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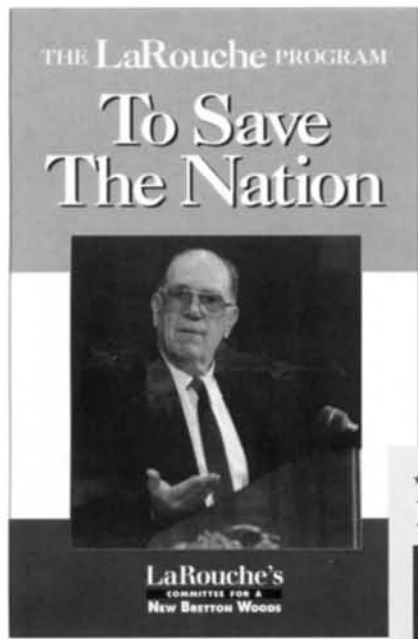
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British pyromaniacs light war fires in Eurasia
Mitrokhin: The KGB librarian hoax
Malaysia shows that national sovereignty works

**LaRouche conducts campaign
dialogue with legislators**



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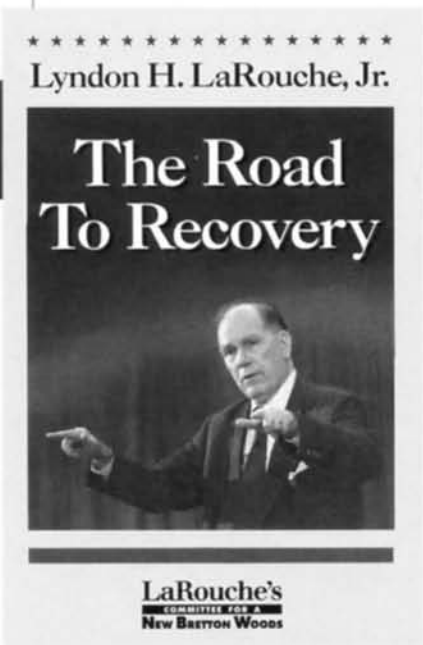
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From the Associate Editor

Among our readers, there are some who think Anglo-Russian spy scandals are about the most spicy thing since James Bond; there are others who find such matters a bit too arcane (“Okay, okay, but what does this have to do with me?”).

Whichever you may be, look a little closer at the matter of the Mitrokhin affair—the claim by Oxbridge Professor Christopher Andrew, to have unveiled a veritable treasure-trove of former KGB documents supplied by defector Vasili Mitrokhin. Lyndon LaRouche, with his sharp nose for intelligence anomalies, described these fraudulent “revelations” as “one of the most crucial leads in assessing the present world strategic situation overall.”

Why? The story is briefly presented in *International* (pages 42-46) and will be the subject of forthcoming coverage in *EIR*. In a word, this latest action from the underworld of British spookery enables us to “pin the tail on the donkey,” to *prove* who is destabilizing Russia and other nations, insanely driving the world toward nuclear war. Put this together with the role of Hozhahmed Nukayev, the Chechen finance chief linked to the circles of Margaret Thatcher and George Bush, who is playing Britain’s “Great Game” in the Caucasus and Central Asia—as reported in *EIR* of Sept. 10—and you will begin to get the picture.

We also report exciting activities by those who are fighting the British-American-Commonwealth financier oligarchy:

First, see LaRouche’s extended dialogue with a distinguished panel of American state legislators and trade union leaders, in the context of his Presidential campaign. We publish the transcript, which will also be issued in video form and on the Internet.

See also our exclusive interview with Cambodian Prime Minister Samdech Hun Sen, a man who is courageously proceeding to rebuild his nation after decades of unspeakable suffering, and over the opposition of the British and the U.S. State Department; our report on the visit to the United States of Colombia’s leading anti-drug fighter Gen. Harold Bedoya (ret.), the former Defense Minister and Commander of the Armed Forces; and an analysis of the actions taken in defense of national sovereignty by Malaysian Prime Minister Dr. Mohathir bin Mohamad, which have shown all the world that you can resist the financial speculators and the International Monetary Fund—and survive!

Susan Welsh

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War on Drugs

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Gen. Harold Bedoya (ret.), the former Colombian Defense Minister and Commander of the Armed Forces, visited Washington to warn that the Clinton administration must end its support for the "peace at any price" policy of Colombian President Andrés Pastrana, which has brought Colombia to ruin. If the United States does not give its full political backing for a war against narco-terrorism, the world could soon see the establishment of the first "coca-republic"—and the drugs, of course, are destined for the U.S. market.

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The panel of state legislators and trade-union leaders who entered into a Labor Day dialogue with Presidential pre-candidate Lyndon H. LaRouche, Jr. Left to right: Rep. Thomas Jackson, Alabama; Assemblyman Felix Ortiz, New York; Sen. Joseph Neal, Nevada, chairman of panel; Rep. Harold James, Pennsylvania; former Sen. Theo Mitchell, South Carolina (speaking); Nebraska Association of Public Employees president Melvin Muhammad; Rep. Ed Vaughn, Michigan; former Rep. and SEIU leader Bill McCann, New Hampshire; Rep. Joe Towns, Tennessee.

14 LaRouche conducts campaign dialogue with legislators

On Sept. 3, Lyndon LaRouche's Committee for a New Bretton Woods hosted a dialogue between Democratic Presidential pre-candidate LaRouche, and eight state legislators and union leaders from around the United States. They asked him about everything from the economic crisis confronting their constituents, to racism in the Department of Justice, to the nature of the military threats America might face. And, they got real answers — not the byte-sized “lines” that people have come to expect from politicians. A transcript.

International

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The Sept. 21-22 hearings on “Russian money laundering” before the House Committee on Banking and Financial Services, heard more than 20 witnesses, most of whom told lies. But *EIR*'s Jeffrey Steinberg, although prevented from addressing the panel, submitted written testimony for the record.

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The 'virtual recovery' in Japan won't last long

by William Engdahl

From early June onward, financial market gurus have seized on the idea that the world's second largest industrial economy, Japan, is waking to the dawn of an economic recovery. Since the beginning of this year, the Tokyo Nikkei Dow stock index has risen 42%. At the same time, Japan's currency, once predicted on the verge of collapse to levels of 200 yen to the dollar, is surging to nearly 100 yen as of Sept. 22. Indeed, so strong has the yen become in recent weeks, that Japanese Finance Minister Kiichi Miyazawa sent his deputy minister, Haruhiko Kuroda, to Washington on Sept. 20 to win an agreement with Treasury Secretary Larry Summers that would bring the dangerously high yen back to earth and ease mounting pressures against Japanese exports.

The most astonishing aspect of this remarkable recovery in the past four months is that it is based on "virtual recovery," with no basis for a serious sustainable revival of Japan's depressed economy anywhere in sight.

'Reality, virtual and actual'

"The whacko world of finance believes that Japan may be in a recovery," remarked a well-placed European banker to *EIR*. "On this issue there is simply no debate. The idea of a Japan recovery now has a life of its own, helped on by bogus Japan economic data. These financial markets don't care; they are trading on a Japanese virtual recovery, in hopes of making a lot of money, quick." The virtual recovery was kicked into gear in early June, when the Japanese Economic Planning Agency announced that the country's GDP grew at an impressive 2% rate in the first three months of 1999 compared with the fourth quarter of 1998—an annual growth of 8%! That data signalled to international investors that they were in danger of missing the long-awaited turnaround in Japan's worst economic depression since 1945. Funds began flooding into yen and Japanese stocks.

A brief, cautious pause in fund inflows in August was reversed, after Sept. 13, when the EPA again released GDP data, for the second quarter through June 30. That data showed, not the expected return to negative growth, but a second rise, albeit only 0.2%. But, it was enough to trigger a major shift of international investment flows into the yen market. With a rising yen, the currency rapidly rose from 115 in early September to 104 by Sept. 16, a jump of more than 13% since only June.

Informed market sources say the unexpected yen rise above 115 triggered not only investment flows into Japan which pushed the currency higher, but also forced the troubled Princeton Global Fund of Martin Armstrong to frantically buy yen in a rising market, pushing the currency even higher. The rising yen set off a near-panic response at Japan's Finance Ministry, with Kuroda rushing to Washington on Sept. 18 to try to win U.S. backing for a coordinated Group of Seven yen stabilization policy, perhaps along the lines of the G-7's 1985 Plaza Accords to hold the U.S. dollar in check.

Kuroda failed. Washington reportedly had great concern that a public commitment to support a given yen-dollar value point would only give speculators, including aggressive hedge funds, a fixed target to hit, at U.S. expense. Acting alone to try to halt the yen rise, the Bank of Japan has spent at least \$40 billion since June in buying U.S. Treasury bills and selling yen. The effect? The yen continues to rise.

The vulnerability of Japan's recovery to the rising yen is demonstration in itself that Japan is far from any economic turnaround from the depression of the last eight years. At a level of 110 yen to the dollar, most Japanese export companies begin to incur losses. A cheap yen *had* been official Japanese policy, as it desperately tried to push exports to revive its economy. It normally takes six to nine months for a major currency shift to affect trade flows. This would mean that,

barring a turnaround soon, by January-March at the latest, Japanese exports will begin to plunge. Such concerns prompted International Monetary Fund Managing Director Michel Candessus to warn on Sept. 23 that a further yen rise could “threaten Japan’s fragile economic recovery.”

But a closer look at the components of the latest GDP growth yields more evidence that there is hardly a recovery. One key to a recovery in growth is a revival of the real purchasing power of consumers. International investors jumped for joy when personal consumption rose in the second quarter by 0.2%. Most of this rise came, however, from housing, due to short-term tax incentives, about to expire, and from a record heat wave which drove purchases of home air conditioners.

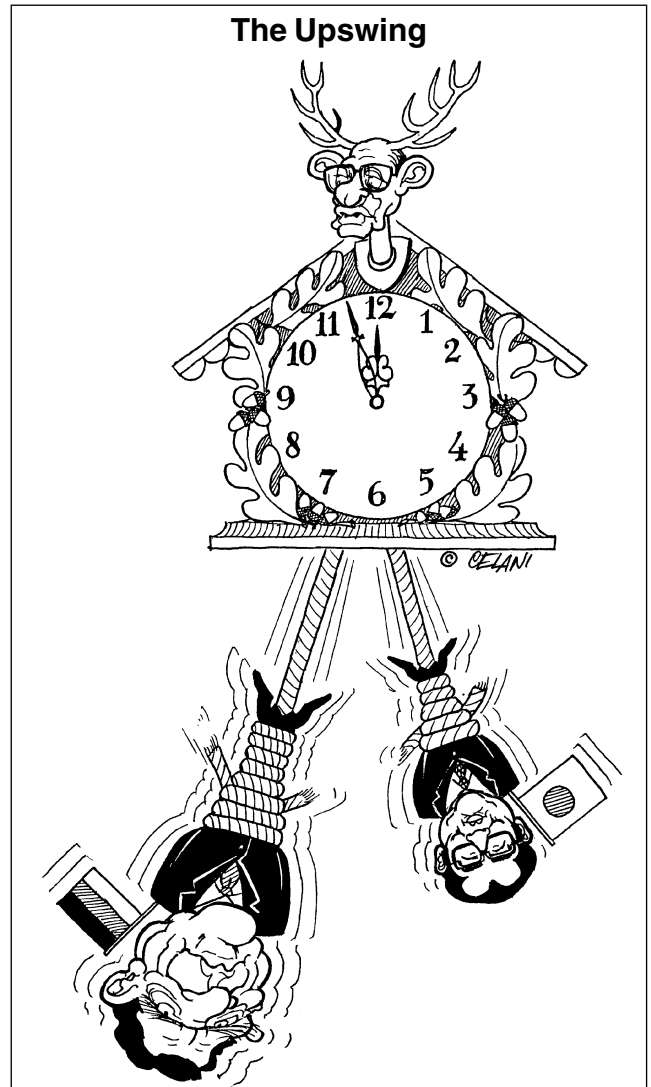
But the major component driving the consumer spending is pre-set to worsen. Japanese corporations have huge excess capacity which they have only begun to close down or sell off. Today Japan’s official unemployment rate stands at its highest since data began to be gathered in 1953, at 4.9%, or 3.3 million jobless. This does not include some 5 million additional working short-contract government-aided jobs, due soon to expire as the huge public fiscal spending runs out in the next two to three months. Add to that 1.1 million Japanese working as temporary employees, and the labor crisis is alarming. Japanese corporations only began to restructure in June, in a sharp break with the tradition of lifetime employment.

In order to return to profits, companies have to shut loss-making units and drastically reduce total jobs. While foreign investors see that as “good for shareholder value,” in reality, it is a disaster in the making for consumers who, after all, are also employees facing unemployment. A recent survey of leading Japanese companies reveals plans to slash jobs by an annual rate of 4% for the next three years. Indeed, far from investing in new productive capacities, Japanese companies are cutting. The second-quarter GDP revealed a sharp 4% fall in corporate investment compared with the first quarter, and company estimates indicate the 1999 level will be 7.5% below the very depressed 1998 level.

The machine-tool indicator

Nowhere does this lack of new investment show up more than in the machine-tool sector. Total value of Japanese machine tool orders in July, the latest figures available from the Japan Machine-Tool Builders Association, fell 26.2% year-on-year from July 1998, itself a depressed rate. This marks the 17th consecutive month of decline in Japanese machine-tool orders. Domestic machine-tool orders fell 24.9%, mostly due to lack of new orders from the troubled auto sector. Export orders in July, before the impact of the rising yen hit, were also down 27.2%. After almost a decade of economic decline and lack of vigorous spending on R&D and modernization, the world-class Japanese machine-tool sector is rapidly facing technological obsolescence.

Further, the possibility of significant economic growth from dynamic new Japanese small and mid-sized companies,



a major theme among eager foreign investors seeking the next “Japanese Microsoft,” is set to come to a halt. In Tokyo, economists and government officials already whisper about an “October crisis.” Tens of thousands of these companies, received special government credit guarantees in October 1998, loans that were part of the Obuchi government’s efforts to jump-start the business sector at a time when the banking sector was still choking on \$2 trillion in bad loans from the bubble collapse of 1991. The special small business loans carried a one-year grace period—meaning repayments begin in October. As a result, Teikoku Databank Ltd. expects a sharp increase in corporate failures, already at record numbers.

Even if Third Wave yuppie fund managers prefer to ignore these sobering facts, the Obuchi government is aware that it faces big problems. As the government public works pump-priming is about to run out, the government is preparing to introduce a new public spending package. Estimates are it could run as high as \$100 billion.

A colossal debt trap

But further injections of taxpayer money to keep the “recovery” on life support face another major problem. After ten years of economic policy paralysis and mistakes, Japan’s public debt is out of control. Since the beginning of the 1990s, Tokyo has poured more than \$800 billion into eight major public stimulus packages, with almost nothing lasting to show for it beyond an exploding public debt.

According to Prof. James Savage of the University of Virginia, who was posted to the Japanese Finance Ministry in 1998, “Japan’s budgetary position is the most precarious in the industrialized world.” In 1999, Japan’s public budget deficit, 12% of GDP, will surpass the worst deficit of the United States during the Great Depression.

Gross debt has doubled since 1990 to now stand at 109% of GDP, more than double that of the United States. Worse, Japan faces the worst aging crisis of any G-7 nation. Costs of financing Social Security for the elderly, in a country with the lowest fertility rate in the industrialized world, and longest life expectancy, set up a fiscal crisis in the coming five to ten years, even were Japan to undergo a growth renaissance comparable to the 1952-72 era. Fears of how to finance the aging led the previous government to impose sharp hikes in taxes to control public debt costs. That plunged Japan into new depression just as the Asia crisis hit in 1997.

Costs of servicing Japan’s public debt, despite the official near-zero interest rates, are the largest single budget item, consuming 24% of the 1999 budget. Social Security costs are the second largest, consuming 20% of budget outlays.

This hints at the reality of Japanese economic prospects. Details only amplify cause for alarm in the face of failure of Tokyo to undertake any fundamental long-term economic reform, beyond the present unsustainable crisis management. The mood in recent weeks has become euphoric at the reports of the huge foreign fund inflows. Weary Japanese see this as confirmation that they are finally doing the “right thing.” They aren’t. The banking system is still drowning in \$2 trillion in bad loans. The industrial sector is obsolescent. The workforce is demoralized and fears job loss. Public debt is out of control and due to rise from here. This is the actual backdrop for the investor euphoria, Japan’s “virtual recovery.” Some might call it an old-fashioned suckers’ rally.

It’s time for the Japanese to take a serious look at the advice Lyndon LaRouche gave them last year, in his widely circulated Sept. 21, 1998 statement “Save Japan! Not Banks!” (see *EIR*, Oct. 2, 1998). LaRouche outlined the internal measures Japan must take (none of which have occurred) and the necessity for the nation’s leaders to hook up with leaders in China, the United States, and other nations to establish a new monetary system devoted to international economic development based on scientific and technological progress. Without such measures, no “good press” can save Japan from the financial disaster.

Malaysia shows national sovereignty works

by Richard Freeman and Gail Billington

On Sept. 1, 1998, the nation of Malaysia exerted its sovereignty, by adopting selective exchange controls and other emergency nationalist measures. It showed the world that a nation can survive by rejecting entirely the advice of the British-American-Commonwealth (BAC) faction and its International Monetary Fund, which demand monetarism, globalism, and free trade. It is now one year later, and we shall show that Malaysia has succeeded, while nations that followed the BAC’s prescriptions face economic breakdown and even ruin.

