiers (many of them also children). Many captives were carrying jerrycans. UPDF soldiers waiting in ambush opened fire. Villagers from nearby reported that at least 30 child captives were killed."

The army has denied the incident, but "according to persons who visited the site afterwards, the distribution of cartridge cases indicated that the soldiers' positions were within 10 metres of the nearest bound children—in other words, there can be little doubt that the soldiers knew they were opening fire on persons held captive. Abducted children who escaped described being chased by UPDF soldiers firing at them as they ran. Some of those bound became tangled up with each other and were unable to flee."

Caught in such vicious crossfire, which is threatening the disintegration of their community, it is understandable why the Acholi community is demanding an end to the war. But in the United States, this demand appears to be falling on deaf ears. Rep. Donald Payne (D-N.J.), confronted with that demand at an Amnesty forum on the LRA on Capitol Hill on March 15, declared that the United States could not ask President Museveni to sit down and negotiate "with terrorists, since that would denigrate his office." Payne then made his counterdemand for an all-out assault on Sudan, where the LRA has found safe haven. But that policy has only brought total destruction to Northern Uganda, with no end to the war.

Queen's crony cleans up

The government has allowed BAC media baron Kerry Packer to take over the nation's largest newspaper group.

On March 12, the Australian Broadcasting Authority (ABA), the nation's media regulator, shocked the country by clearing media baron Kerry Packer of violating cross-media ownership rules, in the face of clear evidence to the contrary. The decision, made under his threat of a lawsuit, allows Packer, a key figure in the British-American-Commonwealth (BAC) financial oligarchy and a playmate of Queen Elizabeth II, to take over Australia's largest media group, John Fairfax Holdings, the proprietor of the *Sydney Morning Herald*, the *Melbourne Age*, and the *Australian Financial Review*, among others.

The ABA began an investigation of Packer in May 1998, when Brian Powers, the longtime CEO of Packer's main company, suddenly resigned, and within hours, joined the board of Fairfax. Australia's media laws stipulate that no one may control a major newspaper and television station in the same city; since Packer owns the country's largest TV station, Sydney's Channel 9, and Fairfax owns the *Sydney Morning Herald*, there was *prima facie* evidence that Packer, through Powers, was breaking the law. Indeed, it was publicly reported that Packer sent Powers to Fairfax with a \$12 million loan, and instructions to become chairman or deputy chairman. Powers did become chairman; that triggered the investigation.

To stop Packer's takeover, the ABA had to prove that 1) Powers had control over Fairfax, and that 2) Powers and Packer were "associates." In an interim report, the ABA found that the two were financial partners in numerous ventures; that Packer had hired

Powers as a "consultant"; and that he continued to pay the lease on Powers's house and golf club memberships even after Powers moved to Fairfax—in short, they were clearly "associates." After Packer and Powers threatened to sue the ABA, the panel then concluded, preposterously, that Powers didn't really control Fairfax, and that therefore they did not need to make a finding whether the two were "associates."

Though outraging many, the decision surprised no one, because: 1) Packer is worth an estimated \$5 billion, and has immense political clout, and 2) Prime Minister John Howard "owed him one." In 1995, with a national election coming up, Packer, on his own Channel 9 TV, gave a lengthy endorsement of Liberal Party leader John Howard for the next prime minister. Shortly after defeating Labor in March 1996, Howard called for a change in media laws that would have given Packer control over Fairfax, which he had long coveted. An uproar by backbenchers prevented that change, which has now been granted via the ABA decision.

The ABA's decision that "2 plus 2 does not equal 4," was all the more scorned, because of what every Australian knows: Packer is a bully who dominates all those around him, and thus the idea that Powers would not be acting for him at Fairfax is absurd. What is less well known, is Packer's important role within the BAC cabal currently driving the world toward financial collapse, and possibly, world war. Packer shares the Queen's box at Ascot on racing day, and is an intimate of some of the dirtiest members of the

Crown's financial oligarchy. These include World Bank boss, Australian-born Sir James Wolfensohn, Packer's main financial adviser and business partner since the 1960s; Wolfensohn's mentor, UN Undersecretary Sir Maurice Strong of Canada; BAC media baron Conrad Black (Canada), owner of the London *Daily Telegraph* and some 250 other newspapers globally, with whom Packer was a partner when Black briefly took over the Fairfax group in the mid-1990s; and Sir Jacob Rothschild (Britain), with whom he once attempted a \$30 billion takeover of British American Tobacco.

But, there is something else which every Australian knows, which has really fueled the disgust at the government's capitulation: Packer was named by an early 1980s royal commission, chaired by Francis S. Costigan, as the "Mr. Big" in organized crime in the country. The investigatory commission was convinced that Packer was involved in pornography, tax evasion, drugs, corporate fraud, money laundering, and murder. Packer fought the commission at every turn; crucial documents disappeared, and Packer launched waves of legal actions and other delaying tactics. Even so, his activities filled three volumes of the Costigan commission's final report, volumes never made public. In 1983, a new government under Labor Prime Minister Bob Hawke came to power. Hawke declared that Packer was a "close personal friend," and a "great Australian," and shut down the commission. Packer later hired Hawke as a "media consultant."

Nor is the media the only place BAC kingpin Packer is consolidating control. On March 4, he took over Melbourne's Crown Casino, the largest in the southern hemisphere, and one whose gaming chips have surfaced in police investigations of drug-money-laundering schemes.

Will history charge Al Gore with starting World War III?

by Debra Hanania Freeman

When Deputy Secretary of State Strobe Talbott, unquestionably the President's most trusted adviser on Russian affairs, returned from his latest trip to Moscow just a few weeks ago, the report he brought back had a very sobering effect on the President. Talbott reported that there had been a marked worsening in the Russian situation. The financial and economic crisis had deteriorated significantly, reported Talbott. That deterioration, combined with the escalating tension caused by the continuing U.S.-U.K. bombing of Iraq, the threat of military action in the Balkans, and the new NATO doctrine of globalization, had, reported Talbott, strengthened the hand of extremist, anti-American elements and, as such, continues to gnaw away at the stability of Russian Prime Minister Yevgeni Primakov's government.