In the course of the 1998 crisis, Malaysia’s survival depended on forthright and courageous action. A worldwide financial disintegration was ripping Asia apart. Within this setting, the BAC’s assets, such as hedge fund speculator George Soros and the IMF, steered an attack to devastate the currencies and economies of Malaysia, Thailand, South Korea, and Indonesia.

On Sept. 1, 1998, Malaysia’s Prime Minister Dr. Mahathir bin Mohamad, acting on behalf of the Malaysian nation, stunned the City of London and Wall Street. He adopted the principle of national sovereignty: that a nation-state has the moral responsibility and power, if it uses it, to protect its population and economy against private predators. It is the nation-state, not the so-called “free markets,” that should regulate the economy and affairs of state. This concept was understood at the original 1944 meeting in Bretton Woods, New Hampshire, that set up the Bretton Woods monetary system; it traces back to the Leibnizian-Hamiltonian American System of Economics. Dr. Mahathir imposed selective capital controls, as well as exchange controls—hot money flows would not be allowed to enter Malaysia, rake off some quick loot, and scurry out. He effectively shut down the activity of the Singapore-based Central Limit Order Book, from which venue speculators had attacked Malaysian stocks. He increased bank lending to manufacturing and agriculture, and made significant budget expenditures for infrastructure building.

Feeling endangered, the City of London financiers and their minions responded with rage and threats. A sampling of responses shows the policy fight at the time:

“The recent imposition of exchange controls has seriously undermined foreign investors’ confidence in Malaysia and set the economy on an unsustainable path that could adversely

affect external credit worthiness.” This was the warning, on Sept. 10, 1998, of the London-based Fitch IBCA credit rating agency. Fitch-IBCA didn’t just predict that Malaysia would suffer loss of “investors’ confidence”; it acted to make Malaysia fail, by lowering its rating on Malaysia’s short-term foreign currency to a level of F3, which is junk status.

“The Malaysian government’s restrictions effectively remove Malaysia from the investment world for investors and investment managers operating outside the country,” warned the Dow Jones World Index on Sept. 21, 1998. Dow Jones owns and publishes the *Wall Street Journal*.

“Some countries, such as Malaysia, may fall by the wayside if they persist with their xenophobic, anti-market policies,” declared speculator George Soros in his book *The Crisis of Global Capitalism*, which he wrote in late 1998, after Dr. Mahathir’s emergency actions. During 1997, BAC front man Soros’s Curaçao-based Quantum Fund had speculated against the Malaysian currency, the ringgit, in order to crash it.

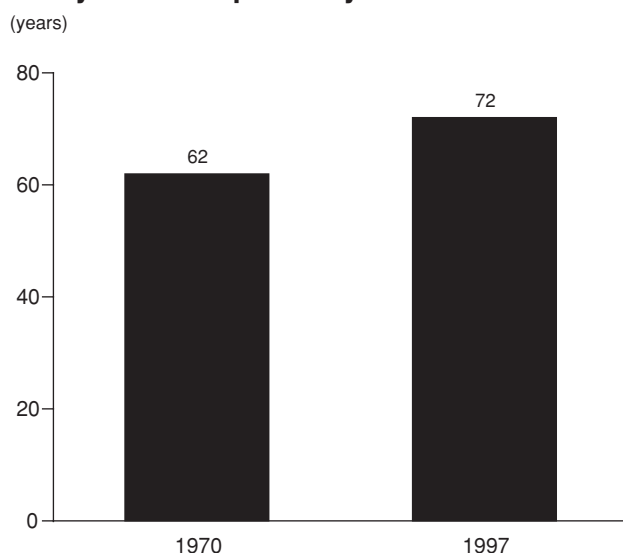
Finally, not to be outdone, on Nov. 16, 1998, U.S. Vice President Al Gore, in his keynote address at the Asian Pacific Economic Cooperation Forum (APEC) summit in Kuala Lumpur, said, in criticism of Malaysia’s emergency actions, that “free markets [should be allowed] to work their magic,” and “protectionism will only protect us from prosperity itself.” Gore arrogantly praised ongoing street demonstrations directed against the government of Dr. Mahathir, which demonstrations had been organized by circles linked to London and the IMF.

But Dr. Mahathir was not swayed by these hysterical attacks. Dr. Mahathir had given an interview to *EIR*, in Malaysia, published in our Feb. 19, 1999, issue. Dr. Mahathir asserted: “Our appeals to the international institutions to curb currency trading failed to incite any response at all. They did nothing. And our currency kept on going down and down, and that had a very bad effect on our economy. . . . We were going to go bankrupt—the whole country would go bankrupt—if we were to wait for the IMF to curb currency trading. *Since they are not going to do it, we had to do things for ourselves*” (emphasis added).

Lyndon LaRouche strongly supported the sovereign actions of Dr. Mahathir. He said that they were defensive, but nonetheless essential measures. By crystallizing a fight with the dying BAC-centered world financial system, this set the stage for a next higher move: sovereign nations’ adopting a new development-pivoted Bretton Woods economic-monetary system.

It should be stressed that Dr. Mahathir had to battle on a two-front war: He had to stop the BAC’s incessant attack from the outside that was undermining his country, as well as set the groundwork for restoring growth in the real economy, including infrastructure. Other members of the core leadership of Malaysia helped develop and implement Malaysia’s policy, and thereby also helped to determine the outcome of

FIGURE 1
Malaysia: life expectancy at birth



this fight.

Over the next year, the financiers would do what they could to destroy Malaysia. We will review the extent of the British attack against Malaysia; look at the scope of the emergency sovereign policy actions undertaken by Dr. Mahathir; and examine the outcome of those policies.

Malaysia’s development

First, consider a few features of what Malaysia has done positively during the past three decades in nation-building. In the process of overcoming a past of underdevelopment, the Malaysian government, which has been led by Mahathir bin Mohamad since 1981, has invested in infrastructure: health and sanitation, water management, education, etc. This resulted in significant improvements in economic growth and conditions of life.

Figure 1 shows Malaysian life expectancy at birth, which rose from a life expectancy of 62 years in 1970, to a level of 72 years in 1997.

Figure 2 depicts the infant mortality rate, which fell from 45 deaths per 1,000 live births in 1970, to 10 in 1997. The latter level is comparable to that of most advanced-sector nations.

Figure 3 shows the decrease in the number of Malaysians living in poverty. Between 1970 and 1995, this number was reduced by 90%, from 2.1 million, to 200,000 people.

Malaysia has built railroads, light rail in the capital city of Kuala Lumpur, and a national car company called the Proton (which uses advanced robotics in some plants), various dams, and was in the process of building the ambitious Bakun Dam, in Sarawak, when the economic crisis put a halt to it. The

FIGURE 2

Malaysia: infant mortality rate at birth

(deaths per 1,000 live births)

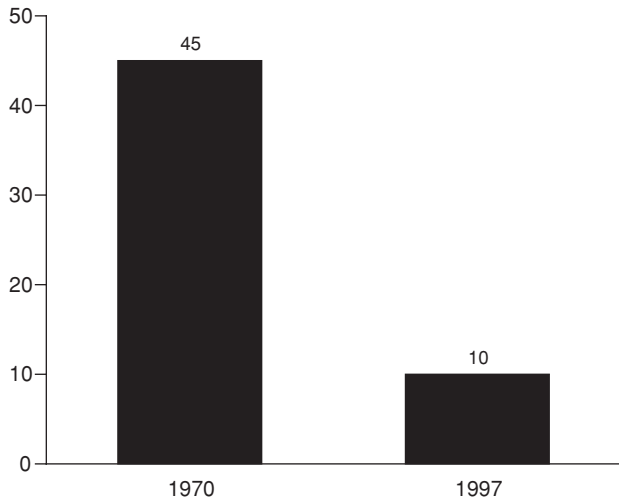
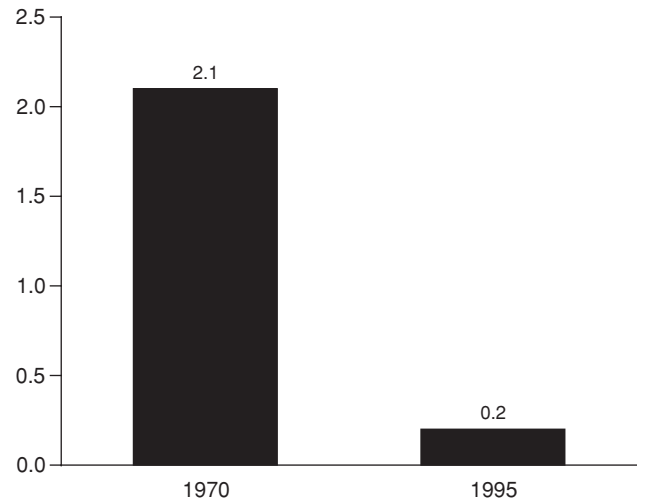


FIGURE 3

Malaysia: poverty

(millions of people)



oligarchy’s financial-economic warfare was intended to put a halt to such progress.

Financial warfare

In February 1997, George Soros and some other hedge fund operators began speculating against Thailand’s currency, the baht. On July 2, Thailand floated its currency. Simultaneously, Soros et al. had also been speculating against the Malaysian ringgit. Two weeks after the flotation of the baht, Malaysia severed the peg between the ringgit and the U.S. dollar, and floated the ringgit. By Jan. 1, 1998, the ringgit had depreciated by 35%. Dr. Victor Wee, of Malaysia’s National Economic Action Council (NEAC) Secretariat, presented on June 28, 1999, at the Securities Association of China and Asian Securities Analyst Federation meeting in Dalian, China, a speech entitled, “Malaysia’s Experience in Dealing with the Financial Crisis.” In that speech he stated that, “Meanwhile [during 1998], the rising number of corporate failures and non-performing loans affected the willingness of banks to lend. The country was in the grip of a severe credit squeeze, and the full impact of shrinking demand and rising corporate distress were felt by the entire economy.”

The Kuala Lumpur Stock Exchange (KLSE) plunged, with the Composite Index falling from a high of 1,271 points in February 1997 to 267.2 on Sept. 1, 1998, a fall of 70%.

Most important, the physical economy buckled. Between the fourth quarter of 1997 and the first quarter of 1998, Malaysia’s manufacturing shipments fell by 10.4%. This reflected the level of output (in constant inflation-adjusted ringgit, the manufacturing fall was even larger, at 18.2%). Malaysia’s

agricultural sector held out a little longer, but started steeply falling by the fourth quarter of 1998.

Thus, Prime Minister Mahathir and the entire Malaysian government faced a contracting physical economy, increased bankruptcies, reduced bank lending. The British-directed economic warfare was unrelenting.

Emergency policy of Sept. 1, 1998

Dr. Mahathir knew that half-measures would not work against the enemy he was facing. The BAC’s International Monetary Fund was offering its conditionalities poison to nations in the region: severe budget-cutting; increased interest rates (allegedly to protect the country’s currency, but which further wiped out the country’s manufacturing and agriculture); increased privatization, etc. The totality of the IMF program did not address itself to the fundamental problem: the hyperbolic growth of the speculative financial instruments, such as derivatives, which were simultaneously sucking the wealth out of the physical economy, and also causing the bankruptcy of the world financial system. In fact, the IMF program worsened the destruction caused by the financier oligarchy’s bad policy.

Dr. Mahathir instituted a policy package that went in a completely opposite direction and relied upon the sovereign authority of the nation-state to regulate the economy for the benefit of the nation and its posterity. The majority of policies derived from the perspective of the American System of Economics.

1. *Selective capital controls.* On Sept. 1, Dr. Mahathir stopped the speculation against Malaysia, and the hot money

flows into and out of the country, by instituting selective capital controls. There were three elements that were broadly part of this policy.

First, the unlicensed trading of Malaysian stocks outside of Malaysia was terminated. The Central Limit Order Book, based in the financial center of Singapore and which had the equivalent of \$20 to \$25 billion of ringgit accounts, was closed down on Sept. 15, 1998.

Second, exchange controls were part of this package; that is, the Malaysian currency, could no longer trade or float freely. Holders of the Malaysian ringgit, outside of Malaysia, had to either bring the currency back into Malaysia by a set date, or they were effectively rendered worthless. If an individual wanted to obtain dollars, it had to be shown that it was for a legitimate economic purpose. Further, the ringgit, which had badly depreciated since mid-July 1998, when Malaysia allowed its currency to float, was now pegged at the set rate of 3.80 ringgit to the dollar. This was the only accepted rate of exchange, and no other rate would be allowed. This stabilized the currency, and freed Malaysia's central bank, Bank Negara, from having to expend (and possibly lose) a large amount of its foreign reserves in an attempt to hold up the value of its currency.

Third, as regards capital controls, Malaysia imposed a 12-month holding period on foreigners' portfolio investment in Malaysian stocks and bonds, that is, once foreign money (capital) was invested in stocks and bonds in the country, it could not be repatriated outside of the country for one year. The capital controls worked well for five and one-half months. They stopped speculation inside Malaysia. It was felt that by Feb. 15, 1999, the capital control measures could be relaxed. Instead, on that date, a levy or tax was adopted. But as for foreigners' portfolio investment into Malaysian stocks and bonds made after Feb. 15, the earnings on that investment were to be subject to a levy/tax if they were to be repatriated out of the country; however, the principal amount of the foreigners' investment was not subject to a tax. This blocked any quick-buck investment, since any quick-buck profits could not be siphoned out of Malaysia without paying a significant tax.

The depreciation of the Malaysian currency and the foreign quick-buck speculation came to a halt.

2. Lowering interest rates and providing liquidity for the real economy. During the Asia phase of the world financial disintegration, Malaysia's physical economy contracted, while its impaired banks were cutting back lending, which threatened to further collapse its physical economy. The IMF advised nations to swallow its harsh monetarist medicine, telling them to raise interest rates and further reduce bank lending. Dr. Mahathir decided that Malaysia should completely reject the IMF's advice.

Following Mahathir and the Malaysian government's suggestion, Bank Negara lowered its three-month interven-

tion rate. It started lowering the rate in June 1998, when the rate stood at 11%, and continued through June 1999, when the rate stood at 6%, a reduction of five percentage points. Normally, the intervention rate acts like the floor under other interest rates in the economy, which means that most other interest rates could usually be brought down by the same five percentage points.

Bank Negara also reduced the statutory reserves requirement, the mandatory amount of reserves a Malaysian bank must maintain, from 13.5% down to 6%, over a period from February 1998 through Sept. 16, 1998. By reducing the amount of reserves a bank had to hold, it freed up the amount that a bank could lend. This increased banking system liquidity for manufacturing and agriculture.

3. Increased federal government budget expenditures for infrastructure and the poor. In July 1998, the Malaysian government set aside a special allocation of funds for infrastructure building. Dr. Victor Wee of Malaysia's National Economic Action Council reported in his June 28, 1999, paper, "Malaysia's Experience in Dealing with the Financial Crisis," that in July 1998, "the government also announced the establishment of a RM [ringgit] 5 billion fund for infrastructure projects, such as mass-transit, railway transportation, ports, highways, water supply projects and waste disposal and sewage projects." These are the sort of projects that U.S. President Franklin Delano Roosevelt built in the United States during the 1930s.

In addition to the infrastructure special fund, the Malaysian budget also emphasized programs for the "protection of lower income groups from the adverse effects of the financial crisis." This included programs for low-income housing and food provision. Malaysia honored its commitment that the poor would not be forced to fend for themselves. Malaysia did not experience the explosion in the number of poor people, as occurred in many other nations during the same time period.

4. Banking and debt reorganization of companies. Malaysia also set up three agencies:

- Danaharta, an asset-management company to deal with the problem of a large number of non-performing loans on the books of Malaysian banks;
- Danamodal, to capitalize and consolidate the banking sector by injecting capital into troubled banks; and
- The Corporate Debt Restructuring Committee, to facilitate debt restructuring and reduce the heavy debt load of viable companies.

The banking and debt reorganization of companies were auxiliary but helpful features of the overall emergency package.

Dr. Mahathir has subsequently related, that when he first conceived the idea of imposing selective capital controls, there was disagreement and resistance within the Malaysian government's Cabinet. Eventually Dr. Mahathir convinced

FIGURE 4

Malaysia: Assembly and manufacture of motor vehicles rose by 112%

(index)

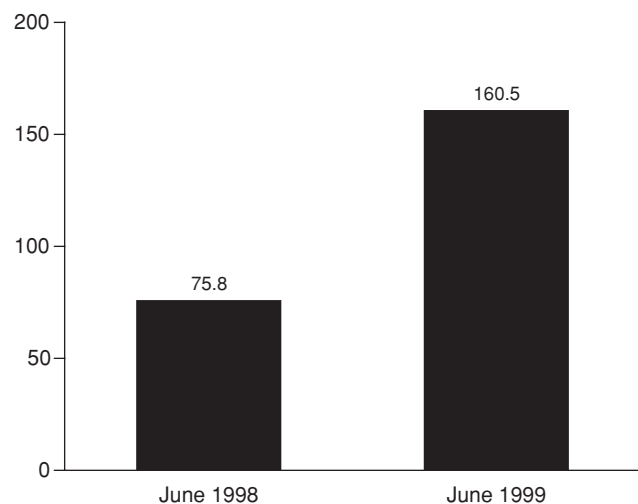
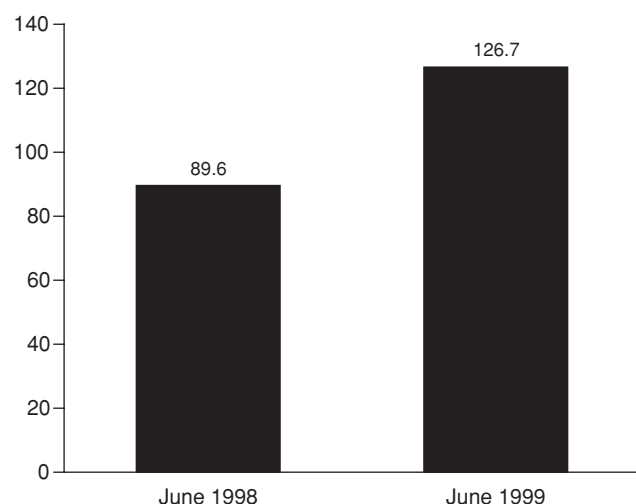


FIGURE 5

Malaysia: Primary iron and steel production rose by 41%

(index)



Cabinet members of the necessity of this perspective, including, initially, Anwar Ibrahim, who in September 1998 was Malaysia’s Finance Minister. Eventually, Anwar Ibrahim’s friends in the circles of London and Wall Street caused him to break with and denounce this perspective.

Malaysia’s enemies were counting on Dr. Mahathir’s policy failing, hoping that Malaysia would experience mass unemployment and economic meltdown. They helped foster demonstrations inside Malaysia, whose purpose was to seriously destabilize and perhaps topple Dr. Mahathir. Their efforts did not prevail.

The success

The Malaysian economy had been seriously hurt. One could not expect Dr. Mahathir to announce the emergency measures that he did on Sept. 1 and thereafter, and have the economy turn around within a matter of days. But, with a certain lag time, the economy has turned around. By late spring of this year, the difference was noticeable.

Figure 4 shows that between June 1998 and June 1999, the assembly and manufacture of motor vehicles shot up by 112%, rising from an index number of 75.8 to an index number of 160.5.

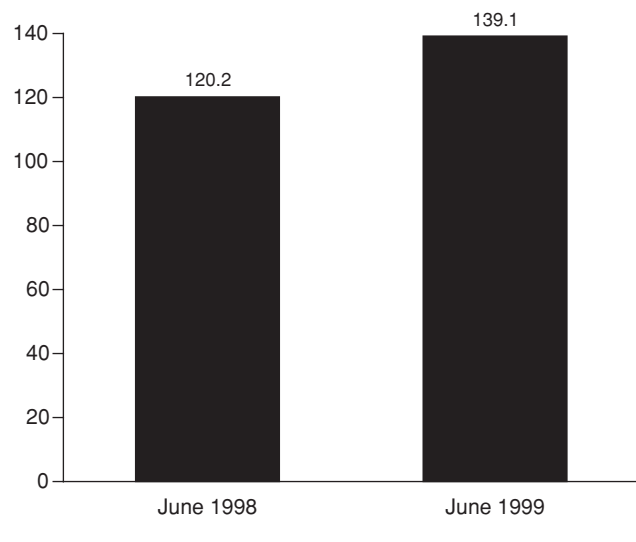
Figure 5 shows that between June 1998 and June 1999, primary iron and steel production rose by 41%, rising from an index number of 89.6 to an index number of 126.7.

Figure 6 documents that for the period between June 1998 and June 1999, food manufacture (a large part of which is food processing) increased by 16%. Along with federal budget expenditures for food provision, Malaysia made sure that the

FIGURE 6

Malaysia: Food manufacture increased by 16%

(index)



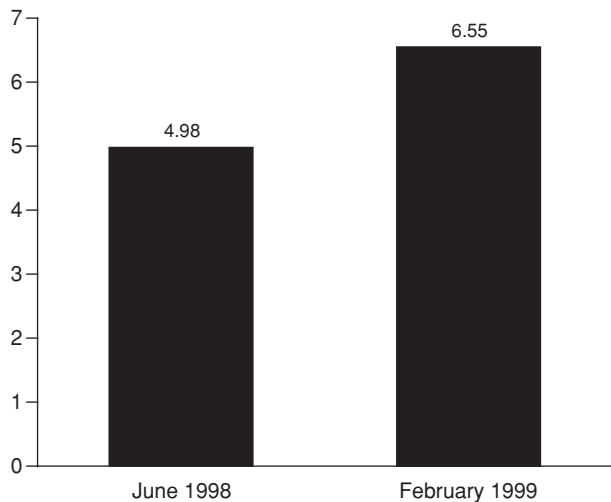
population had sufficient food.

Figure 7 shows the banks’ weekly disbursement of loans. During the month of June 1998, on average, Malaysian banks disbursed 4.98 billion ringgits worth of loans to industry, agriculture, etc., per week; during the month of February 1999, on average, Malaysian banks disbursed 6.55 billion

FIGURE 7

Malaysia: banks' weekly disbursement of loans

(billions of ringgit)



ringgits worth of loans to these core economic areas, per week. Malaysia's policy of increased bank lending to inject liquidity into manufacturing, agriculture, and the productive side of the economy, has worked. Contrast this to the fall in the volume of lending in Mexico, under the general dictates of IMF conditionalities (Figure 8). Between 1994 and 1998, the volume of loans extended by Mexico's commercial banks was cut by 63%. Mexico's industrial economy has been contracting.

Finally, Figure 9 depicts that Malaysia has built up its foreign reserves from a level of \$20.5 billion in June 1998, to \$31.7 billion in July 1999.

The policy of nation-state economic sovereignty can only fully work, if a solution is found to the broader problem of the dying, bankrupt world financial system. Dr. Mahathir has acknowledged this, saying that the world must go next to a "new financial architecture." Lyndon LaRouche has scientifically situated this as a New Bretton Woods monetary system, centered around the Eurasian Land-Bridge, the development project of the 21st century.

It is evident that Malaysia's approach has been a success. Its outcome stands in sharp contradistinction to the outcome in Thailand and Indonesia, in both of which nations the BAC and IMF's conditionality programs were applied. Thailand's economy is seriously contracted; Indonesia's economy is disintegrating, in part, because of the added feature of a BAC-directed political destabilization program.

What Dr. Mahathir demonstrated, is that the economic method based on sovereignty works. Malaysia is a small nation of 22 million people; it stood up to the attack of the

FIGURE 8

Mexico: commercial bank loans

(index 1994=100)

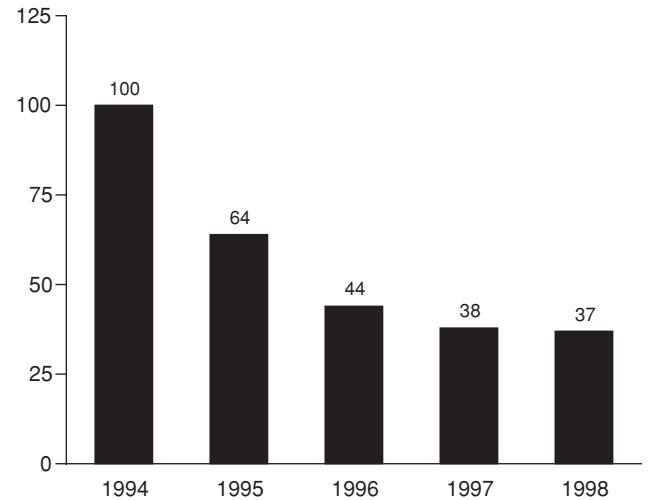
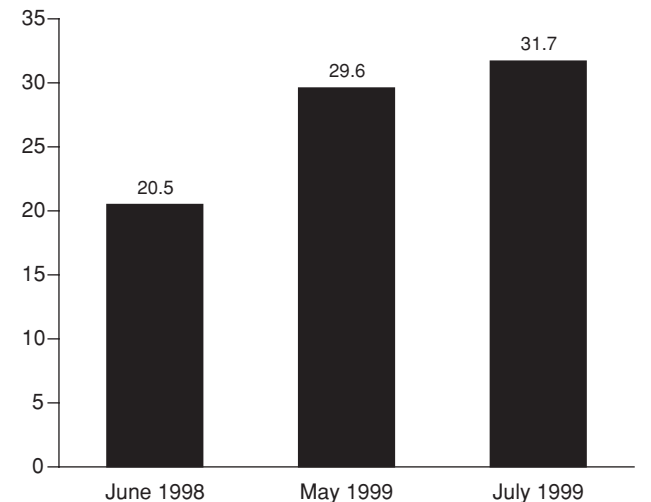


FIGURE 9

Malaysia: foreign reserves

(\$ billions)



world's financiers, and won. But there is also a matter of morality here, which should be the standpoint of economics. Other nations cowered in front of the financiers, and failed. What Malaysia in general, and Dr. Mahathir in particular, reflect, is the courage that maintains that great tasks can be achieved. Nations and individuals who master this quality can bring an end to this dying world financial system.

Business Briefs

Infrastructure

German-Danish transport link moves ahead

The Fehmarn Belt bridge/tunnel project, to connect the Danish peninsula to Germany's Baltic coast, could be approved by the German government by the end of the year, stated Schleswig-Holstein Economics and Transport Minister Horst Buelck, after the first draft of a "profitability study" appeared in early September. The study, sponsored by the German and Danish governments, singled out three different projects to link Germany and Denmark across the 20 kilometer Fehmarn Belt, as being "profitable" for the overall economy and "economically feasible" under private financing. All three versions would require investments of about DM 6 billion. Another DM 1 billion is needed for upgrading roads and railways in Schleswig-Holstein.

Germany plans to form a private consortium for the construction, financing, and management of the Fehmarn Belt link. The construction could start in 2001 and be finished in six to eight years.

Buelck described the Fehmarn Belt link as northern Germany's "most important international transport project." After the completion of the Great Belt link, connecting the Danish islands Fuenen and Zealand, and the near-completion of the Oresund bridge/tunnel connecting Denmark with Malmö, Sweden, the crossing of the Fehmarn Belt remains the big "missing link" in the region. It would reduce railway travel between Hamburg and Copenhagen to two hours, from five.

China

Civilian nuclear sector to be a 'powerhouse'

The Chinese nuclear industry has completed a strategic shift from military production to civilian application over 20 years, and is now operating under a new system featuring a combination of military and civilian production, and the development of nuclear power

in a diversified economy, the China Nuclear Industry Corporation (CNIC) announced in Xinhua News Service on Sept. 9. The nuclear sector has set up a large number of enterprise groups over the past few years, and developed more than 1,500 civilian products. Civilian products now make up over 80% of China's nuclear industrial output.

The Qinshan Nuclear Power Station in east China's Zhejiang Province and the Daya Bay Nuclear Power Station in south China's Guangdong Province are now operating; and construction of the second and third phases of Qinshan and the Ling'ao and Lianyungang nuclear power stations is ongoing. By early next century, China's nuclear-generating capacity is expected to reach 9.2 million kilowatts and, by then, earnings from sales of nuclear power are expected to reach 30 billion yuan a year. The provinces of Shandong, Fujian, Hainan, Jiangxi, and Hunan have all been actively preparing for the creation of their own nuclear power stations.

Chinese experts consider it possible, that by 2010, the country's nuclear-generating capacity will reach 20 million kilowatts (about the same as German nuclear capacity), and will double by 2020, to 40 million kilowatts.

United Nations

Public oversight of global finance urged

"Public oversight is needed to make financial systems fair as well as effective," UN Secretary General Kofi Annan wrote in his introduction to a new report which criticizes the global financial system. According to the London *Financial Times* of Sept. 17, the 297-page report was released in preparation for the global financial summit in two years.

The report itself says that it is "positively dangerous to expose underdeveloped domestic financial structures to the ebbs and flows of global finance." It also states that only limited benefits have come from setting up local stock exchanges, and that it would be better for developing countries to set up development banks and post office savings accounts. The first reforms should be aimed

at strengthening banks, which need to be adequately capitalized before there can be liberalization, and an opening of domestic markets to foreign institutions, the report argues. The report also says that if this approach had been implemented, the financial contagion, in which billions of dollars in wealth disappeared virtually overnight and millions of people lost their livelihoods, could have been avoided.

Money Markets

More warnings of major Wall Street crash

The coming Wall Street crash will be much more violent than in 1987, states leading German banker Theodor Schmidt-Scheuber, in an interview with the German economic daily *Handelsblatt* on Sept. 17. Schmidt-Scheuber, known as "Germany's Mr. Wall Street," has been president of the Boston Stock Exchange and headed the New York investment banking arm of Dresdner Bank. Many people have earned a lot of money on Wall Street, including many German investors, said Schmidt-Scheuber. The asset prices of U.S. "blue chips" are completely out of proportion to the operations of those companies. As the German saying goes, "hindmost are being bitten by the dogs. There will be a lot of crying and fear."

Schmidt-Scheuber is convinced that many German fund managers and large private investors have, for quite some time, been preparing for a Wall Street crash. They recognize the "speculative excesses at U.S. stock markets," while U.S. investors tend to simply ignore issues like the huge U.S. current account deficit. But at a certain point, there will be a "sudden global shift of market mood."

Commenting on the turmoil in worldwide bond markets in the *Frankfurter Allgemeine Zeitung* on Sept. 17, Karl-Egmont Niem, managing director of the German family-owned bank Hauck & Aufhäuser, said: "This is not a correction, but rather a crash." Niem emphasizes that until January of this year, all the experts were speaking about global deflation and therefore ex-

pected further declining interest rates, but exactly the opposite happened.

Eastern Europe

Poland's steel and rail sectors 'downsized'

The Polish government presented a revised restructuring plan to the European Union on Sept. 15, calling for shrinking the annual production of raw steel from 15 million tons today to 11.6 million tons, and of steel products to 9 million tons in the next three to four years. This means a more than one-third reduction of output, compared to the early 1990s. In 1992, Poland produced 17.5 million tons of raw steel. At the same time, employment in the steel sector is scheduled to shrink from the present level of 74,000 to only 41,000.

Last year's plan by the government to cut steel production to 13.5 million tons had been rejected by the European Union as being unrealistic and not taking into account falling global demand and the weak financial condition of the state-owned steel mills. European Union approval is required, because the redundancy payments promised to steel workers have to be financed by EU aid.

Another example of post-communist economic "reconstruction" is taking place in the railway sector. The new restructuring plan for the highly indebted state-owned railway company, PKP, includes eliminating 58,000 of the 204,000 existing jobs by 2003, and shrinking the nation's railway net from 22,000 km to 16,000 km. Passenger transport is to shrink from 383 million to only 212 million passengers per year.

Agriculture

NFU documents farm crisis in Britain

Farm incomes have fallen 75% over the past two years to an average of 8,000 pounds, the lowest level since the Second World War, according to a report released by Britain's

National Farmers' Union (NFU) in mid-September. Most commodities farmers produce and sell are being sold below the cost of production. The fall in income is affecting every area of the industry: beef, sheep, pigs, eggs, fruit, and vegetables. Lamb prices in July fell by almost 30% compared with last year. The price of a ewe two years ago was 50 pounds; now it is less than 10.

Hill farmers, who rely mainly on sheep and cattle, are hit particularly hard, and many are unable to pay for animal feed, the Supply Trade Association, which represents Britain's top feed producers, wrote to the Prime Minister. More than 1 million sheep and calves will have to be culled because farmers cannot afford to feed them this winter. Britain ceased to be a lamb exporter, and imported 1,400 lambs last year.

Bank Scandal

Hungary in crisis over handling of old debt

The Hungarian stock market and currency fell sharply from Sept. 13-15, as rumors spread that National Bank of Hungary (NBH) President Gyorgy Suranyi and Finance Minister Zsigmond Jarai would both be forced to resign. Over the weekend, Prime Minister Viktor Orban had stated that the transfer of government debt from the central bank to the Finance Ministry three years ago resulted in a loss of 70 billion forint (\$289 million) for the state budget. The transfer of old debt had reportedly been done on demand of the European Union to improve "public sector transparency" as a condition for EU membership.

Orban added that many of his party members believe that there is a connection between these losses and the 70-billion forint loss at Central Wechsel und Credit Bank (CW Bank), the Vienna-based commercial subsidiary of the Hungarian central bank, accumulated in the early 1990s due to bad loans to East European companies. A week earlier, Prime Minister Orban had refused to extend the mandate of the Central Bank's Vice-President, Gyorgy Szapary, due to a parliamentary investigation into CW Bank.

THE IMF is "playing with fire," according to former U.S. Treasury Secretary Nick Brady in London's *Financial Times* of Sept. 20. Brady is criticizing the August decision by the IMF to allow Ecuador to default on a \$60 million foreign debt repayment of its more than \$6 billion in Brady bonds, bonds backed by collateral of U.S. Treasury bonds.

AUSTRALIA'S central bank, the Reserve Bank of Australia, is frantically printing money, claiming that it is planning for excess demand over the 2000 New Year, reported the *Melbourne Sunday Herald Sun* on Sept. 5. While the bank won't say how much has been printed, it is conceivably in the hundreds of millions.

CHASE MANHATTAN had \$11.2 trillion in derivatives as of June 30, compared to \$356 billion in assets, the Office of the Comptroller of the Currency reported in its September Bank Derivatives Report. Next was J.P. Morgan with \$8.7 trillion, followed by Citigroup with \$7.4 trillion, BankAmerica with \$4.6 trillion, Bankers Trust with \$2.1 trillion, and Bank One with \$1.2 trillion.