The President's concern was no secret. In response, he placed a high premium on Primakov's scheduled trip to Washington, in effect upgrading the visit, with the President himself intended to play a direct and central role (even though Primakov is not Russia's President, but its Prime Minister). As the situation in the Balkans continued to deteriorate, the importance of the meetings with Primakov increased. President Clinton's policy in the Balkans has always rested on engaging Russia as a key partner in the process. He knew very well that there would be no solution to the Kosova crisis that did not intimately involve Russia. Clinton clearly held out the hope that somehow, in their first face-to-face meeting, he and Primakov could agree on some solution to the strategic dilemma that the Kosova crisis posed.

Then, suddenly, at about 2 p.m. on March 23, just prior to Primakov's scheduled arrival in Washington, at a White

House briefing, it was announced that, following a phone conversation with Vice President Al Gore, Primakov had given the order to the crew of his Ilyushin 62 aircraft to turn around. The trip was cancelled! Primakov was heading home to Moscow. Just hours later, NATO's air bombardment of Serb targets began, and the tenor of statements coming from Russia's leaders carried echos of the Cold War era.

How did this happen? How, in a matter of hours, could the situation have changed so radically? What did Al Gore say in that phone conversation, and who authorized him to say it?

Conflicting accounts

There are conflicting accounts. The written statement issued by the Vice President said, "I informed him [Primakov] that [Serbian leader Slobodan] Milosevic had rejected our efforts . . . and that Milosevic was launching escalated offensive actions against the men, women and children of Kosovo. After discussing the worsening situation in Kosovo, Prime Minister Primakov decided to return to Moscow." Later, Gore said that Primakov had demanded a guarantee that NATO air strikes not commence while he was in Washington, as a necessary precondition for his arrival — a guarantee Gore said he could not give.

White House sources present a slightly different version of the sequence of events. One source expressed some uncertainty as to why Gore had placed the call. Apparently, Primakov had telephoned Gore earlier in the day, from Shannon Island. In that first conversation, Primakov learned that Ambassador Richard Holbrooke's talks with Milosevic had bro-

ken down, and that Holbrooke was on his way to Brussels. As of that conversation, there was no change in Primakov's planned arrival. His plane departed for Washington on schedule. There was no reason why it would not have. By all accounts, both White House and Congressional sources confirm that there would be no air strikes until the President had had the opportunity to talk to Primakov.

When the Vice President placed the second call, President Clinton was apparently "tied up." Earlier meetings with his national security team, and a subsequent series of meetings with Congressional leaders, had already delayed his scheduled address to the American Federation of State, County and Municipal Employees Biennial Convention by more than an hour.

Apparently, the Pentagon was advocating pushing up the timetable of possible air strikes. Their arguments ranged from weather forecasts to lunar cycles to reports of worsening atrocities by Milosevic's Serbian forces. It is reported that Vice President Gore "just wanted to keep Primakov informed." However, speaking from Moscow, Primakov reported that he decided to turn his plane around only when the Vice President called to tell him that "an irreversible decision had been made to start the air strikes."

A White House comment

When President Clinton's press secretary, Joe Lockhart, was asked if the President agreed with the "postponement" of the Primakov visit, Lockhart answered simply, "No." But, it was well known that the Russian leader could not and would not agree to be in Washington during NATO bombing of Serbia. Vice President Gore had to know that his call would result in Primakov's turning around.

This is the second time that Al Gore has been instrumental in preventing President Clinton from meeting Primakov. The President was first scheduled to meet the Russian Prime Minister in November 1998, during a crucial meeting of the Asia Pacific Economic Cooperation forum in Malaysia. That meeting was sabotaged when Vice President Gore, and the foreign policy grouping called the Principals Committee, created a crisis around Iraq.

Gore travelled to Malaysia in the President's place, with disastrous results. The President was prevented from meeting Primakov, as well as Chinese President Jiang Zemin, and Gore's outrageous and insulting behavior toward Malaysian Prime Minister Mahathir bin Mohamad, who was hosting the meeting, seriously harmed U.S.-Asia relations. This time, the consequences of Gore's sabotage may carry a much higher price.

The global financial meltdown

In a message to an *EIR* seminar in Washington the day after the dramatic cancellation of the Primakov visit, Lyndon LaRouche stressed that the only way to understand the current

crisis is within the context of the global financial meltdown. The world, LaRouche said, is increasingly being divided between those nations which are for the International Monetary Fund, and those which are against it. And, those which support the IMF will be increasingly distrusted, hated, and attacked by the others. Certainly, it has been the imposition of harsh IMF conditionalities on Russia that has created the powerful backlash against the West. LaRouche emphasized that, unless the current policy direction is shifted drastically, the financial crisis will continue to "nucleate" into a global conflict over IMF policy.

The United States cannot continue to operate with two contradictory policies. President Clinton has repeatedly stated his desire for a collaborative economic partnership with Russia and with China. As recently as March 19, speaking from the West Coast, the President reasserted his view that the United States had to work to help Russia improve the standard of living of its population. He said that that would comprise the substance of his upcoming talks with Prime Minister Primakov. That is, most emphatically, not an outlook shared by Gore. At every point, when a choice must be made as to whether to uphold the interests of people or of financial institutions, the President's inclination is to choose people, while the Vice President's is to choose the financial institutions.

Put Gore in his place

Up to now, the President has failed to discipline Gore, and as such, has caused massive confusion internationally as to just what the policy of his administration is. After the events of March, President Clinton is running out of time. According to the U.S. Constitution, President Clinton cannot fire Al Gore, but he can curb him. LaRouche has advised that the Vice President's duties be restricted to those defined by the Constitution.