NEARLY \$4 BILLION of the IMF's summer 1998 bailout money never made it to Russia. Of the first \$4.8 billion, \$3.9 billion was used by 18 large Russian banks to convert their GKO holdings into dollars, just days before Russia defaulted. The IMF deposited it in a Russian central bank account in the United States, from which it was disbursed to the Russian banks' accounts at the Bank of New York, according to the Sept. 15 *Moscow Times*.

PRESIDENT JIANG ZEMIN of China, in an interview with *The Weekend Australian* of Sept. 12, said: "As China is a universally recognized developing country, we will not accept obligations that exceed the sustainability of China's economy, nor will we enter into the WTO [World Trade Organization] at the expense of our fundamental national interests."

LaRouche conducts campaign dialogue with legislators

On Sept. 3, Lyndon LaRouche's Committee for a New Bretton Woods hosted a dialogue between Democratic Presidential pre-candidate Lyndon LaRouche, and eight state legislators and union leaders from around the United States. Mr. LaRouche spoke by telephone from Germany, where he is completing his convalescence from surgery. The following is a nearly complete transcript of the discussion, which will also be produced as a campaign video.

Participating in the panel were: Sen. Joseph Neal of Nevada, chairman of the Legislative Black Caucus there, and chairman of the panel; Rep. Thomas Jackson of Alabama, who chairs the Agriculture Committee in the House; Rep. Harold James of Pennsylvania, Special Assistant to the President of the National Black Caucus of State Legislators; Bill McCann of New Hampshire, a former state legislator and state executive of the Service Employees International Union (SEIU); Melvin Muhammad of Nebraska, president of the Nebraska Association of Public Employees/AFSCME; Assemblyman Felix Ortiz of New York, vice-president of the National Hispanic Caucus of State Legislators; Rep. Joe Towns of Tennessee; and Rep. Ed Vaughn of Michigan, chairman of the Michigan Black Caucus.

The moderator was LaRouche's campaign spokeswoman, Debra Hanania-Freeman.

Introduction: Debra Hanania-Freeman

First let me begin by greeting all of you here. Distinguished members of the panel, Mrs. LaRouche, Senator Mitchell, members of the audience.

I'd like to say at the outset, because frequently one forgets to say this later on, but I really do want to extend my gratitude, from the very beginning of today's proceedings, to the members of the panel, because I know that every member of this panel has an extremely demanding schedule. And the fact that they took time



Democratic Presidential pre-candidate Lyndon H. LaRouche, Jr., on the phone line in Germany, speaking with a panel of distinguished legislators and union officials in Washington, D.C. on Sept. 3, 1999. The group interviewed him on a wide range of topics vital to the 2000 elections.

today to travel to Washington, to engage in this dialogue with Presidential candidate LaRouche and to engage in future dialogues with the other Democratic Presidential candidates, I think is a great service to your country, to your constituents, and in fact to the world.

Because we are right now at a time of great crisis. And, from the standpoint of making a decision as to who will be the Democratic nominee, and who ultimately will lead our nation, it's extremely important, I think, that all of the candidates be put to the test to answer questions—not prepared questions, not questions that are decided upon in advance, but the questions that arise as the candidate, as a man or as a woman, addresses you and addresses his would-be constituents.

I understand, from the contact that we have had with the other campaigns, that at some point in the future, Senator Bradley would like to be interviewed by this panel, and we will do everything we can to expedite that process. Vice President Gore has not responded, and up to now, has not engaged in this kind of discussion. But we're hopeful that he will decide to do so. . . .

What I would like to do now, is actually introduce a gentleman who will then introduce the candidate whom I represent, Lyndon LaRouche. Let me say at the outset, that it is really with great regret on my part, and I know on the part of the members of the panel, that the man that I'm about to introduce, will make his introduction, and then will go back to his seat.

There is absolutely no question, that given the role that he

has played, both nationally and internationally as a leader in the Democratic Party, and most importantly, as someone who takes global responsibility, there is no question that he should serve as a member of this panel. And it is my understanding that he is prepared and will serve as a member of the panel when the panel moves on to interview the other Presidential candidates.

He will not be able to join in the questioning of Lyndon LaRouche, not by the choice of anyone here, but as a result of what has been an insidious and evil operation that has been run for years by the United States Department of Justice and the permanent bureaucracy that controls it, Mr. LaRouche and Sen. Theo Mitchell are not allowed to speak to each other, despite the fact that they had a long friendship and association before both of them were victims of illegal railroad and persecution by the Department of Justice.

The one point that I can say, which is a happy point, is that the events of the last few days in Washington, which have included the unusual spectacle of the Department of Justice raiding the FBI, might in fact finally do some service in bringing this hideous permanent bureaucracy to an end.

But, as it stands now, I'm pleased that Senator Mitchell can be here, and I'm very pleased that he has agreed to make some introductory remarks, and finally to present to you Mr. LaRouche.

And at that, and with that, I ask Senator Mitchell to come up here, and I turn the proceedings over to Chairman Neal. Thank you very much.

Senator Mitchell presents Lyndon LaRouche

Sen. Theo Mitchell: Thank you very much, Debbie, for those warm remarks. I certainly appreciate them. As has been said, it looks as though the fox has gotten into the henhouse over at Justice and the FBI. And I hope the fox eats up a whole lot of chickens, and keeps this scrap goin' for quite a while.

As has been stated before, and many of us know about it, and many of you have read it in the *Executive Intelligence Review*, you've read it in the *New Federalist*, you've read it in other publications from the movement and the Schiller Institute, truth across the Earth shall rise again. Because Lyndon LaRouche and company have told the world about this insidious conspiracy by these two bodies, that have actually destroyed faith in the United States government.

And that's why a lot of the militias are in place, because they don't trust 'em. They don't trust 'em.

To Mrs. LaRouche and to the members of this distinguished panel, and to you, ladies and gentlemen, I want to say that I am indeed proud, privileged, and honored to be able to introduce, I would say, the foremost statesperson offering for the office of President of the United States.

I regret being unable to even speak to the gentleman I am about to introduce, because of certain strictures that have befallen us.

Lyndon H. LaRouche, Jr. is a candidate for the Democratic nomination for the Presidency of the United States of America. This is not his first run. This is, we feel, *the one*, wherein this great statesperson's talents and opportunity will be recognized by the peoples of these United States.

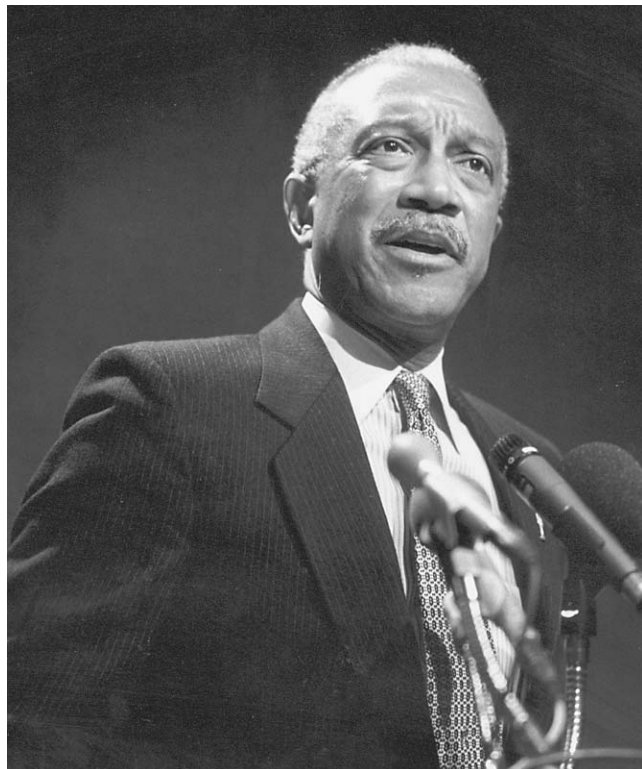
Mr. LaRouche was born in Rochester, New Hampshire. And people have asked "How old is Mr. LaRouche?" Lyn has never shirked from telling his age. He's 77 years old in years, and 37 years old in spirit and body. A very vibrant gentleman.

He is the founding and contributing editor of *Executive Intelligence Review*. He is a very prolific writer on domestic and foreign policy matters, as an expert; certainly in the economic arena, among others.

The gentleman has authored numerous reports, articles, and books. Among some are the ones on your desk: *To Save the Nation*, *The Road to the Recovery*, *So, You Wish To Learn About Economics?*, and many others.

The gentleman has an entree to most heads of state in South America, Asia, Africa, Central America, and Europe, notwithstanding the British Empire, of course. They haven't seen fit to tap his talents.

He is a man who believes that man was created in the image of God, and therefore, are brothers and sisters, one unto the other. He is a fair-minded man with many strong beliefs, which have never wavered, even costing him his freedom for some five years, in being firm for a fair, just, equitable, and



Theo Mitchell forecasts that LaRouche's current campaign will be "the one, wherein this great statesperson's talents and opportunity will be recognized by the peoples of these United States."

beneficial system of justice and economic New World Order. Fair.

He is married to the beautiful Helga Zepp-LaRouche, who is the founding president of the Schiller Institute, and serves as his right arm.

Most, if not all of us, are familiar with the story of "The Man Who Would Be King." Lyndon H. LaRouche, Jr. is such a man, but not wanting a kingdom. He is a man of courage, character, integrity, knowledge, and perseverance, among other attributes. He is a humanitarian. He believes in a sense of fairness.

He is a man who should be President of the United States. Ladies and gentlemen, I am honored to introduce to you the honorable statesman, Lyndon H. LaRouche, Jr., a man who is a prognosticator and put it in writing, and has never been found wrong.

Thank you.

Senator Neal: Who is Lyndon LaRouche?

Senator Neal: Those were some very inspiring words. And I would now take on the task which has been bestowed upon

Panel of dignitaries

Sen. Joseph M. Neal, chairman: North Las Vegas, Nevada; member Nevada Senate, District Clark County 4 (since 1972); chairman, Nevada Legislative Black Caucus; first African-American elected to the Nevada State Senate; President Pro-Tem of the Senate 1991-93 (served as acting governor on two occasions during that time); Democratic gubernatorial candidate, 1998.

Rep. Thomas E. Jackson: Thomasville, Alabama; member, Alabama House of Representatives, District 68 (since 1994); secretary, Alabama Legislative Black Caucus; chairman of the Agriculture Committee, Alabama Legislature, and vice-chairman of the Agriculture Committee of the National Conference of State Legislatures.

Rep. Harold James: Philadelphia, Pennsylvania; member, Pennsylvania Legislature, District 186 (since 1988); former chairman, Pennsylvania Legislative Black Caucus; Special Assistant to the President, National Black Caucus of State Legislators; Democratic chairman, Judiciary Subcommittee on Crime and Corrections, Pennsylvania Legislature; Council of State Governments, Criminal Justice Board of Directors; former president, Guardian Civil League; former president, National Black Police Association.

William H. McCann, Jr.: Dover, New Hampshire; former member, New Hampshire Legislature, District 11 (1986-98); Assistant Democratic Whip, 1993-98; State Executive Board, New Hampshire Service Employees International Union (SEIU), Local 1984; president, Chapter 41, SEIU; vice-chairman, Dover School Board.

Theo Mitchell: Greenville, South Carolina; served two

decades in South Carolina Legislature, first in the House, and later in the Senate; Democratic nominee for governor, 1990, when an FBI sting operation, "Operation Lost Trust," brought down virtually the entire S.C. Legislative Black Caucus; although he was not indicted in that operation, the negative publicity contributed to his electoral defeat (all convictions were subsequently overturned); candidate for lieutenant governor of South Carolina (1994), during which time he was subjected to heavy attack from the Justice Department on money-laundering charges; sentenced to 88 days in prison; ejected from the State Senate in 1995; today, he maintains a law practice and serves on the national board of the Schiller Institute.

Melvin Muhammad: Omaha, Nebraska; president, Nebraska Association of Public Employees/American Federation of State, County and Municipal Employees (NAPE/AFSCME) (since 1998).

Assemblyman Felix W. Ortiz: Brooklyn, New York; member, New York State Assembly, District 51 (since 1994); national vice-president, National Hispanic Caucus of State Legislators; second vice-chair, New York State Association of Black and Puerto Rican Legislators; chairman, Subcommittee on Sweatshops, New York State Assembly; Puerto-Rican/Hispanic Task Force; Black and Puerto Rican Legislative Caucus.

Rep. Joe Towns, Jr.: Memphis, Tennessee; member, Tennessee Legislature, District 84 (since 1994); member, Tennessee Legislative Black Caucus; Special Adviser to the President, National Black Caucus of State Legislators.

Rep. Edward Vaughn: Detroit, Michigan; member, Michigan Legislature, District 4 (since 1994); chairman, Michigan Legislative Black Caucus; member of the House (1979-80); executive assistant to Mayor Coleman Young of Detroit (1981-90).

me by the silence of the panel [laughter]. And if Mr. LaRouche is present, I hope that you can hear me. We have no indication here other than speaking. I would like to begin by asking the first question.

And the first question is simply this. Mr. LaRouche, how would you answer the question, "Who is Lyndon LaRouche?"
Lyndon LaRouche: Well, I can say that I came out of the World War II period. I was stationed in India and Burma, during the concluding period in the war and shortly thereafter.

In that period of time, I thought very much—as the war was coming to an end—about what lay beyond the end of the war.

My concern at that time, from that experience and other experiences in life, was to say: What kind of a world do we require to avoid some great conflict to erupt, like World War II, or something worse, later down the line?

It was my persuasion then, though I didn't know what Franklin Roosevelt's exact policies were; it was my persuasion that the following three points were crucial to the future of humanity.

First, that the British Empire, along with the Portuguese, the Dutch, and the French, must be disbanded at the end of the war, to bring to an end those colonial systems, empires, and their legacies, and to free the entirety of the human popu-



Panel Chairman Joseph Neal, State Senator from Nevada, asks the question that many voters—and should-be voters—are asking: “Who is Lyndon LaRouche, really?”

lation from that legacy. And to establish a community of perfectly sovereign nation-states in place of dominant and subjugated nations.

Secondly—this was Roosevelt’s policy; I didn’t know it at the time, but it was my persuasion, this is what had to happen: that the power of the United States, which was emerging from World War II as the dominant power of the planet, must be put to the wheel to bring about that kind of reorganization of the world. To bring about, for all of the world, the opportunity for the kind of justice for which we had fought for our freedom in the United States, in establishing our constitutional form, the Federal government, and a form of government which all of us in my generation associated also with the legacy of Abraham Lincoln, who, in my sense and the sense of many others, had, in a sense, perfected the intent of the Constitution, through what he did under the bloody conditions of that time.

And, that the world must be freed from the legacy of what Roosevelt, in his remarks to Churchill, called and condemned as the British Eighteenth-Century methods we associate with free trade, with Adam Smith, and so forth.

That the world must instead have access to a system of cooperation, based on the right to protection; for each country to protect itself from the ravages of currency speculation; a gold standard, and so forth and so on.

That we must use the perfected and proven model of what was once called “the American System of political-economy,” as Hamilton, Alexander Hamilton, our first Treasury Secretary, described it.

That we must use that kind of cooperation—use the very methods which Franklin Roosevelt had used, with whatever imperfection otherwise in his effort, to bring the United States out of the deep Depression of the 1930s, and to create the methods of mobilization which enabled the United States to determine the outcome of World War II.

That these same proven methods which Roosevelt had freshly proven in the fight against both the Depression and during the war, these methods must be used to mobilize the United States and the world in cooperation for bringing the same kind of economic benefits, freedom, and development, to all nations in all parts of the world.

Thirdly, that the United States, as Roosevelt had proposed, as in Morocco, where he challenged Prime Minister Churchill on this thing, and laid it out with maps, showed how the map of Africa would be revolutionized by great infrastructural projects. I didn’t know of that at the time, at the end of the war. But that was his policy. And I shared the intent.

I was in India, in particular, and I looked at the situation in India. I desired India’s freedom. I was an American, but I was an impassioned patriot for the freedom of India from British rule.

I saw and met the poorest Indians, coolies earning four to eight annas [one anna = 1/10 rupee] a day, as virtually slave-labor for the British during that period; and I saw these very poor, illiterate people, asking me as an American soldier, that when I returned to the United States, would I, among other Americans, campaign to get machinery for the textile and other industries of India, so India could rebuild itself?

I shared that. I was happy to hear that kind of plea of me and others from these Indians. It seemed that that’s what we had to do as Americans. We had to create—with our great power and influence, we had to mobilize nations to rebuild this planet, to build a system of true economic justice and freedom for all people.

Those are my convictions. These are the convictions I’ve had through the rest of my life.

As I became an economist, almost by accident, through a chain of circumstances in the late 1940s and early 1950s, this was the purpose to which I assigned economics.

I lived through many things. I saw the accomplishments, however limited, of the Roosevelt legacy. After Roosevelt died, of course, we did not continue Roosevelt’s legacy fully. But some parts of the measures he proposed were used, up through 1959, for example. At least for some of the countries of the Americas and Western Europe, we had a system, a Bretton Woods system of the time, which worked. It was based on capital controls, exchange controls, protection for our industries and the industries of other nations, but on an equitable basis.

We had, in place of the British gold standard, a gold reserve standard, which ensured that the prices of currencies would be stably fixed so that interest rates on long-term loans could be within the range of 1% per annum, which is required for the 20- to 30-year kinds of loans which are needed to transfer technology, advanced technology, to developing countries.

We moved in that direction. We rebuilt western Europe. We rebuilt the United States. And we built some parts of the Americas and some other countries.