However, LaRouche has emphasized, there is no constitutional protection for what is known as the Principals Committee. In order to eliminate any uncertainty as to U.S. policy, that group must be brought under the President's control, or it must be disbanded. Leon Fuerth, Gore's national security aide, has repeatedly expressed views that may reflect the thinking of the Vice President, whom he serves, but which are in sharp contradiction to the views of the President. He should be relieved of his duties.

But, more is required. LaRouche has emphasized that, following recent events, U.S.-Russian relations can only be repaired if the United States were to make a credible offer to Russia to reverse the damage done to Russia by the policies imposed by the IMF. The United States, LaRouche said, must commit to an effort to help Russia rebuild its real economy. That is the only way to overcome the widening gap between the two powers, and to reverse a process that will otherwise lead to war.

Blind hysteria: Yahoos dominate in frayed GOP

by Michele Steinberg

A much-loved anecdote from American history recounts how Republican Party founder President Abraham Lincoln responded to one of his generals at a moment of high tension during the American Civil War. In a popular version, the general tells the President and assembled colleagues, "Let us pray that God is on our side." And the great President replies, without a bit of sarcasm, "No, sir, rather, let us pray that we are on His side."

That is not the outlook of today's "self-righteous right" in the Republican Party. Today, even after being badly rejected by their voter base in November 1998 for their campaigns of hate, and incessant attacks on President Bill Clinton, the politics of the Republican Party resembles an epidemic of road rage more than a serious political organization.

Despite losing two pro-impeachment House Speakers—Gingrich and Bob Livingston; losing a significant number of seats in the 1998 Congressional elections; and losing the impeachment vote, even failing to muster a simple majority in the Senate, the GOP remains in the grip of radical zealots who continue to anchor their policies around one thing only: their obsessive hatred of President Clinton. The latest harangues involve accusations that the President sold out the national security of the United States to China. There is even propaganda coming from some GOP circles that a new impeachment effort should be launched—this time for Clinton's China policy. And, there is a clear drive to create a McCarthyite "red scare" against China, Russia, and other nations with which President Clinton is attempting to build cooperative relations.

Tectonic fault lines

According to sources, the Republican Party is on the verge of civil war, pitting the "moderates" against the "religious rightists" and other fanatics. At a recent Republican National Committee meeting in Washington, D.C., GOP Chairman Jim Nicholson reportedly admitted he is afraid that the party is on the verge of collapsing into an internal policy war that could damage its chances in the year 2000 elections. And, with a large number of well-financed Presidential candidates—eight at last count—many of whom are competing for the title of "true heir" to Ronald Reagan, the party could disintegrate into nothing more than a collection of battling warlords.

Among the more public indications of these fault lines are the following:

- Paul Weyrich, head of the Free Congress Foundation and a founder of the so-called Christian Right, who recommended the name "Moral Majority" to its founder and leader Jerry Falwell, upset the post-impeachment apple cart when he issued an open letter warning the religious right that they have *failed* in politics, and had better find another way to rescue America from cultural barbarism.

- The GOP in California, which commands the largest number of convention delegate votes, is in disarray, and is losing 415 members per day, according to one Republican moderate. In late February, the Republicans met in Sacramento, to discuss strategy for regaining their hold in this strategically critical state—especially important now that California has moved up its primary date to March 7, 2000, shortly after the New Hampshire primary. As Sen. John McCain (R-Ariz.) is quoted, "Whoever carries California, in my view, will be the nominee of the Republican Party, without a doubt."

Significantly, neither Texas Gov. George W. Bush nor Elizabeth Dole showed up at the Sacramento convention, apparently fearful of being "sullied" (in the words of the *Washington Post*) by the party's in-fighting over abortion. Among those candidates who did appear—Steve Forbes, Alan Keyes, and Gary Bauer—all insisted that the GOP had to uphold the "pro-life plank" or lose the unity of the party.

- A stinging exposé by columnist Calvin Thomas and Ed Dobson, two other founders of the now-defunct Moral Majority, in the recently published book *Blinded by Might*, said that, along the way, their movement "lost the true Christian mission." The book triggered a violent reaction from some of the Right's icons: Falwell issued a press release saying that he will refuse to discuss the book under any circumstances; Rev. James Kennedy, radio evangelist, immediately rescinded an invitation to his old friend Thomas to speak at this year's conference on "Reclaiming America for Christ"; and Rev. James Dobson, religious broadcaster and head of Focus on the Family, was so angry that he wrote Thomas a note "saying, effectively, don't ever call me again," according to the *Washington Post*.

- Two of the leading GOP Presidential candidates, Elizabeth Dole and George W. Bush, shunned some of the religious right's biggest names, such as commentator Phyllis Schlafly and Rev. James Dobson, and did not even bother to show up for a "candidate interview" organized by these and other leaders of that faction which was once considered too powerful to ignore. The candidates who did show up, afraid to risk the wrath of this right wing, were Dan Quayle, Forbes, Keyes, and Bauer.

- A coalition of moderate Republicans, the Main Street Coalition, has been formed. It blames the religious right and "get Clinton" fanatics for the 1998 election losses, and is pushing for a moderate perspective to develop an agenda for the GOP, including the choice of the year 2000 standard-bearer. Of particular concern to the Main Streeters is the fact that Congressional Republican candidates, such as Sens. Al

D'Amato (N.Y.) and Lauch Faircloth (N.C.), were defeated in the November 1998 elections because they had nothing to offer but obsessions over "hot button" issues, such as supporting Kenneth Starr and his pornographic reports of the Tripp-Lewinsky tapes.

These public developments corroborate reports coming to *EIR* from Republican Party grassroots activists all over the United States, who say that there is a raging battle ongoing for control of the local party machinery, between the moderates and the radical right. In California, the battle over who will become chairman of the Republican Party—largely being fought out around the abortion issue—is more intense than any election race between a Democrat and a Republican.

Attacks on hypocrisy

On Feb. 16, four days after the House Managers failed to remove President Clinton from office, Weyrich wrote in an open letter, entitled "A Moral Minority": "I know that what we have been doing for thirty years hasn't worked, that while we have been fighting and winning in politics, our culture has decayed into something approaching barbarism. We need to take another tack, find a different strategy. . . . Politics has failed because of the collapse of culture. . . . The culture we are living in becomes an ever-wider sewer. In truth, I think we are caught up in a cultural collapse of historic proportions, a collapse so great that it simply overwhelms politics."

In a more sophisticated and honest statement than found in years among the religious right ideologues, Weyrich identifies the little-known "Frankfurt School"—where political correctness originated in studies carried out on how to make communist revolutions succeed in the West—as responsible for the takeover of the United States by an "alien ideology bitterly hostile to Western culture" (see Michael Minnicino, "The New Dark Age: The Frankfurt School and 'Political Correctness,'" *Fidelio*, 1992).

Some in the GOP reacted with disgust or ridicule to Weyrich's letter. Just a few days later, at Reverend Kennedy's conference in Florida, Weyrich was attacked by name for his "pessimism" about the culture war. There, the 1,600 or so loyalists rallied behind Kennedy and their favorite son Bauer, former leader of the Family Research Council, based in Washington, D.C.

Weyrich's letter touched some raw nerves, because in the November election, one might say, "reality struck." Soon after the election, the ultra-conservative (though hardly religious right) *National Review* reported that pollster John McLaughlin had found that "two million fewer conservatives voted this year than in 1994, while the number of moderate voters increased by a like two million. Low turnout is supposed to benefit Republicans. But this year's overall turnout was lower than in 1994, and its makeup shifted. . . . Two million fewer Republicans and five million more Democrats voted in 1996 than in 1994." And, shockingly, "many conser-

vatives who *did* make it to the polls . . . were more likely to support Democrats." The Republicans had lost 13 points in their share of the religious conservative vote from 1994 to 1998. And, despite the millions of dollars poured into their coffers by the religious extremists, 22 of their 28 "favored sons" lost their elections to Congress!

But this overwhelming evidence that the right-wing agenda is *losing* seems to only make the ideologues more stubborn. In a pair of articles in *National Review* in March, author Ramesh Ponnuru says, "What GOP agenda? For reasons [of] tactical mistakes, escapist misadventures, factional infighting . . . conservatives now enjoy less influence on the party's agenda than at any other point since the mid '70s." He warns that the question is not one of controlling the Congress *after* the 2000 elections, but "whether they can keep control of the Congress *until* 2000." Ponnuru keenly observed, "Who says conservatives lack self-confidence? Having impeached Bill Clinton, they have moved on to . . . impeaching the entire country . . . for the failure to demand Clinton's head on a pike."

The new McCarthyism

But, like a cornered rat, the frayed, fragmented GOP is extremely dangerous. Controlling the Senate and the House by a small margin, the radicals in the GOP have decided to adopt as their agenda a new McCarthyite "red scare" against China and Russia.

When several of the extreme right's attack dogs in Congress—Chris Cox (Calif.) and Tom DeLay (Tex.) in the House, and John McCain (Ariz.), one of the GOP Presidential contenders, in the Senate—decided to launch the campaign to sour U.S. relations with China, they first turned to the right-wing religious extremists to hammer on the human rights issues against China. When President Clinton continued to defend a strategic partnership with China, these forces jumped on press reports (leaked from the still classified Cox Committee report on China) that U.S. weapons research laboratories have been compromised.

Immediately, several of the Presidential candidates, led by Bauer and Forbes, demanded the resignation of National Security Adviser Sandy Berger, Clinton's one loyalist on the Al Gore-dominated Principals Committee, as responsible for the alleged Chinese "espionage" scandal.

Well-informed Washington sources report that the GOP radicals in Congress, still floundering after the conclusion of the impeachment trial, have chosen national security as the issue with which they think they can get a leg up on President Clinton and the Democrats. But, as shown by the GOP failure to rally a unified vote on deploying U.S. forces to the Balkans, even this issue divides the party deeply.

But the process of "God's lobbyists" going "international" has only just begun, according to William Martin, author of the 1996 book *With God on Our Side: The Rise of the Religious Right in America*, and resident at the James

Baker III Institute for Public Policy at Rice University in Texas.

In the Spring 1999 issue of *Foreign Policy* magazine, Martin says that Bauer is already pushing an international agenda that will focus on legislation such as the International Religious Freedoms Act, which would block U.S. relations with as many as 80 foreign countries which the "Christian Right" claims are persecuting Christians. Their ability to control tens of millions in contributions to candidates guarantees that they will be able to strongarm the moderates. Martin says that the "evangelicals" claim an almost divine right to run U.S. foreign policy, and "to carry their message, as Jesus instructed, 'unto all the world.'"

Gore and Bush

The only thing that may unite the GOP at present, is their assessment that they *must have* Al Gore as the Democratic Presidential candidate in order to have any chance in the year 2000 elections.

The biggest lie pushed by the British-allied Wall Street forces in the Democratic Party, and the biggest mistake being swallowed by some naive forces in the Democratic Party, is that Gore is needed as the "heir apparent" to Clinton, to defeat the well-funded "front-runner" George W. Bush.

The truth of the factional madness of the Republican Party is that the anti-U.S. financier faction that Democratic Presi-

dential candidate Lyndon H. LaRouche has dubbed the British-American-Commonwealth grouping, controls the Republican agenda, especially on two issues: the impeachment and continued legal vendetta against President Clinton, his wife, and supporters, and on the international war-drive that both the so-called "compassionate conservative" Bush and the religious right represent.

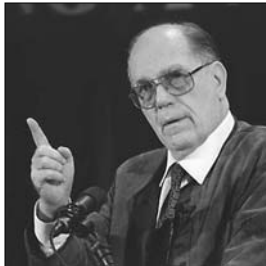
While Bush may refuse to attend a "Christian Right" Reverend Dobson interview, refuse to issue a statement that is "pro-life," and try to apologize to the "mainstream" for being perceived as forcing his own religion down the throats of the American people, these actions are just window dressing. As the son of former President Sir George Bush, Bush's foreign policy team is the group that "writes the script" for the evangelicals and warmongers in the Congress. As early as 1979, televangelist snake-oil peddler Falwell dictated that every patriotic American bow down to the interests of the state of Israel. The Anglo-Zionist faction that has virtually controlled Gore's treason against President Clinton, has moved a significant part of its operations to Texas, where they have joined the Bush machine.