These methods more or less worked up till 1958, when they began to be terminated under Eisenhower. President Kennedy tried to restore these kind of outlooks. Unfortunately, he was murdered. And after his death, the policies went in the worst possible direction.

By 1971, the world monetary system was destroyed by a decision introduced by Nixon in August of that year. A new kind of monetary system was created, the so-called floating exchange rate system. *This system, over a period of almost 30 years, has destroyed nearly everything and more that was accomplished from the time of the Depression up through the assassination of Kennedy.*

We are now at the verge of disintegration of the world financial system, a system which is hopelessly bankrupt, which may not even live out the present year. At present, most of the governments of the world are moving to assemble cash in anticipation of a total collapse of the present world financial system.

And if this happens without some remedies, then the whole world, trying to cling to the remains of a bankrupt, decayed, collapsed financial and monetary system, will go into the worst kind of chaos that it's seen since the Fourteenth-Century Dark Age in Europe.

Senator Neal: I appreciate your answer to that particular question. But if your answer's going to be as long as that one to the question I just asked, we have about seven members here who wants to ask you some questions, so—

Mr. LaRouche: All right, good.

Senator Neal: —we want to get to them, and let them ask you some questions, as they have constructed them. And I would like to start with Representative Tom Jackson from Alabama. If you have a question?

Representative Jackson: How can we restore our agriculture?

Representative Jackson: Yes, I do. I would like to say how grateful I am to be here on this panel today. Mr. LaRouche, I am state chair of the House Ag Committee in Alabama. And



State Rep. Thomas Jackson from Alabama reports that farmers in his state are experiencing a serious economic crisis, in part because of the collapse of demand from Asia and other regions.

Alabama farmers are experiencing a serious economic crisis, brought on by several factors beyond their control.

Among these, are the Asian and other foreign economics downfall in purchasing power, and resulting in less demand for U.S. foreign commodities. And also, we've had a serious drought in the state this year.

My question is to you: How do we go about restoring the farmers and making them profitable again, so they can continue to feed, not only the U.S., but people around the world? And what are your policies in restoring these farmers back to their economic conditions?

Mr. LaRouche: The policy that has to be approached in this—and it's a policy which has been tested, perhaps not perfectly, but very well, in our history as a nation at many points. The point is, as from the beginning, the policy of the United States under its Constitution, was the policy of General Welfare, which means that the Federal government is responsible to ensure that the general welfare of the entire population and its posterity, is secure.

Now, this means that since we depend on food production, and since food is essential to the United States, not only for our own domestic needs, but because of our ability to export to other nations which need this food, our policy has been to protect our agriculture, by giving the farmer, in all our sane periods, what's called a *parity price*. That is, to ensure that



An abandoned farm in North Dakota. LaRouche tells the panel: "We have to take virtually every policy, monetary, financial, and tariff and trade policy, and parity policy, reverse every decision that was made since 1971, as a start. And no other measure than that, can save the American agricultural system."

the farmer gets a price, which, on the average, allows the number of farmers and farms we require and their acreage to produce the amount of food this nation requires as a whole, without losing money on it. That is, to break even, and do a bit better.

And also, at the same time, to have a national infrastructure project, which provides water management, which is a governmental responsibility, not the responsibility of the individual farmer; which requires power, like the Rural Electrification Program of the 1930s and 1940s, which brought agriculture up to its — what it became.

Also, the encouragement of cheap loans to enable farmers to make the capital investments of periods from 3 to 7 to 15 or longer years, which are necessary to take farmland, and turn it into increasingly highly productive area.

What we've done, is, in the recent period, we have destroyed all that. We destroyed the parity system. Farmers in this country are now producing way below the true cost of producing the food they produce. Drastic measures are being used, including the use of economic warfare, organized from the United States, to force foreign countries to dump the food *which they themselves need*, on our shores at cheap prices, to drive down the prices paid to farmers in the United States.

We are now in danger of losing national food security. We have to take virtually every policy, monetary, financial, and tariff and trade policy, and parity policy, reverse every decision that was made since 1971, as a start. *And no other*

measure than that, can save the American agricultural system.

Representative Jackson: Okay, thank you.

Representative Vaughn: How can we reduce crime?

Senator Neal: The next question is coming from Ed Vaughn, the representative from Michigan.

Representative Vaughn: Mr. LaRouche, what is your stand on the issue of crime? Many of the Presidential candidates are posturing on this issue, and of course we know that the drug trade drives much of the criminal activity in America.

What would you do, as President of the United States, to deal with the issue of crime, and deal with the issue of the drug trade, the illegal drug trade?

Mr. LaRouche: The way to deal with crime, is not savagery. For example, the state of Texas, of George W. Bush in Texas, is an example of *inhuman savagery beyond toleration*. That is not the way you deal with crime.

You also need a justice system, on the Federal level as well as the state level, which operates on the basis of the tradition of natural law.



State Rep. Edward Vaughn of Michigan (left), with William McCann, Jr. of New Hampshire. Vaughn notes that many of the Presidential candidates are just posturing on the question of crime and the drug trade. What would an effective policy be?

What we have now in law, is an out-of-control Justice Department, and out-of-control justice departments of many states, a corrupt system of Federal courts.

Yes, there are some honest judges out there. But there's some horrible corruption. As they say in certain quarters, "Fish stinks from the head." And the Supreme Court is one of the place where the stink comes from.

That the idea of law and justice which used to exist, is being systematically destroyed. At the same time, we've destroyed the educational system, we've destroyed the economic system on which our stable society was based, we are demoralizing people, in the sense of introducing massive cultural pessimism. *We're doing all kinds of things to increase the disposition for criminality, because people no longer believe in and trust this society, and this government.*

Therefore, when you drive people crazy, when you demoralize them, when you don't educate them, when you confuse them, you stupefy them, you bestialize them, and you turn around and you find they're behaving like criminals, when you give them no alternative, in a sense, except to be demoralized people—and criminality comes from that.

You've got to stop trying to get revenge on the criminal. Yes, we have to control crime, which requires a fair and efficient law enforcement and criminal justice system. It does not

require putting people in prison for life for some small thing, like this Jean Valjean, put into Devil's Island—for stealing a loaf of bread.¹

We don't require that kind of justice. We require firm, clear justice. But we also have to address the sources of the sickness which have caused the increase of crime. And the biggest cause of the increase of crime, is the changes in the policy of government over the past years, over the past 30 or 35 years. And we have to reverse that.

When people believe that we have gone to that kind of policy, then you can go out and start redeeming people. But what are you going to say to the poor, demoralized fellow on the street, who has no prospect, no life, no education, nothing? What are you going to say to him, to promise to him, to give him the confidence to put his life back together again?

Without that idea of rehabilitation based on promises which people can believe in, you're not going to control the crime process. You're going to produce a New Dark Age.

Senator Neal: You want to just follow up on that?

Representative Vaughn: Yes, yes. On the illegal drug trade, what is your opinion on that, and how could we deal with it?

Mr. LaRouche: This was calculated. People don't like to talk about so-called conspiracies. *But I know how the drug trade in its present form was organized.* I also know that a former President of the United States, whose son is now running for President, at least on the Republican nomination side, was a guy who, to my personal knowledge, was involved in promoting the trade in drugs, and used the promotion of drug trades for financing off-the-shelf operations, such as Iran-Contra.

Those things are raging around the world. You have organizations, important, influential organizations, tied to Wall Street, including the New York Stock Exchange's [Richard] Grasso, who are actually promoting the legalization of the very drug trade which is helping to destroy our population, while looting the process at the same time, financially.

The Colombia case, the policy of working with a criminal terrorist drug organization, the FARC, in Colombia, supporting it through the State Department, through Madeleine Al-

1. The reference is to the novel *Les Misérables*, by Victor Hugo.



New York Stock Exchange President Richard Grasso (left) meets with FARC narco-terrorist leader Raúl Reyes in Colombia, June 1999. States LaRouche: "The policy of working with a criminal terrorist drug organization, the FARC, in Colombia, . . . this kind of thing is destroying the moral fabric, the economy, and other things in our society. It has to be stopped."

bright in particular, among others, through the head of the New York Stock Exchange, among others; this kind of thing is destroying the moral fabric, the economy, and other things in our society. It has to be stopped.

I've been fighting it for years. . . . Just don't get a Bush family in there; you're not going to control that.

Representative James: racism in the government

Senator Neal: Our next question, Mr. LaRouche, is coming from Rep. Harold James of Pennsylvania.

Representative James: Thank you, Mr. Chairman. And also, I'd like to thank the conveners of this forum, because I think it's very important that we as policymakers, coming from different parts of the country, can get an opportunity to address a Presidential candidate and express our concerns on the issues that impact our communities and our districts. So, I want to thank you for this opportunity.

And to you, Mr. LaRouche, my question—though I do have a question about the Justice Department—but my prevailing question is more important than that, at this point. And I'll come back to that.

If you were President, what would you do to help alleviate

the racism within our government bureaucracies, particularly the Justice Department?

Mr. LaRouche: Well, first of all, you have to clean out the Justice Department, and part of the FBI. I know, as some others know, that the present Justice Department, especially certain parts of the permanent bureaucracy, that is, the permanent people, such as Jack Keeney or Mark Richard in the Justice Department, these guys who run the Criminal Division, are reeking with actual racism. They condone it, they use it. It's elsewhere.

So, also we have in this country, the revival on the side of something we call a "New Confederacy Movement." You have this "New South" Southern Party. You have great numbers of people who are espousing, on the radical Republican side, actually the very policies, the racist policies, of the Confederacy.

We find many of the revisions in our laws and policies are of that form. I know this personally. I think other people know it personally: This country is being riddled with the worst racism, since Jim Crow. And it's being promoted by elements of our government, by sections of the Republican Party, a very important section, the most radical section; by those who are going for a New South, the splitting of the United States to sort of re-establish the Confederacy, that sort of thing.

And until we name names, and identify this problem, we're not going to stop it.

But the other side of the thing, the other side of the racism, is that the complement is—look at our prison system. We

have a selective process . . . People of the so-called minority groups, are the targetted groups of this kind of racism; are being victimized, they're being dehumanized, they're being de-citizenized, and they're being used for slave labor in the prison system, and similar kinds of things.

So, the economic policy of the United States, the lack of development opportunities, combined with explicit racism within the political party system, explicit racism, especially within the Justice Department, where it's most damaging, these kinds of problems; unless we reverse those policies, and clean up those institutions, we're not going to solve the problem. It's going to get worse.

Senator Neal: Mr. James has a follow-up question, Mr. LaRouche.

Representative James: Thank you. I just want to continue along that vein, Mr. LaRouche. Also, to his credit, President Clinton, as the leader of our country, has started a discussion on racial relations. And though you just outlined what you would do in terms of racism as it relates to the justice system and some bureaucracies in the government, what would you do if you were President to continue or improve what President Clinton has started, as relates to race relations? And what would you do?

Mr. LaRouche: Well, first of all, the first place to put the emphasis, I think, is on jobs and education. What is usually done, is they play one group of people—so-called minority groups or ethnic groups—against the other. And that's how this competition for life, this sense of being victimized, is the thing that feeds racism. In other words, when you reduce the society to the form of a Hobbesian society.

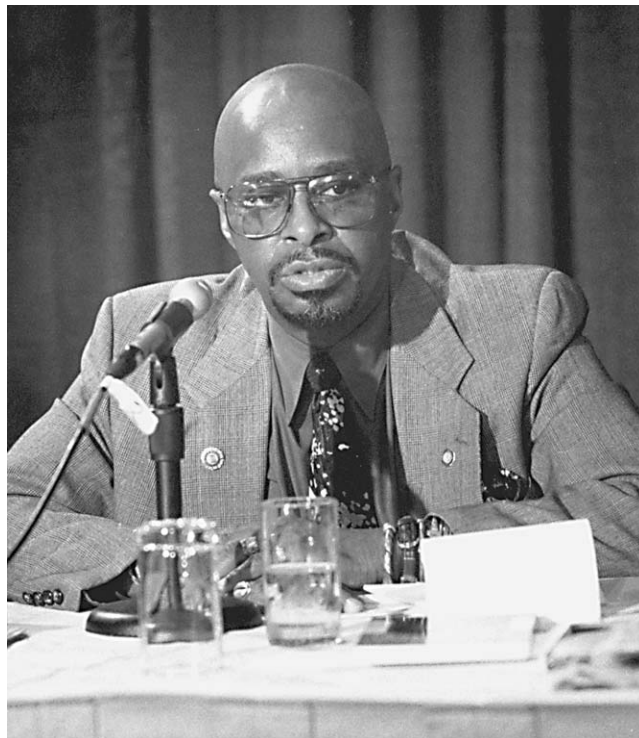
The other side is, the measures which are needed to eliminate it. Martin Luther King had the right idea on the whole thing.

And Martin Luther King's policy on dealing with the question of civil rights, was to say that the nation must be repaired. It's not simply a matter of getting equal rights for African-Americans. What is needed, is to make the nation whole.

And as long as you have this disease of oppression of African-Americans in the population, *you're not going to have a whole nation.*

This was the same policy, for example, in Germany, of the famous Moses Mendelssohn, who revolutionized the struggle of Jews for liberation in Europe, by making the advancement of political citizenship of all persons, the basis on which Jews would struggle, rather than just for Jewish liberation. And it worked. As the result of the work of Mendelssohn and so forth, this sort of thing succeeded.

So, what the President of the United States must do, is express this kind of policy. Other institutions must express this policy. But they must back up the commitment to good will, with practical measures of policy, such as economic and



Pennsylvania State Rep. Harold James asks what can be done to eliminate racism in America—including most especially the racism that exists in the U.S. Department of Justice.

other measures, which *prove* to people that we're going to build the kind of society that works, where it's not a question of fighting—one ethnic group fighting against another over diminishing shares, but that we're going to work together to build a society.

For example, one of the big problems is, of course, in recent years, a savage attack to eliminate African-American representation from the state and Federal legislatures, to drive those influences out. In a sense, a reversal since the middle of the 1970s, a reversal of the trend towards civil rights.

The result is, that the African-Americans today, and others, in the Federal government and the state government, *have less representation and less influence than they had earlier.* This reflects itself into the population generally, where people who are African-American, for example, see that their political representatives have less influence, less power, less dignity, than ever before. And this means that they themselves are being stripped of their humanity.

And so, these kinds of things have to be said openly. They have to be said, above all, by the President of the United States. They have to be said by parties and institutions, and factions of parties and institutions. And practical measures to address these grievances, must be met.

When people who feel they're victimized know that their rights are being addressed, that their expectations are going to be realized, maybe not as fast as we would like, but they're

going to be realized, then you will have a spirit of optimism, and this man-eat-man, dog-eat-dog atmosphere of the present time will begin to vanish.

Melvin Muhammad: the conditions of labor—and slave labor

Senator Neal: Mr. LaRouche, the next question is coming from Mr. Melvin Muhammad, who is head of the Nebraska public employees association.

Melvin Muhammad: Thank you, Mr. Chair and good—I think it's evening, early evening there, Mr. LaRouche?

Mr. LaRouche: Yes it is. It's a nice early evening.

Mr. Muhammad: Okay. My question, since we're talking about some of the atrocities of the Department of Justice and that apparatus, my question really goes into the slave labor that's being utilized in Asia, parts of South America, Central America, as well as the growing population of slave labor in our prisons.

I would like to know, as President of the United States, what you would do to address those issues of this new form of slavery.

Mr. LaRouche: Well, the first thing you have to do—of course, the obvious thing I've referred to in answer to earlier questions apply here. So, without repeating that, let me concentrate on what I think is more narrowly specific to the general problem.

Look, look at the families in the United States. Now, go back to, say, a steelworker in Pittsburgh in 1968. Say he's about 35 to 40 years of age. He's risen in his position within the industry as a trade unionist, to the point that he's on one wage; his wage will support his family, with several children, and will contribute, in the course of time, to putting those children into a university and through it. That's done on one wage, or maybe somebody else in the family helps part-time.

But the family is together, they meet together at meal time. They have a cultural life. They have a neighborhood which is reasonably safe. They have a school that works, where they receive a quality of education. Maybe not the best, but they're getting something, the kind of thing we knew before.

And what's happened today? That family household now requires three to four places of employment per week—sometimes for two members or more. The children are reduced to latchkey children. The education is worse than a joke, compared to what it used to be. Ritalin and other drugs, Prozac and so forth, are used in the school system indiscriminately, so that now teachers and school institutions, have become drug-pushers.



Melvin Muhammad, labor leader from Nebraska, addresses the appalling issue of the slave labor conditions that exist in the Third World, as well as in prisons in the United States.

Many of the children who are victimized by these Ritalin and other programs, will become violent under certain conditions of stress. They're incapable of cognitive activity, or have a reduced capability. They will tend to become useless and violent.

At the same time, by this reduction in the standard of living, we have—in a sense, we've destroyed the possibility of a decent form of life. So, therefore, we're going to have to look at the question of minimum wage standards; we're going to have to look at emphasis on re-creating industrial, agricultural, and high-technology jobs, in place of low-paid service employment. That must be our national policy.

But what we're doing now, is we're degrading the population. What do we do? We turn around and we take people, we throw them out of the system, whether through prisons or otherwise; we force them to compete with foreign slave labor, as is being done with the *maquiladoras* in northern Mexico, and other parts of the world; or as is being done in Samoa and elsewhere around the world.

And we are grinding people up. We are turning the United States, by and large, increasingly into a semblance of a Nazi concentration camp, where people just slave, below subsistence, their children are uncared-for, unnurtured.