The GOP disarray and defections mean that it is highly likely that the Democrats can regain the House and Senate in the 2000 elections. But, with Gore trailing, or even plummeting in the polls against either Bush or Elizabeth Dole, it is clear that the Democrats will only win if they dump Gore.

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National News

First Lady travels to North African countries

First Lady Hillary Clinton began a 12-day trip to North Africa, beginning on March 20. After hosting 24 hours of meetings at the White House on March 18-19 with New York's leading Democrats, with whom she discussed a possible Senate campaign, Mrs. Clinton and her daughter Chelsea left for a good-will visit to Egypt, Tunisia, and Morocco. Their itinerary originally included stops in Israel and Jordan, but due to the Israeli election campaign and the death of King Hussein, those countries were taken off the agenda.

In Washington, Mrs. Clinton previewed her goals on March 16, saying that she hopes to bring America and the Arab world closer together. "For too long, our close ties with the Arab world have been compromised by negative stereotyping on both sides. With populations that total almost one-half of the Arab world, these countries represent a diversity of cultures, ethnic groups, and histories, and provide us an opportunity to learn more about what they are doing . . . their history, and to become closer friends and partners in building a better future."

Susan McDougal finally testifies in her defense

As she has always said she wanted to do, Susan McDougal gave the testimony in open court starting on March 22, that she had refused to give behind closed doors to Kenneth Starr's Whitewater grand jury. McDougal is on trial for criminal contempt, after years of being dragged through a legal nightmare by Starr: She was convicted in the Whitewater case, in order to pressure her to testify against the Clintons; when she refused to lie, she was jailed for 18 months for civil contempt; unbroken, she was then tried in California on embezzlement charges. Since her acquittal in that case, Starr has now charged her with criminal contempt.

The first three questions her lawyer asked her, were the same ones that she had refused to answer in front of the grand jury. McDougal also described how her former

husband Jim McDougal had made up stories about Clinton to avoid going to prison, and how he had told her to do the same thing, saying, "If you don't tell this story, you're going to jail." She said that her former husband had first refused to cooperate with Starr, but changed his mind after being convicted of fraud in their 1996 trial. "He told me this is something he had to do because he did not want to die in jail," she said. Nevertheless, Jim McDougal died in Federal prison in March 1998.

Hickman Ewing, Starr's top dog who is supervising the McDougal trial, was subpoenaed by her defense to testify, since she is making Starr's vindictiveness a central issue in her case. He admitted on the stand that he had drafted an indictment of Hillary Clinton.

In spite of a Justice Department investigation into his office, Starr still has a number of "Get Clinton" cases pending, including another trial of Webster Hubbell, and cases around the Kathleen Willey matter. There is also still a possibility that Starr will indict Bill and/or Hillary Clinton (or has already).

Scaife loses in effort to block probe of Starr

A special three-judge panel ruled on March 18 that it has no authority to intervene in the Department of Justice's pending investigation of independent counsel Kenneth Starr. The panel, known as the Special Division for the Purpose of Appointing Independent Counsels, denied the application by the Richard Mellon Scaife-funded Landmark Legal Foundation, which had asked the court to issue a writ of prohibition ordering the Attorney General to stop the DOJ investigation into Starr's misconduct.

The court dismissed Landmark's application on two grounds. The first was that Landmark had no standing to bring the action, and that the independent counsel law does not provide a right of action by private citizens. Both the DOJ and Starr had agreed on that point. But the court went further, despite Starr's request that it not do so, and it ruled that it has no jurisdiction over the matter, and that it has no authority to block the Justice Department's investigation of Starr's conduct.

EIR filed an *amicus curiae* brief in the case on March 8, exposing Landmark's ties to Starr and to Starr's backers, and showed that Landmark itself was part of the covert back channel between Starr's office and Paula Jones's lawyers which the Justice Department is reported to be investigating. *EIR*'s brief also urged the court to reject Landmark's application. Apparently regarding the issues raised by *EIR* as too hot to handle, the court made no reference to *EIR*'s brief (which appeared in the March 19, 1999 issue) in its order and opinion.

Private prison companies taking it on the chin

On March 1, a Federal judge in Ohio granted preliminary approval to a \$1.6 million settlement against Corrections Corp. of America, on behalf of the more than 1,500 inmates who were abused (two were killed) at CCA's Youngstown, Ohio private prison. Alphonse Gerhardstein, one of the attorneys in the suit, told *EIR* that the settlement is "very creative and effective," and will be good for the community as well as CCA (which refused to comment when contacted by the *Washington Post*).

Also on March 1, the American Federation of State, County and Municipal Employees (AFSCME) corrections unit announced a press conference with several congressmen and labor leaders, to unveil its Public Safety Act. The Act would not only prohibit Federal private prisons, but would deny Federal grants for correctional facilities to states and localities that operate private correctional facilities. The legislation notes, "the need to make profits creates incentives for private contractors to underfund mechanisms that provide for the security of the facility and the safety of the inmates, corrections staff, and neighboring community."

According to the Feb. 22 issue of *The Common Denominator*, the Public Benefit Corp. in Washington, D.C. is preparing to sue CCA over more than \$1.5 million in overdue heating bills. CCA has not paid PBC for heat or hot water at its Correctional Treatment Facility for more than a year. Private prison companies claim to "save" money for municipalities—apparently one method is not to pay their bills.

Senate GOP presents its anti-crime plan

On March 19, a group of GOP Senators, led by Judiciary Committee Chairman Orrin Hatch (R-Utah), presented its anti-crime program to reporters. Hatch said that the bill, the 21st Century Justice Act, "embodies the elements of what we believe is a balanced, comprehensive, and focused plan to fight crime."