The pessimism and hatred and despair throughout the society, is increasing. And unless we reverse these policies,

these so-called free-trade oligarchism policies, the globalization policies; unless we reverse this and go back to a system of sovereign national states and cooperation among sovereign national states with these kinds of policies, we're not going to correct it. That's what the issue is.

Assemblyman Ortiz: Where do you stand on NAFTA?

Senator Neal: The next question comes from Assemblyman Felix Ortiz of New York.

Assemblyman Ortiz: Thank you, Mr. Chairman. Mr. LaRouche, I have just a follow-up on the previous question. And it is regarding to the issue of NAFTA [the North American Free Trade Agreement] and sweatshops in America.

I represent a district in the city of New York, that if someone will look very, very close at my district, I probably have one of the biggest districts whose factories send garments to the people of United States of America.

We have a serious problem in my district, and I would like to just point out that we have the problem also in the

entire U.S.A. And due to the fact that you had experience living in, or being in, India, where most of these garments get produced, in that particular country and outside America.

Since NAFTA was established, we have lost a lot of these biggest factories and contractors and sub-contractors that used to make these garments in the U.S.A. And I just would like to be very clear about, what is your reaction, and what will be your policy if you ever get elected as the President of the United States of America, and what will be the result of NAFTA, and how would you work with this particular implementation that was done previously under this administration?

Mr. LaRouche: I would cancel NAFTA entirely, and everything that goes with that kind of philosophy. You know, for years I've had a special relationship to the Republic of Mexico, and was very close to the President, López Portillo of Mexico, at the time he was President. As a matter of fact, we got into trouble together trying to do the right thing.

So, I saw from inside Mexico the horrible things that U.S. policy was doing to the people of Mexico. I saw how the development of slave labor in Mexico, under U.S. pressure, particularly after 1982, was used not only as the Caribbean—non-Puerto Rican, for example—Caribbean populations are often used in, for example, in New York, as virtual slave labor

in that area; or the similar kind of thing done to Mexican immigrants in southern California, Texas, and so forth.

What we had was a process of using the enslavement of people in the *maquiladoras* in northern Mexico, which are virtually concentration camps, by economic standards—we're spilling that disease by cheap labor, virtual slave labor in Mexico, spilling it over into the United States.

It spills up to places like New York City or Los Angeles, in particular, as typical of this kind of problem. And then it turns around so that the cheap labor is now—in the United States—is now forced, in order to try to hold their job, to compete with still cheaper labor from various parts of Asia, and so forth.

Well, this is crazy! We actually have to have a protectionist policy to guarantee fair wages and fair forms of employment, of *modern* employment, not slave-labor, not physical stoop labor employment, but dignified forms of employment, and protected wages.

We've got to have that kind of policy, which was formerly the typical American policy. NAFTA, which was proposed by the British Commonwealth



Assemblyman Felix Ortiz from Brooklyn, New York (left), with Harold James. Ortiz, whose district includes a heavy concentration of garment workers, decries the effects of the North American Free Trade Agreement on U.S. labor, as factories ship their operations south in search of cheaper labor.



The New York City garment center—an industry where sweatshop conditions have long prevailed. Says LaRouche: “Our desire should be, to eliminate low-grade jobs by upgrading people into higher-grade employment. That means that we must have a systematic program of both generating credit systems to expand the U.S. economy and develop it, to expand infrastructure development, and at the same time, to keep raising the minimum wage in ways which ensure that we discontinue kinds of employment which are inherently unacceptable to the kind of standard of living we must have for all of our people.”

via Canada, was then, with a bunch of people who were too close to Wall Street, dumped as a policy on the United States.

The United States worsened the conditions greatly in Mexico, in the name of providing more jobs. But what kind of jobs? Slave-labor jobs, with increased mortality rates, destruction of agriculture, industry.

Look what’s happening to Mexico now: The place is about to blow up, as a result of NAFTA. In the meantime, we’re using the disease that we’re imposing on Mexico and other countries, we’re importing the disease into the United States, we’re killing off our population, criminalizing, brutalizing them.

It’s not right. And NAFTA must be repealed. We must go back to a traditional American protectionist policy. And we need a strong labor movement, also, to help government, through the private sector, to enforce fair standards of employment, conditions of employment, in the United States itself, and to enforce the kind of protection which our job, wage-earners and households require.

Assemblyman Ortiz: Just on this same issue: When you talk about national minimum wages, it just came to my top of my head: If you’re elected, would you put a commission to try to come out with some kind of resolution at the international level, where the American companies are making contracts with the international [companies] or the Third World, to make sure that those people who are making garments, will be able to make, I would say, a fair living?

Mr. LaRouche: Yes. I’d do two things. The minimum wage by itself will not work. You have to create the conditions under which the minimum wage will work, that is, the fair minimum wage, not some wild compromise.

The way you do that, is this: First of all, the first thing we have to do in the United States, we have to rebuild our infrastructure. Look, we’re short of power. We’re going to black-out and brown-out, but now black-out.

We see the effects of the lack of water management, in terms of the recent drought pattern across the United States, and its effect. Nothing is done about it.

The destruction of infrastructure in the United States since 1971-72, is a great cause of loss. We have people who have very few skills. They can’t qualify to compete on the world market, in terms of skills. We have to create jobs, infrastructure jobs, we have to remedy these problems of shortage of infrastructure. We have to use this job creation as a way of building up a baseline for increase of levels of employment, for increase of standards of employment.

We also have to have a sense of national purpose.

Now, let me just divert for one thing, because this is a complicated question, if you want a workable answer. It’s not a simple question of just setting a minimum wage.

What we have today, is that the greatest part of humanity is concentrated in East and South Asia, and with a few other areas adjoining to it. There’s about two-thirds of humanity, really, which is located in these areas.

These areas can not possibly grow, as both China and

India, for example, would like to grow, without the infusion of large-scale machine tool-grade imports from countries such as the United States, Japan, and western Europe. Therefore, we have to have a policy that the United States, in partnership with western Europe and other parts of the world that produce machine-tool technology, will create a system of long-term—I'm talking about 30-year term, low-cost—we're talking about 1% interest credit systems; not loans, but credit systems, which will enable these countries to buy high-technology U.S. exports from the United States, western Europe, Japan, and so forth, in order to build up their countries. This will then foster the upgrading of skill levels in the United States.

Our desire should be, to eliminate low-grade jobs by upgrading people into higher-grade employment. That means that we must have a systematic program of both generating credit systems to expand the U.S. economy and develop it, to expand infrastructure development, and at the same time, to keep raising the minimum wage in ways which ensure that we discontinue kinds of employment which are inherently unacceptable to the kind of standard of living we must have for all of our people.

And I'd have such a commission, which would work on those kinds of problems and those relations, which I would do in the Roosevelt tradition, through the Department of Labor. I would have a Department of Labor commission under direction of the President, which would work on specifically this kind of interrelationship of exports, credit, minimum wage, and employment patterns in the United States.

Bill McCann: the role of the Federal government in education

Senator Neal: The next question will come from Bill McCann of New Hampshire, who is affiliated with the SEIU union.

Bill McCann: Thank you, Mr. Chairman. Thank you, Mr. LaRouche, for taking the time to listen to our questions. I've heard you mention, more than once so far, education. And I guess my question to you is: How do you view the role of the Federal government in education? Should the government help local school districts with infrastructure, like buildings, or should the Federal government provide local school districts with resources to train and hire competent teachers? I just would like to understand what your view of the role of the Federal government would be in education.

Mr. LaRouche: Well, Bill, you probably know that in the immediate postwar period, the Congress enacted a very important piece of legislation concerning health. It's called the Hill-Burton Act. And this was a bill which set certain target

goals, broadly defined, but they would work them out. The Federal government, the state government, the local government, and private institutions, which were in the health industry area—that is, hospitals and similar kinds of things—would work together, to ensure that every community in the United States, would have, in its locality, what it required to meet these health standards.

Now, this was called Hill-Burton. And up until about 1975, when the downturn in hospital care occurred in the United States, with the New York City crisis, the Big MAC crisis of that period; up until that time, this Hill-Burton Act had been successful. Not as successful in every part country as it should have been, but it worked.

What I would do, is take the similar approach to education. Say, the Federal government, the state governments, the localities and private institutions, have a joint responsibility for ensuring that the kind of education we require, as a nation, will be delivered to every child in every community. And therefore, you have to have a combined program.

You can not have a very simple program, a so-called giveaway program. You've got to actually get in there, and say where the credit must be given, or where grants must be given. From areas which can afford to give it to the government as a whole, these grants must be given, in order to ensure that every child in the United States has two things. It's not merely the *amount* of education they get, it's the



Former New Hampshire legislator William McCann, who currently serves on the Dover School Board, raises the issue of what the U.S. government's role should properly be in education.

quality of education. The quality of education in the United States today, stinks, even by the terrible standards which I experienced back in the 1930s and 1940s. It stinks. It's not fit for human consumption.

We have to have a teacher re-education program. We don't have qualified teachers. We have—think of the number of children who are on Ritalin, Prozac, and similar kinds of programs, who are being zombified in the name of education.

Think of overcrowded classrooms. I was up there in New Hampshire; I recall, back in—what was it?—1980, '88. And I saw the conditions in some of the local school districts up there. They're hideous, absolutely hideous, as a result of conditions which you understand just as well as I do. Or the Manchester school system, the same kind of problem.

So, we don't have the teachers. We don't have the classroom facilities. We don't have the quality of education. We don't have the textbooks, the educational aids required. So, the Federal government must take all of these things into consideration, and take the leadership in ensuring that these kinds of measures which are required, are taken.

So, I would put this again in the Education Department, as its mission, together with the Labor Department.

Representative Towns: economic growth and minorities

Senator Neal: The next question is from Rep. Joe Towns of Tennessee.

Representative Towns: Thank you, Mr. Chairman. Mr. LaRouche, it's also good to be here to participate in this panel's interview, relative to your Presidency of the United States. I look forward to the questions that I have here to be answered, and I have a few questions myself. And hopefully, I'll get a chance to get a second round, and ask some of the other ones.

But one of my main questions would be the economic growth of this country: When the economic times are good in this country, you will find that minorities and women don't participate in the growth, not in the growth in terms of the upper mobility in the jobs, not in the growth in terms of the ownership of the companies.

There has been a move across the country to reform welfare, and I agree welfare should have been reformed. But in the process of reforming welfare, if minority people are going to take a stronger stake in the country, how do we encourage and spur ownership of business, and become major partners and players with the government and corporate America in the minority communities?

To me, that would be one of the surefire ways of reforming

welfare: Those people that have traditionally been on welfare, are players in owning a part of this country. What would be your economic policy toward the growth and development of minority people in this community, or the United States?

That's one question.

Mr. LaRouche: If you want the seeds to grow, you've got to plow the field. You just can't throw the seeds into the field. Well, the problem is, that the employment and education and related environment, and the social environment in the United States generally, militates against any such effort.

Look, we're going to have the biggest wipeout of private financial institutions in the history of the United States. It's going to hit as an immediate threat, probably as early as this fall. This blasted financial system is doomed. Nothing can save it in its present form.

That's what will hit this country, unless the proper leadership comes from President Clinton and he gets the support he needs to do it; unless that leadership comes in a timely fashion, this country is going to experience suddenly a financial collapse which will wipe out probably 40% of the American families, financially, almost overnight; which will wipe out most of the existing businesses and jobs, unless the President takes the kind of emergency action which reminds us of the Franklin Roosevelt tradition, but a little bit more so. That's the general situation.

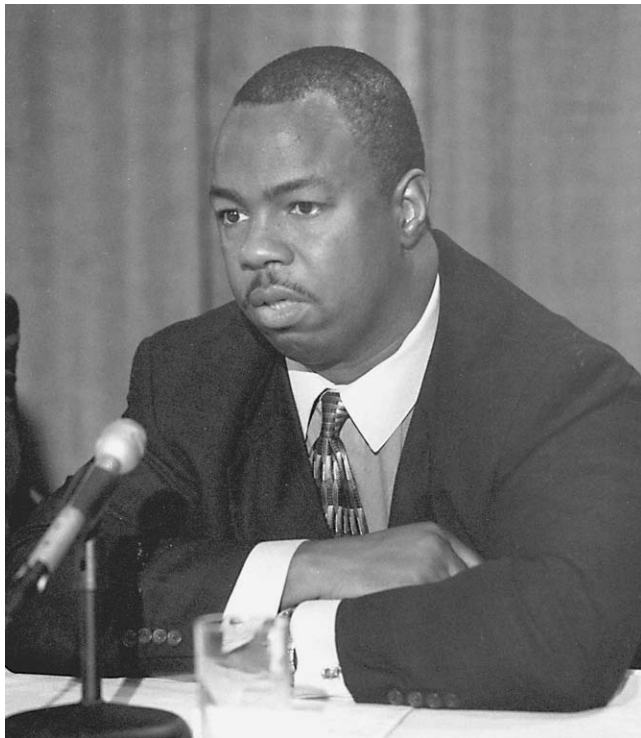
Now, what we have to do, is we have to have a general economic growth program, in which the Federal government functions not merely by providing money, because we're not going to have much tax revenue in this period ahead. It's going to have to rely upon methods which were used, say, in reconstruction in Germany, under the Marshall Plan period, during the post-World War II period, from '47 on through '58.

We are going to have to supply credit, which keeps rolling over, we're going to have to supply borrowing power to local channels, including, we'll keep banks in business which are bankrupt, because we need the bank functioning, to pour funds into infrastructure and other things.

The infrastructure investments and other investments will then become a stimulant for private contractors in the areas which benefit from the flow of credit and funds, through these infrastructure projects. It's an improved version of what Roosevelt tried to do with his experiments during the 1930s.

In that process, if we couple that with programs and real reform, serious education, if we remoralize our people, who are demoralized—it's very difficult to get demoralized people who are totally illiterate or semi-illiterate to work and work effectively on this kind of thing.

Take the kind of environment which you see, for example, in the case of Malaysia, the Prime Minister there, Dr. Mahathir bin Mohamad. This is a good example of how to do things: to take a population which seems not to be able to take care of itself adequately, with limited skills, and over a period of



State Rep. Joe Towns, Jr. of Tennessee points out that minorities are often left behind, when economic growth occurs. How can we ensure that all people share the fruits of national progress?

time, by concentrating in this direction, you move the population upward.

We have to have a targeting program, which combines what the government does with credit programs and other stimulus programs, through infrastructure and through the public sector, into creating the financial basis for the growth and sustenance of private industry.

In that process, people who make their way through this process, economically, will often emerge—those who have a little more talent, a little more energy, a little more commitment—will generally provide the new private businesses, which in that environment, and with a sympathetic banker, will be able to get through that three-year to five-year initial period of establishing a small business.

That's the only approach, I think, that will work.

Representative Towns: Okay, Mr. LaRouche, what my concern is, even on a scenario like that, it seems that even in the best of times and the best-laid plans, there are still minorities who are not even—they're not successful in getting the loans at the banks, they're not successful in getting the contracts with your state and local, and your Federal governments.

I mean, in my state alone, you're looking at minorities doing one-tenth of one percent of business with the state of

Tennessee, and that's pitiful. And I'm pretty sure the numbers will be the same with the U.S. Federal government. And now, we're in a climate where everyone is attacking Affirmative Action. You can see the decline of the enrollment in schools, your professional schools in California with Proposition 209. So, it's seemingly that with all the best-laid laws on the book, minority people still manage not to benefit from it, like I would like to see it done.

As a leader of the country, how do we stabilize and turn that tide to ensure that minority people are benefitting from the economic prosperity of this country? And if you're not doing business with the Federal government, if you're not doing business with corporate America, if you're not doing business with retail America, who are you doing business with? I guess the black market—the dope man.

But, at some point in time, we've got to have a leader who will ensure that the games are stopped, that there are no games being played with the money. There's too much poverty in the minority communities. Poverty runs too deep. And you've got one man in this country who can own and control \$90 billion or \$100 billion. And you've got one who can't make \$90 a month, hardly.

And there's something wrong with that. And when you understand the history of this country, a lot of it was gotten illegally: slave labor, the whole nine yards. And we've got to bring people into the economic windfall that exists in this country. And I don't see the leadership on the horizon that deals with it. They deal with jobs. I don't want a job. I want a business. I want minority people to be in business, and controlling some of their own existence, by hiring their own people, by hiring people in the communities. And the government has to play a major role in that, because it's played a major role in it for everybody else.

And I would also like to hear your opinion on how would you repair the damage that I think has been done to Affirmative Action, as it stands today? What is your opinion on how we deal with that, going into the new millennium?

Mr. LaRouche: Well, what happened, is in 1967—'66, '67—there was a subtle change in policy within the Johnson administration. Johnson himself, with some qualification, took a good position on the question of civil rights—under considerable pressure from some friends of ours—but he took the position. But at the same time, there was a change in economic policy, in the economic foreign policy, in terms of the State Department, and other policies, including the fiscal year 1967—'66-67. There was a downturn and shutdown of the space program, which had been the biggest stimulant and was the greatest prospect for improvement in the condition of the groups of people who presumably were going to get the benefits of the new civil rights atmosphere, under the Civil Rights Act and so forth.

We went into a program which was called "Affirmative Action," which really didn't amount to much, though some

people did benefit from it. There was an increase in representation by African-Americans, for example, in the state legislatures and elsewhere, and more influence.

Then, about the time that Rehnquist became a member of the Supreme Court, everything began to go in a different direction. Then, under the Carter administration, which—people have to face the fact—was a Trilateral Commission administration, went through the process of systematically destroying every bit of the regulatory and infrastructural basis and banking and economic basis on which the realization of the Civil Rights Act's benefits presumably would deliver some goods.