The bill revolves around four central themes: improving Federal assistance to state and local law enforcement; a commitment to winning the war on drugs; vigorously prosecuting gun crimes; and, judicial procedural reform and victims rights. Hatch said that this crime bill is intended to reverse a crime situation that has been worsening, especially since 1992—although public statistics show a reduction in crime.

Hatch complained that the administration's year 2000 budget submission reduces or eliminates funding for many anti-crime programs that work, including the block grant program that assists state and local law enforcement, and the truth-in-sentencing program that helps states build more prison space. Hatch's bill authorizes about \$1.4 billion per year for the two programs.

The judicial procedural reforms in the bill are intended to "improve the administration of justice," Hatch said. These include a reform of the Miranda rule to allow voluntary statements in evidence, and the "good faith exception" to the exclusionary rule, which otherwise prohibits the use of evidence that has been obtained without a search warrant. The bill also calls for ratification of a crime victims' rights constitutional amendment.

Hatch said nothing about protections for victims of prosecutorial abuse, perhaps because he is leading

the charge in the Senate to repeal the requirement that Federal prosecutors abide by the ethics rules in the states where they try cases. That provision was part of the McDade-Murtha legislation passed into law in 1998.

Protectionist quotas for steel clear House

On March 17, the House passed by a vote of 289-141 a bill to impose quotas on steel imports and to implement a steel monitoring program. The bill requires the President to take whatever actions are necessary to reduce steel imports into the United States to the average level prior to July 1997, including authorizing the Customs Service to refuse entry of any steel products that exceed allowable levels. The bill was heavily lobbied for by the United Steel Workers of America and Bethlehem Steel. The industry has seen the loss of 10,000 jobs and at least three steel producers file for bankruptcy.

The debate revealed the extent to which the "rules" of globalized international trade determine the discussion in the United States on trade and economic policy. The debate ignored policies needed to expand world demand for steel, such as a New Bretton Woods system and building the Eurasian Land-Bridge to get out of the global financial crisis.

Many opponents of the bill argued that it violates the rules of the World Trade Organization. Typical was Ways and Means Committee Chairman Bill Archer (R-Tex.), who warned, "If the U.S. sets up trade barriers in violation of WTO rules to which we agreed, at a time of fragility in the world economy, we could have a much, much bigger problem on our hands that would affect thousands and

thousands of American jobs and threaten our economy."

Supporters argued that the bill was necessary because the Clinton administration has not acted to address the crisis. John Dingell (D-Mich.), the ranking member on the Commerce Committee, said, "This legislation is not about setting up trade barriers, it is about fighting unfair trade practices. It is about trying to prevent our trading partners from cheating; about preventing our trading partners from dumping thousands of tons of steel on our domestic market."

Pete Visclosky (D-Ind.), the chief sponsor of the bill, said, "The issue is people." He named the steelworkers who have lost their jobs, and the impact that that has had on their families.

GOP presses ahead with budget resolution

The GOP reached a milestone, when the House and Senate Budget Committees reported out budget resolutions on March 17 and 18, respectively. Congressional Republicans are hoping to avoid the ignominy they earned in 1998 when no budget resolution was ever agreed to. The Congressional Budget Act of 1974 requires a budget resolution, which provides a blueprint for the appropriations process, to be completed by April 15. GOP leaders have set that deadline as their goal this year.

While the House and Senate plans are similar, the differences will require a conference committee to iron them out. Both plans include nearly \$800 billion in tax cuts over the next ten years (\$15 billion of that in 2000), and setting aside \$1.8 trillion for Social Security. The most significant difference is that the Senate plan identifies specific cuts, which include privatizing

the Government National Mortgage Association, and repealing the Davis-Bacon law, which requires Federal contractors to pay prevailing union-scale wages. The House version leaves such spending decisions to the Appropriations Committee.

Democrats have taken aim at the GOP plan, especially with regard to how it treats Medicare. On March 18, Senate Minority Leader Tom Daschle (D-S.D.) vowed, "We will not allow Medicare to be used for tax cuts regardless of what the Republicans want to do." House Minority Leader Richard Gephardt (D-Mo.) backed up Daschle, declaring, "The Republicans in the House and the Senate released a budget that tells middle-class families that Medicare is simply not a high priority." The Clinton administration has proposed setting aside 15% of the projected budget surpluses for Medicare. The GOP plan does not include a provision for this, and the Democrats intend to make a fight over this issue.

Iraqi oil does not affect global price

On March 17, Energy Secretary Bill Richardson answered charges before a hearing of the Senate Energy and Natural Resources and Foreign Relations committees, that the Iraqi oil-for-food program is driving down the price of crude oil, thereby worsening the economic crisis in the oil-producing states of the United States. "I do not believe," he said, "that raising the [production] ceiling will have a significant impact on prices."

The condition of Iraqi infrastructure limits its oil exports to about \$3 billion every six months, well below the \$5.2 billion allowed by the program, Richardson said. Other factors reducing oil demand include the eco-

nomie crisis in Asia, dramatically warmer than normal winters since 1996, and increased production by some members of the Organization of Petroleum Exporting Countries (OPEC). "The best way to help the domestic industry," he said, "is to increase demand by helping to rebuild the Asian economy and to lower production costs at home."

This did not satisfy many members, who badgered Richardson and Undersecretary of State Thomas Pickering about the program. Energy Committee Chairman Frank Murkowski (R-Ak.) argued that the recent production cut agreed to by OPEC shows that Iraqi production does indeed affect the price. "They cut production by 2.5 million barrels per day," which is equal to Iraqi production, and "the price went up from \$12.25 a barrel to \$14.87." Richardson said that the sanctions have cost Iraq \$120 billion, and that is what counts.

Paul Wellstone (D-Minn.) shifted the focus of the hearing. He said, "The only questions I've heard have been about the oil companies and prices and all of the rest, and going to war. I'm concerned about what's happening to people in Iraq." Richardson and Pickering insisted that Saddam Hussein caused the humanitarian disaster in Iraq by refusing to accept the oil-for-food program for five years, thereby, in effect, absolving the U.S. government of any responsibility for the effects of the sanctions policy.

Reno recommends against independent counsel law

With the independent counsel law set to expire on June 30, House and Senate committees have been holding hearings to determine whether the law should be reauthorized. Sentiment is

running strong in both parties against reauthorization, at least in the law's current form, and on March 17, Attorney General Janet Reno added the voice of the Clinton administration to the debate, during a hearing of the Senate Governmental Affairs Committee.

Reno said that the Independent Counsel Act "is structurally flawed and that those flaws cannot be corrected within our constitutional framework." She said that the act "has failed to accomplish its primary goal: the enhancement of public confidence in the fair and impartial administration of criminal law." It "creates an artificial process that divides responsibility and fragments accountability," and it "creates a new category of prosecutors who have no practical limits on their time or budgets."

However, committee chairman Fred Thompson (R-Tenn.) was more concerned with situations in which independent counsels have not been appointed, than the conduct of those who have been. Thompson acknowledged the many criticisms of the independent counsel statute, but spent the bulk of his time complaining that Reno did not ask for an independent counsel investigation of the financing of the 1996 Clinton-Gore campaign, even though, in his view, there should have been one.

Reno explained that, in some instances, an independent counsel is not needed because, in her judgment, no political conflict of interest existed, and the Justice Department could handle the investigation. She referenced the fact that she had been asked about the campaign fundraising investigation numerous times before committees, and noted that sometimes people disagree with such legal decisions. "It troubles me," she said, "that it sometimes gets into a divide based on party."

Editorial

'Only weeks away from nuclear war?'

It was March 7, 1999 when the international LaRouche movement issued a mass leaflet with the above title, warning of the imminent strategic danger, and demanding that a national debate occur in every country on this matter of global concern. Many were shocked; they thought we were crazy.

What that leaflet said, was that the international financial oligarchy, which LaRouche has dubbed the British-American-Commonwealth (BAC) faction, has determined to deal with the world depression the way they usually do—by provoking wars, even world war. It noted that this faction, which operates through the Vice President Al Gore-led Principals Committee in the United States, had already taken a decisive step in this direction, through initiating unilateral, undeclared war against Iraq. In line with this action, we said, was the plan to create a “new NATO” with a global interventionist mission—a move that would break especially U.S. ties with Russia and China, and potentially lead to the use of “limited” nuclear exchanges.

Now, just a little more than two weeks later, the world's nations are confronted with a war in Europe, the beginnings of a dramatic break in Russian relations with the West, and even U.S. Senators, such as Ted Stevens (R-Ak.), saying that we are close to starting World War III. NATO is de facto expanding its mission through the war against Yugoslavia—and there is increasing discussion of the deployment of tactical nuclear weapons in eastern Europe, where this threat had previously been defused.

Because effective action was not taken, our forecast has been shown to be horribly right, up to this point.

It should also be noted that, in that leaflet, we pointed out the critical role of Gore and his Gang of Four (Albright, Cohen, Shelton, and Leon Fuerth) in promoting such a confrontationist policy. And indeed, as we had warned, it was Gore who succeeded in canceling the scheduled meeting between President Clinton and Russian Prime Minister Yevgeni Primakov, the unique opportunity to prevent the Balkan crisis from going into a military phase.

The world has dramatically changed, and it will

keep changing rapidly. That is the nature of the historical period in which we live. Either governments determine to change the very foundations of world economic and political arrangements, or the convulsions will lead us into a New Dark Age.

What should be clear to many more people at this point, is that they don't have an endless amount of time to make the necessary shifts. And, that they have to listen to the strategic analysis of Lyndon LaRouche.

LaRouche has uniquely provided the ideas which could shift us out of the Cold War (or hot war) confrontation which is now upon us. The basis for world peace, he has continually stated, is collaboration among sovereign nations for in-depth scientific and industrial development. Within such a framework of discussion, the best contributions of all nations come to the fore, and will be used to enhance the condition of all mankind.

The framework for the necessary collaboration can be summed up with the concept of the Eurasian Land-Bridge. This concept was developed by Lyndon LaRouche as an extension of his Productive Triangle proposal for Europe. Happily, leadership groupings within Russia, China, and India have picked up on this concept, and we now see a “Survivors' Club” developing which is orienting to this kind of arrangement. But this could come to virtual naught, should the BAC crowd succeed in steering particularly the United States onto the track of war.

How can the war drive be stopped? It's not a matter of an “anti-war” movement, but a fundamental shift in approach toward politics in every sphere. It means, above all, junking the commitment to the genocidal, bankrupt International Monetary Fund system, as well as the ideas of anti-industrial ecologism and free trade. It means discarding the leading proponents of such dangerous policies, like the saboteur Gore and his buddy Fuerth, and getting President Clinton to pursue FDR-style alliances with China and Russia on this basis.

Let the shock of how rapidly the new West-East conflict is emerging, spur us into action, before it's too late.