You know, so therefore, if you don't have a bank, if you don't have first of all an opportunity, in terms of economic opportunity; if you don't have a bank that's willing to help someone work their way through the first stages of a small business; if you don't have a Federal agency, together with state agencies, which is going to go in and give the assistance and guidance to help this person become successful—because after all, if these people become successful, it's going to help everybody.

And without those kinds of agencies, it just ain't gonna work. And that's the problem. And as you know, the time that Rehnquist came into the Supreme Court was the signal. And he was never too good on civil rights, as you may recall, when he was down there in the southwest of the United States.

But at about that time, there was a *reversal* in civil rights, very conspicuous, even though the Democratic Party and the Carter administration were pro-civil rights in one respect. But in terms of the *economic foundations* for realizing the benefits of what civil rights was aimed at, this was the worst disaster. And when Volcker came along in 1979, October of '79, with his crazy Volcker measures, the chances for minorities went down.

And as the racism increased in the Justice Department and elsewhere, the chances went down, as the facilities of Federal government which used to assist people, or were supposed to, went down. Yes, you had this.

And now, what these guys want, is they want *slave labor*. They want to take sections of the population, and use them up, just the way they recycle paper in reprocessing. They have no intention whatsoever of building up this section of the population; they don't care. This has been their policy since 1972, when I first fought against this thing.

In 1972, workfare was first being introduced by some of the economic opportunity sectors. And I fought against that. But this has been the policy.

Yes, it's failed. It's failed because government was not really committed. It's failed, because leading political parties—and most shamefully, the Democratic Party—were not really committed to doing anything about it. They would give lip service. They would go around and say, "We'll give you a little handout here, give you a handout there." But they

wouldn't get down to the nitty-gritty and do the job. And that's what it takes.

Representative Towns: What military threats do we face?

Representative Towns: I appreciate that, but the problem is, with the subsiding of the Cold War, what do you see as a threat, a military threat to this country? What kind of military threats do you see on the horizon?

Mr. LaRouche: Well, it comes from two places. It comes from Great Britain and some of the right-wingers on Wall Street in our own country. *There is no other major military threat to the United States.*

Our biggest threat. We have the power, if we wanted to use it. We have the power to eliminate all military threats, by eliminating that gang on Wall Street around Bush, who want us to get into some kind of World War III in Transcaucasia or in the Caspian Sea region, or against China.

These are the guys who are doing it. For example, you've got this mess in Afghanistan and Central Asia. Right now, we have two pivotal points of a threat of an actual nuclear war involving thermonuclear weapons.

Both involve the territory of the former Soviet Union. One is in Transcaucasia, that is, the Caucasus region of Central Asia. And on the other side of the Caspian Sea, in Central Asia, countries that used to be part of the Soviet Union, or contiguous to it. And what Bush, together with the British, set up as Iran-Contra in Pakistan, to run this operation in Afghanistan, is now being spread throughout the region, to create a situation where we're on the verge of where actual nuclear weapons may begin to fly.

Not because we have any enemies out there. We have no enemy in India. We have no enemy in China, as such. We have no real enemies there. We have no threat from Africa, where there's a lot of killing is being done by aid of our State Department, which has taken the wrong side on some of these things.

We have no threat from South America or Central America.

Where's the threat come from?

The threat comes from the British monarchy, as typified by the Blair government, which ran this recent war in the Balkans again. The threat of war comes from those in Wall Street, like people like Brzezinski, or people like Armitage of the Bush campaign, who are trying to whomp up a war.

We have no enemy as dangerous as the enemy within, people who want to get the world into these kinds of wars, and want to get us involved in it.

We do not have a credible enemy abroad, unless we want to make one.

Representative Jackson: school safety, and the voucher system

Senator Neal: Thank you. The next question is from Rep. Tom Jackson of Alabama.

Representative Jackson: Thank you, Mr. Chairman. Mr. LaRouche, I have a series of questions I would like to ask.

Question one relates to education, concerning our schools. There was a time when schools were a safe haven for our children. But now, they have become killing fields. And what are your policies to return our schools back to safe havens, where kids could feel safe again, and education could be learned?

Two, where are you on the voucher system? We know the Sons-of-Bushes in Florida and in Texas have implemented voucher systems in those states. And I want to know your opinion, and how you feel that a voucher system across the nation would work in taking public monies and putting them in private institutions.

And the third question, which I should have asked first: Why do you want to be President of the United States?

Mr. LaRouche: First of all, there is no way you can really make the schools safe by school measures alone. The reason the schools are unsafe, is because the neighborhoods and communities are unsafe. And naturally, when you get a bunch of small children who are desperate and angry and physically capable, especially as they get toward teenage years, and if they're demoralized, and if they're on drugs, and so forth and so on, and their families are broken families, and so forth, you're going to get a problem.

And wherever you have them congregating, as in schools, you're going to have that problem.

So, this one part, the school problem, is a security problem. And you've got to provide the security.

But you've got to address the sources of the problem as well, and there are two sources. One is the conditions in the community. These are the social policies of the U.S. government and the states. That's what the problem is. And we've got to look at the cause, and the cause lies there.

That is, there may be other causes, and contributing causes, but that's the area where we have the hands-on—the handle, which is the things that affect the social policy, social conditions in these areas.

Secondly, *we don't have education in our school systems.* Look at the result: *We don't have education.*

What you're doing, is you're taking a bunch of bored kids, agitated, confused, uncertain, demoralized, see no future, drugged, and no education. *There is no education in the school, because you don't have teachers. You don't have teacher programs.*

What's going down as educational programs now? For example, how many secondary schools in the United States actually teach a course in *history*, of the type that used to be taught back in the 1930s, 1940s, and 1950s? How many? How many schools give a decent science course, a course in geometry? What's the music program in these schools?

So, what are you doing to the students? You're not educating them. You're talking at them, you're putting them through programs, funny programs, and you've got a combustible material, in terms of an increasingly demoralized youth population, and demoralized communities.

And you're sending them to concentration areas called schools, where they're receiving no real education. What they're getting is a fake. And that's our situation. So, don't be surprised by it.

So, we have to attack it. We have to realize the fundamental policies of the government are wrong, at all levels. The fundamental policies of the teachers' unions are *wrong*, as opposed to what they used to be, say before the end of the 1960s. They're wrong.

We are *de-educating* our population.

Look, in Germany, for example, they had a reform called the Brandt Reform, which destroyed the system of education, the secondary education in Germany, which produced essentially the elite from the general population. It's called the Humboldt program.

And today, as a result of that change in educational system, we have almost two different species in Germany, of those who had the kind of education they got before the Brandt Reform took effect, and a much poorer quality of population—almost a different species, a different nation—of people who had an education after the Brandt Reform took effect.

The same thing happened in the United States. . . .

Now, on the second part of the thing. My particular area in economics, the most important, is my work on the question of what's called *cognition*. And the cognition is the quality of thinking which distinguishes a man from an ape.

That is, for example, if you go to a zoo, you'll see a chimpanzee or a gorilla, and you find they can learn. If you have a dog which you treat properly and train properly, the dog will learn. If you have a cat, the cat, to a lesser degree, will learn. The cat will try to teach you, the dog might learn something.

But no animal, only a human being, only the individual human mind, can make a validatable discovery of the universal physical principle, or other principles. The difference between man and the animal, is this power of cognition.

Therefore, you have two qualities of education. And to understand how we're going to have to deal with the education problem, you've got to address this problem.

What we have—we've had a degeneration of education.

We had an improvement in the quality of education, including more university students, in the post-war period,



When it comes to education, says LaRouche, “We have to have, in a sense, a popular revolution. Not supported by government, but essentially organized by private citizens, who begin to understand what we have to do to get education back, education for knowledge, not for animal training.” Shown here: Virginia students participate in Space Day, via Internet from the National Air and Space Museum in Washington, D.C., May 21, 1998.

as a result of the so-called G.I. Bill of Rights. So, more people went to college, but they learned less on the average than those who had gone to college before. Because the emphasis was away from experimental laboratories, pedagogical laboratories as they’re called, as well as research laboratories, into classroom teaching. And more emphasis on textbooks.

So, you had students who understood no principle, but they had learned the tricks to pass the examinations, and to go out in the field and do a certain kind of work, according to the way they had learned.

Now, the people who merely *learned*, do not actually understand what a principle of nature is. They don’t discover it. They don’t make those discoveries.

When I was a younger man — and some of you, when you were younger, you had the good fortune to be in a school where one or two teachers, or a few teachers out of all of them, really cared about the student, and concentrated on helping the student relive original acts of discovery of universal principle. And these students would tend to be happier. They would actually *know* what they were talking about; whereas in the 1950s, 1960s, we had students who graduated from universities, not knowing what they’re talking about, but having learned to talk a great deal, or how to go do a certain procedure. After the 1970s, we went to another stage, in which people no longer even do much learning. But they are merely entertained and processed downward.

We no longer have the skills, the orientation toward physi-

cal reality, that we used to have. *So, we’re going to have to do more than simply come up with a packaged program for education.* We’re going to have to get into this process, and reform our schools, universities, and education — teacher education programs, in such a way that our pupils, our young kids, actually begin once again to *know* what they’re talking about, rather than learning what to say. And that’s our big problem.

There’s a fundamental difference in emotional outlook, attitude about life, moral qualities, between the student who has merely learned, who may have gotten a Ph.D., but he merely *learned* his way to get there, and didn’t do much original discovery — not really discovery of principle — and the student who actually, like the experimentalist, who relived the acts of original discoveries, and has an accumulation of that kind of knowledge. When you get a student who *knows*, rather than has merely learned, you have a student with higher morale and higher morality. A greater ability to solve problems; a student who is more confident, whose children are likely to be happier.

We have to have, in a sense, a popular revolution. Not supported by government, but essentially organized by private citizens, who begin to understand what we have to do to get education back, education for knowledge, not for animal training.

And we have to go into these school systems, and begin to make sure that more and more of the pupils in these school systems get knowledge, not mere learning.

Representative Jackson: Why should you be President?

Mr. LaRouche: On the third question, why should I be President? I think — to make a simple blanket statement:

There are some people running for President at this time. On the Republican side, none are qualified. Gore will soon be eliminated, and partly self-eliminated. Bradley is exploring the field, trying to come up with ideas and floundering around. You might get Warren Beatty in, as you may know. I think that once Gore drops out, or has dropped out of the race, that you will get more Democratic figures, including people who I respect personally, may come into the race. I think that would be good, because it would make a richer dialogue. And the richer the dialogue, the better.

But none of them are qualified for what we are facing now.

None of them are qualified. *They don't even begin to understand the present world economic crisis and the political as well as economic reforms which must be instituted, as if on a dime, to do that.*

Now, I will concede that I know that within the Clinton administration, and around it, people are working. They're meeting every day now. More and more of them are gathering together, and they're meeting, and they're talking about this problem which I'm addressing, and which I mentioned at the opening here.

But *none of them has the answer*. Many people understand some aspects of it, they're intelligent people, they're useful people. They can implement the job. But Clinton does not understand the problem the way I do. And I see in Europe, *no leading figure in Europe is competent to deal with this problem in a government.*

There are people in the private sector, there are people in institutions who are very competent, who are useful in implementing solutions. But they can not *craft* the solution.

In the United States, I'm the only candidate running or visible who is capable of crafting the solution to the kind of problem this nation and the world faces now.

Let me add one thing to that. The only way we're going to get out of this, is to do what was *not* done, that Roosevelt intended to do, if he had lived at the end of the war: to establish a community of principle, a just economic order among sovereign nation-states, instead of colonial powers that existed before.

If we want to pull the world out of this mess, the United States is going to have to pull China, India, Russia, parts of central Europe, western Europe, including Germany, and other countries, smaller countries of the world, together, in a bloc which says, "This existing system is bankrupt. We're going to have to shut it down, as we do in bankruptcy reorganization, as when a local bank goes belly-up, reorganize the bankrupt bank under government supervision. We're going

to have to launch a *new* international monetary system, immediately. Otherwise, we get chaos."

And I'm the only one who really understands what that is.

However, the President of the United States, by virtue of the position and the importance of the Presidency in the world, is the only place from which a group of nations such as China, India, Russia, and so forth, other nations, could be pulled together in an emergency such as we might face this fall or somewhat beyond, to create a new international financial system, like turning on a dime.

I know how to do it, I understand the problem. As far as I can see, there's no one running for high office in Europe, in the United States or other countries, who even begins to understand the problem and its solution.

Senator Neal: Is your policy isolationist?

Senator Neal: Do I understand you to be saying that if you shut down the monetary system, and whereby each country would then control its own money, are you not talking about an isolationist policy for the United States?

Mr. LaRouche: No. What I'm proposing is that the United States, together with other states, which each declare themselves to be *perfectly sovereign nation-states*, meet together and say, "We're going to do pretty much something modelled upon what Roosevelt intended to do at the end of the war, including measures such as the original Bretton Woods system, that is, using the gold reserve standard for a fixed price of currencies, no floating currencies."

Capital controls, exchange controls, financial controls, cooperation in setting up protective tariffs among nations, and trade agreements, so that instead of trying to set up a globalized system, which they're trying to run now, which is going to blow up, or trying to run an isolationist, "go-it-alone" system, what we have to do is enter into a partnership, as an equal partnership politically, with a number of nations and say, "This is what we are going to agree to among us."

Melvin Muhammad: What is labor's role?

Senator Neal: Thank you. The next question is from Mr. Melvin Muhammad, Nebraska Public Employees.

Mr. Muhammad: I want to follow up on a question. When we were talking earlier, you mentioned the role of a strong labor movement. In representing the Nebraska Association of Public Employees, which is an affiliate of AFSCME, what

role do you think unions should play, to a greater extent than they played in the 1998 election, with the “Forgotten Man” issue? What do you think we should be doing or looking for in this election from the candidates?

Mr. LaRouche: Well, I think that what happened when Sweeney moved into the leadership of the AFL-CIO, we saw that first strike which he played, together with the Teamsters, which I thought was a very good strike.

Now, in this period, where essentially the majority of the Congress is not only anti-labor, but is almost—it’s almost in the white sheets, you know, when it comes to labor—that you’re not going to have a purely economic role by the labor movement. There are some trade unionists who would like to pretend they can do that, but it doesn’t really work.

Because any attempt to even get anything approximating justice for people who work for a living, is almost a revolutionary political issue. The trend, you know, from Jesse Helms and so forth, and DeLay and so forth on down, is in the opposite direction. “Let’s dehumanize labor as quickly as possible, by reducing their wages and so forth as quickly as possible, and eliminating their jobs as quickly as possible.”

So, therefore, the labor movement has always been really a political movement. You go back to the time of Lincoln and the national union movement during the time of Lincoln. That was a purely *political* movement. It was an integral part of the Lincoln Revolution in the United States. Now, things got turned around and confused and so forth along the line.

But the idea that the person who works for a living should have some means, which is really political, for exerting influence over the conditions of wages and work, and so forth, and family life, is a very important political part.

It may not be in the Constitution, except it’s in, of course, the Bill of Rights, the amendments. But it’s a very important political institution, even though, with respect to government, it’s an informal one. It is also a way of binding people together, who as individuals tend to be fragmented, and have no political power, who, by sharing a common interest which the labor movement represents and the families associated with the labor movement represent, they now have some power, political power. They can organize votes. Influence can be felt in communities, and things of that sort.

So, the labor movement, in this crisis period, has a role which reminds us of what John L. Lewis and Franklin Roosevelt struck an agreement upon back about 1935: that in a period of general chaos among the employed and unemployed in the United States, the buildup of a labor movement was a very important political part of recreating the United States out of the mess of the 1920s and the Depression.

Today, we’re faced with a world depression. We’re faced with crisis conditions beyond belief. As you know from looking at your situations, the conditions in labor, on the street level and the family level and the community level, are beyond belief. This is not a matter of bargaining for improvements. This is a matter of struggling in a losing

cause to survive!

And unless you have a very strong labor movement, which is able to understand its proper political role within this system, in terms of the lessons of the 1930s, and rising out of the Great Depression; unless that exists, I see very little chance of successful political organizing in this country.

Now, let me put it in two ways. We have two perspectives. Probably this fall, and certainly not much beyond that, the world financial system in its present form will collapse. It will disintegrate. Nothing can save it. The only thing that can save it, is a general bankruptcy reorganization.

We have over \$300 trillion in dollar equivalent in denomination, in short-term financial derivatives and related obligations, sitting on a volume of world trade which is in the order of magnitude of \$20-plus trillion.

This entire system is hopelessly bankrupt in its present form. One of the things that will have to happen soon, or will happen but automatically, is that about \$300 trillion worth of the current financial assets and obligations of this planet are going to vaporize. That could happen as early as this fall, it could happen some time in the next year.

The only alternative is the reorganization of the financial system in bankruptcy, something more radical than Franklin Roosevelt did, but the principles are not that much different.

Now, the guy who’s going to have to do this job, otherwise it won’t occur, is the present incumbent President of the United States, Bill Clinton.

Now, he’s got a Congress that’s no good, generally. There are a lot of good people in there, and as you saw with McDade-Murtha,² you could get a bipartisan coalition around certain issues from time to time, which is really very good.

But with what’s going on in the Congress now, particularly since the November acceleration of the impeachment drive against President Clinton, the Congress has not functioned since that time.