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4 p.m., 8:30 p.m.
- MASSACHUSETTS**
 - BOSTON—BNN Ch. 3
Saturdays—12 Noon
 - WORCESTER—WCCA Ch. 13
Wednesdays—6 p.m.
- MICHIGAN**
 - CANTON TOWNSHIP
MediaOne Ch. 18: Thu.—6 p.m.
 - DEARBORN HEIGHTS
MediaOne Ch. 18: Thu.—6 p.m.
 - GRAND RAPIDS—GRTV Ch. 50
Fridays—1:30 p.m.
 - PLYMOUTH
MediaOne Ch. 18: Thu.—6 p.m.
- MINNESOTA**
 - COLUMBIA HEIGHTS
Community TV—Ch. 15
Wednesdays—8 p.m.
 - DULUTH—PACT Ch. 24
Thu.—10 p.m.; Sat.—12 Noon
 - MINNEAPOLIS—MTN Ch. 32
Wednesdays—8:30 p.m.
 - NEW ULM—Paragon Ch. 12
Fridays—7 p.m.
 - PROCTOR/HERMAN—Ch. 12
Tue.: between 5 pm & 1 am
ST. LOUIS PARK—Ch. 33
Friday through Monday
3 p.m., 11 p.m., 7 a.m.
 - ST. PAUL—Ch. 33
Sundays—10 p.m.
 - ST. PAUL (NE burbs)*
Suburban Community Ch. 15
- MISSOURI**
 - ST. LOUIS—Ch. 22
Wednesdays—5 p.m.
- MONTANA**
 - MISSOULA—TCI Ch. 13/8
Sun.—9 pm; Tue.—4:30 pm
- NEVADA**
 - CARSON CITY—Ch. 10
Sun.—2:30 pm; Wed.—7 pm
Saturdays—3 p.m.
- NEW JERSEY**
 - MONTVALE/MAHWAH—Ch. 27
Wednesdays—5:30 p.m.
- NEW YORK**
 - AMSTERDAM—TCI Ch. 16
Fridays—7 p.m.
- BROOKHAVEN (E. Suffolk)
Cablevision Ch. 1/99
Wednesdays—9:30 p.m.
- BROOKLYN—BCAT
Time/Warner Ch. 35
Cablevision Ch. 68
Sundays—9 a.m.
- CORTLANDT/PEEKSKILL
MediaOne Ch. 32/6
Wednesdays—3 p.m.
- HORSEHEADS—T/W Ch. 1
Mon. & Fri.—4:30 p.m.
- HUDSON VALLEY—Ch. 6
2nd & 3rd Sun.—1:30 p.m.
- ILION—T/W Ch. 10
Saturdays—12:30 p.m.
- IRONDEQUOIT—Ch. 15
Mon. & Thurs.—7 p.m.
- ITHACA—Pegasys Ch. 78
Mon.—8 pm; Thu.—9:30 pm
Saturdays—4 p.m.
- JOHNSTOWN—Ch. 7
Tuesdays—4 p.m.
- MANHATTAN—MNN
T/W Ch. 34; RCN Ch. 109
Sun., Apr. 4 & 18: 9 a.m.
Sun., May 2 & 16: 9 a.m.
- N. CHAUTAUQUA COUNTY
Gateway Access Ch. 12
Fridays—7:30 p.m.
- ONEIDA—PAC Ch. 10
Thursdays—10 p.m.
- OSSINING—Ch. 19/16
Wednesdays—3 p.m.
- PENFIELD—Ch. 12
Penfield Community TV*
- POUGHKEEPSIE—Ch. 28
1st & 2nd Fridays—4 p.m.
- QUEENSBURY
Harron Cable Ch. 71
Thursdays—7 p.m.
- RIVERHEAD—Pconic Ch. 27
Thursdays—12 Midnight
- ROCHESTER—GRC Ch. 15
Fridays—11 p.m.
Sundays—11 a.m.
- ROCKLAND—T/W Ch. 27
Wednesdays—5:30 p.m.
- SCHENECTADY—SACC Ch. 16
Tuesdays—10 p.m.
- STATEN ISL—CTV Ch. 24
Wed.—11 p.m.; Sat.—7 a.m.
- SUFFOLK, L.I.—Ch. 25
2nd & 4th Mondays—10 p.m.
- SYRACUSE—T/W
City: Ch. 3; Burbs: Ch. 13
Fridays—8 p.m.
- UTICA—Harron Ch. 3
Thursdays—6 p.m.
- WATERTOWN—T/W Ch. 2
Tue: between Noon & 5 p.m.
- WEBSTER—WCA-TV Ch. 12
Wednesdays—8:30 p.m.
- WESTFIELD—Ch. 21
Mondays—12 Noon
Wed. & Sat.—10 a.m.
Sundays—11 a.m.
- WEST SENECA—Ch. 68
Thursdays—10:30 p.m.
- YONKERS—Ch. 37
Saturdays—3:30 p.m.
- YORKTOWN—Ch. 34
Thursdays—3 p.m.

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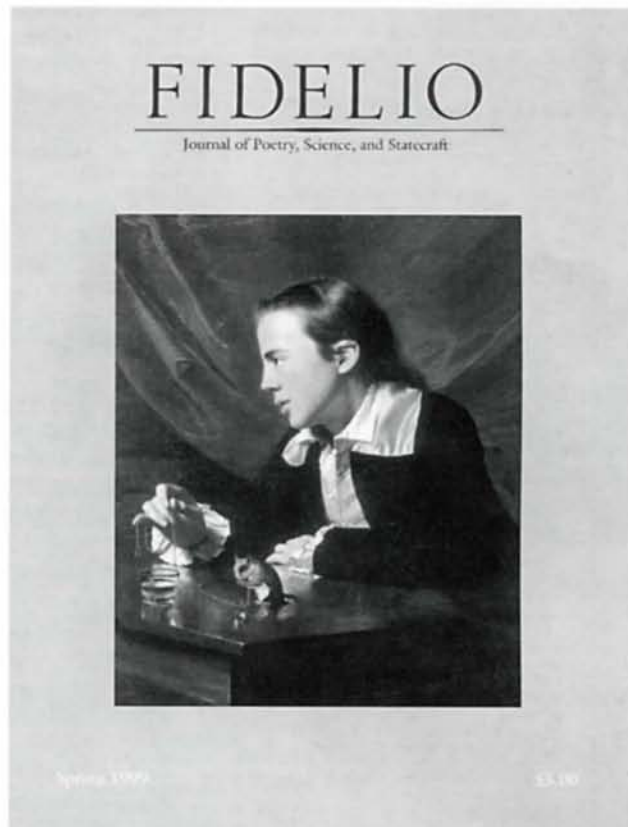
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