If we’re going to do the things we have to do, we’re going to need a new Congress. *Now, under conditions of an absolute panic-stricken emergency, the President of the United States is the one guy on this planet who could pull together a number of countries to reach an emergency agreement, to have an orderly bankruptcy of the world financial system, rather than a disorderly, chaotic one. That can get us through to the next election.*

The problem is, we need a new President to continue the job, and finish the job. That means we need a change in the Congress. And I’m not just talking about Democrats or a Democratic majority. There are also some decent Republicans out there somewhere in the woods. We may not notice

2. The McDade-Murtha bill, officially known as the Citizens’ Protection Act of 1998, H.R. 3396, was intended to clean up prosecutorial abuse by the U.S. Department of Justice. In July 1998, its major provisions were inserted into a House appropriations bill, which was approved in August of that year—over strenuous objections of the DOJ.

them too frequently these days. But they're there.

We need a Congress which is committed to the principle of the General Welfare, to the Preamble of our Constitution, the fundamental law of the United States; a Congress which is committed to the conception of law of the general welfare, as President Franklin Roosevelt understood it, however imperfectly he understood it.

And we're going to need the kind of Congress, which, together with the next President, can continue the job which President Clinton must do in his term of office, sometime either at the end of this year, or the beginning of next year. He's got to do it.

But he can only take certain emergency measures, which keep the chaos away from the door, to keep things moving. Now we're going to have to rebuild the United States, and rebuild the world economy. That means a new President. In order for a new President to function, we need a new Congress.

When it comes to getting a new Congress, the labor movement is a very important political part of getting that new Congress. The labor movement is also the only thing which can give some spark and spunk to the farmers' movement, to get back where they're almost shattered.

It's a key rallying point for the so-called ethnic minorities in the United States: Hispanic, African-American, to get enough clout together among the popular constituencies of people who have no interest except the interests of the general welfare.

To get a Congress together with a President, who is committed, as Franklin Roosevelt was, to the nation-state whose only authority, as a sovereign nation-state, is its commitment to serve the general welfare. And no agency but sovereign government can ensure that's done. And that's the only way we're going to get through this. And the labor movement is a key political part of the political process which can give us some support for a new President, give us the support for a new Congress, a new composition of the Congress, which will be a Congress and a Presidency committed to the promotion of the general welfare.

Mr. Muhammad: Thanks, Lyn.

Representative James: the problem of voter participation

Senator Neal: The next question will come from Rep. Harold James of Pennsylvania.

Representative James: Thank you, Mr. Chairman. Mr. LaRouche, my question is a two-part question. And maybe you may see the answer, or one of the answers, in the second

part of the question.

At present in my district, which I represent in Philadelphia, Pennsylvania, voting participation has gone down. Voters feel as though it doesn't mean anything to vote, because their expectations are either that they're not getting what they expect in their elected officials, or they don't see that it really impacts on them.

So, what would you do as President, to help impact voters in the districts that we serve? And also, what would be your view, as everyone needs access to quality health care?

Mr. LaRouche: All right. Now, let's go back to 1861, 1861-1865. At that time, the United States was divided by two forces, principally two forces, with two conceptions of the Constitution. One was the Confederacy. And if you compare the constitution of the Confederacy—the Confederate States of America—with the Constitution of the United States, as President Abraham Lincoln understood it, *that was the essential conflict.*

You had, of course, these Wall Street bankers and some people involved there, and so forth, who were no good. And they were nominally pro-Union, but they were also terrible people. And they ruined things afterward.

But nonetheless, Lincoln's conception of what the Presidency of the United States, what the Constitution represented, is the original conception.

What Lincoln did with his revolution, was to perfect the Constitution, in terms of eliminating that "peculiar institution" of slavery.

Now, on the other side, you had a different conception of the Constitution, which is that of the so-called John Locke idea. The John Locke idea of law, is an idea which is pretty much the same as that of Hobbes: every man against every other man. It's a man the beast, beast against beast. That was the Confederacy.

If you read some of the Richmond newspapers, in the times immediately after the defeat of the Confederacy, and read that famous, or that infamous editorial, about the "peculiar institution," how the South with slavery produced gentlemen, where in the North they didn't have gentlemen—slave-owners, parasites.

What is happening today, and the Rehnquist revolution in a sense, and the Supreme Court typifies this. *When Rehnquist came in, law went out.* It didn't happen all at once, but when he came in, the law went out of the enforcement of the Constitution by the top of the Supreme Court. And it's when the few people who fought for the principles of law, who were eliminated by age and sickness and whatnot, then these guys have come to dominate the system.

So, you look at that from the standpoint of the man in the street, who may not understand exactly what's happening in these terms. But he feels the effect of it. *And the man in the street knows, that as far as he's concerned, there's no law that guarantees justice or hope for him or her.*

He understands the evil spirit which radiates from the

Rehnquist section of the Supreme Court and its friends in various places, like the Fourth Circuit in the Virginia area; they sense the fact that this is the enemy, and that the Congress is largely controlled.

When they see the President of the United States being impeached by a crooked Congress, see that rat race, violation of the Constitution, everything; people say, "It doesn't mean anything."

Where have we been going since 1968-1971? *We have been going nowhere but down, down, down, down.* And the politicians promise, but they can't—they don't deliver or they can't deliver. Or, the Supreme Court won't let them deliver.

We see the criminal justice system, or the justice system generally. We say, "Who can believe in this stinking system?" Even people in the street, who like certain politicians—like the 70 to 75% of the American voters who *like Bill Clinton.*

Nonetheless, when it comes to government, they have no confidence in government. Why? *Because they should have no confidence in the government, the way it's being run now. Because the notion, implicit notion of what law is, what the duty of the government is, is against the people. It's against their future.*

They look at their children, and they say, "What kind of a future is this kind of government giving our children? Where's the economy going? What's happening to education? What do the streets look like? What does the infrastructure look like? How about the fact that we're running out of power? How about the fact that the water systems are breaking down? How about the fact that everything is being cut, cut, cut, cut, with no sign of improvement, no sign of hope?"

You have a mood of cultural pessimism in the United States, like that which characterized Germany in the 1920s, to the rise of Hitler. It's called cultural pessimism. Our population is saturated with pessimism. Even if they like a politician, they don't trust him, because they think of the politician, "That fool can't do anything for us, even though he's a nice guy, and he's said some nice words to us once in a while. We'll vote for that fool, even though he's going to fail, because we'd rather vote for that fool than for the other fool, who will certainly be worse than failure."

And that's the way things go. Can you blame the people for this, in one sense? Not from their experience.

It is up to us, not to beg the people to become better, but to show the courage, to stop compromising our way into disaster; to provide the kind of leadership where people finally see that somebody has the guts to take the leadership to take on the devils, to shake the things up, get things moving.

I recall, back in 1939, 1940, I was an adolescent, late adolescent, in Lynn, Massachusetts. It was a town where—as I've described it many times—there was a cafeteria in Central Square in Lynn, Massachusetts. It was called Hunt's Cafeteria. And men who didn't have the price to buy a bowl of soup in Hunt's Cafeteria, would stand out in the square, in front of the cafeteria, with a toothpick, picking their teeth,

and they hadn't eaten all day. They were simply trying to keep up the pride of pretending to have eaten that day, to pretend that they had dignity.

I saw the same kind of people in 1939-1940, as the beginning of the mobilization for the preparation of World War II began. I saw these same people who had lost skills, who were almost hopeless derelicts, go into employment in these new industries, which were the so-called war industries, and so forth, begin to function. And the most that they produced the first time they were on the job, was scrap. It took six months to a year before these people whipped themselves back into shape, where they were actually productive operatives.

But from that point on, there was a rise in optimism in the American population, in confidence in the kind of leadership that Franklin Roosevelt gave, where I saw this population transformed over the period of 1939 to 1945, until the time that Roosevelt died, into a population returning to peace with great optimism.

Now, that was largely destroyed by what happened in '46 and '47, when things got bad again. But I've seen, in this—in my own lifetime, I've seen it in other countries; that where leadership responds to a situation, and convinces even people who are totally despairing that suddenly there's some hope, people suddenly change from pessimism to a more cautious optimistic view.

And when they find out that *they themselves have the ability to contribute to accomplishing something, their optimism comes back.* They think of building their families, building their neighborhoods, as they did during the wartime period.

Representative Vaughn: the stock market vs. reality

Senator Neal: We have another question for you, Mr. LaRouche, from Rep. Ed Vaughn of Michigan.

Representative Vaughn: Thank you. Mr. LaRouche, as a candidate for President of the United States, you will have to thread many needles. See if you can thread this one.

The stock market is on a roll. My friends are quite eager to invest. Every day the Dow Jones goes up, Standard & Poor's up, day-traders are rolling the dice daily, sometimes shooting. CNN reports glee; guaranteed pensions are being put aside for investment programs.

What do you say to the American voters, who, on the one hand, are given milk-and-honey stories about the economy, and who seem to have faith in the economic system, but on the other hand are now working three or four jobs to make ends meet, may have little or no health care coverage, they're strapped with exorbitant home mortgages, car notes, tank

notes—a tank is a sports utility vehicle—[laughter]—tank notes that are greatly overpriced?

And how are you going to thread a needle, to the extent that you can say to these people, that things are not so good, when you're trying to also get their votes?

Mr. LaRouche: Well, actually, the New York stock market is campaigning for my election, because this blasted thing is going to go down. The bets are around the world, that we're looking for up to 60% collapse of the New York Stock Exchange.

Now, I don't take those figures as meaning anything, they really don't. These are just the informed guesses of the leading people.

If you look at what's happening in the world today, you will see every government, including the U.S. government, and the banking system, are scraping together everything they can scrape together, in anticipation of the biggest financial collapse in all history occurring sometime between the 9th of September, and the end of the year.

That is going to happen, I don't know at what time. But, it's going to happen.

Now, what you have, is 40 million American families approximately, or something like that, who are up to their ears in mutual funds investments, which are all predicated upon fictitious financial gain related to the stock and other markets of that type. You have people who are going crazy, like compulsive gamblers, sitting as day-traders, all over the United States, like this guy Mark Barton, who did the shoot-up in Georgia.

Yes, there are people who—Ed, do you remember in 1949, the so-called Pyramid Club? In that period back then, you had a feature in *Life* magazine about this. People were on this chain-letter system. They were just betting on this thing. I saw all around me, people who were maniacally convinced that this was the way to riches for everyone. It was just exactly a copy of the John Law Bubble in France in the early Eighteenth Century, the same kind of thing that happened with the South Sea Island Bubble in England, in the same period. The same thing happened with the Tulip Bubble in the Seventeenth Century.

And yes, you have *madmen*. For example, an international psychiatric conference held in Hamburg recently, which said that these people are psychotic. *You have mass psychosis. Most people who are traders and dealing with the New York Stock Exchange, and people who are heavily invested in mutual funds, are victims of a mass psychosis.*

Now, what's going to happen, is, that's going to end. It's going to end very suddenly. We're on the verge of the point that it will happen very soon. Ecuador is being liquidated. Brazil is about to blow up. Japan is about to explode. Russia is in the process of exploding again. The Balkans is exploding. Africa is dead. Brazil is about to blow. Argentina is going under. A crazy Jacobin dictatorship has taken over in Venezuela. Colombia is being shot. The Mexican debt bubble is about

to blow. The New York Stock Exchange is on the verge of blowing. Alan Greenspan is rumored at the highest level to be about to retire before the bubble bursts. He doesn't want to be around when it happens.

In Britain, they have a law—this Emergency Act of the British monarchy, called "Operation Surety," which goes into effect on September 9, the day that the Russian crisis goes into a new phase. As of that date, Operation Surety, which is the military operation run by a body called the "commissionaires," is going to establish a potential military dictatorship in the British Isles, in anticipation of mass rioting as a result of a financial blowout.

Those are the conditions we face today. Where do we stand? This thing is going to blow. It's going to blow soon, it's going to blow before the next election. It's going to blow exactly the way I'm saying it's going to blow, and it's going to blow about the time I estimate it's going to blow.

What about all these fools out there—and I say that advisedly—who are saying, "LaRouche is wrong. This market is going up, this market is going up, you're going to see, you're going to see, you're going to see"?

Wishful dreams. This market is going to go up—well, you know what's growing, as I've said many times before: The U.S. economy is not growing; it's the cancer on the U.S. economy which is growing. And the stock market specula-

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tion, the financial speculation, is not the economy, it's the cancer.

So, when you talk about what's happening to the person who has to have three or four jobs in the family and not make what they could have made 30 years ago with one job, as in, say, the Michigan area, for example. You see that. The real economy is collapsing. Power is collapsing. Power shortages. The water systems are collapsing. Transportation systems are collapsing. Farms are going bankrupt, they're almost busted.

The real economy is collapsing. And the thing that is sucking the blood out of the real economy, is the financial economy, and that's the cancer. What you have to do, is save the economy, remove the cancer. When this cancer collapses, those of us who understood must act, must exert our leadership, and exert the fact that our views are vindicated, and these guys were wrong.

And we're going to say: "Okay, you were wrong. We're not going to punish you, we're going to try to save you. Come with us. We're going to try to save you. We're going to make sure you don't starve to death. We're going to make sure you keep a job. We're going to keep the communities functioning, the way Roosevelt would have attempted. That's what we're going to do."

And that's the thing that's going to get me elected, I think.

Representative James: quality health care

Senator Neal: Mr. LaRouche, Rep. Harold James has reminded me that you did not answer a portion of his question dealing with health care. Would you like to restate that again, Mr. James?

Representative James: Thank you, Mr. Chairman. Yes, Mr. LaRouche, if you can just answer. What steps would you take to ensure access to quality health care for everyone?

Mr. LaRouche: The first thing: I would put the HMOs into prison. I mean, this system of Wall Street bankers who are making millions out of the blood and bones and death rates of especially pensioners and the ill — this is mass murder. And it's all being done for Wall Street's benefit, that is, so that these financial sharks, who took over the health insurance programs, and so forth; who want to take over Social Security, too, with privatization.

Privatization should be better called "privateer-ization." Just like pirates take over the local town they've occupied. *They're killing people!*

Now, what we have to do is kill this thing off. Take this bill in the Congress now, ram it through; don't let these hardheads who are trying to prevent people from suing these companies for murder — which is what it is — succeed.

You take a person whose life depends upon certain care that's available, and you say they can't have it, because some shark who owns some financial company wants to make more profit out of the health insurance business, so that person must die to make profit for this guy who's nothing but a shark, a parasite? No, that's not allowable.

We have to get rid of these programs.

What we have to do, is go back to the philosophy of Hill-Burton health care program. We have to have a national policy, as Hill-Burton specified, where the Federal government, the state government, the local communities, and private physicians and private institutions, collaborate to ensure that every community in the United States, is capable of providing a health care standard suited to its population. That's the only way to do it.

And it has to be the principle of general welfare. Every human being has certain rights, which are related to the general welfare, not only of themselves, but their posterity. That must be the basis for law and for policy thinking in this area.

Hill-Burton, which was a highly successful program until it began to be taken down in 1975, is the model. It should have gone faster, but it was good as far as it went. We have to restore it, we have to get these HMO sharks out of the business, put the thing back on an honest basis. That, in short, is what we have to do.

Assemblyman Ortiz: bilingual education

Senator Neal: The next question we have for you, Mr. LaRouche, is from Assemblyman Felix Ortiz from New York.

Assemblyman Ortiz: Thank you, Mr. Chairman. It's a very direct question, and it's regarding bilingual education. I just would like to know, what is your position on bilingual education?

Mr. LaRouche: First of all, in the United States everyone should have a literate form of English education. That also, in the case of the Hispanic populations.

Well, the obvious thing to do, if they have a second-language skill, is to also have a quality education in that language.

Look, just take Cervantes, particularly *Don Quixote*, which has some very magical qualities to it. And if people can understand that, a student can understand that, they are going to begin to think in better terms. And therefore, what you need is not bilingual education, fine. But you have to have an education, a meaningful education, for a dialogue within a country for a common policy. But you also have a right and an obligation, to deliver second- and third-language capabilities on a literate basis to those populations.

Obviously, if you have an historically Hispanic, Spanish-

speaking family, you want to, as in the case of people from Puerto Rico, you want to elevate the quality of their Spanish, at the same time you teach the language.

It's a long story, Felix. But this goes back to the question of cognition. The actual cognitive functions of the mind, are not located within the explicit language. Rather, they come from *behind* the language. And it's those cognitive processes of the mind which do not flow from the language itself, which you have to develop.

But the language used is the medium by which people communicate from the cognitive processes of one mind to the other mind. And thus, take the case of the Hispanic-American, or the Chinese-American, a different case. Or Korean-American.

What you have to do, is take from what is their family language, bring that family language up to the highest possible cultural standard, at the same time they learn the English language.

Representative Towns: the Federal Reserve

Senator Neal: The next question we have for you, Mr. LaRouche, comes from Representative Joe Towns of Tennessee.

Representative Towns: Thank you, sir. Mr. LaRouche, two questions.

Do you think, first, the American money supply should continue to be controlled by a group of private citizens, or thugs, if you will, or should it be controlled by the American people through the government of this country?

Mr. LaRouche: I am for the repeal of the Federal Reserve System, which is a racket invented by the banker for King Edward VII of England. It's an imported monstrosity which should never have existed.

The policy of the United States has always been national banking. That is, the source of the currency of the United States should be *only* as provided under the original Constitution: the power of the Congress to enact a bill on request of the President and the Secretary of Treasury, a bill which authorizes the issue of U.S. currency notes, which are the non-interest-paying debt of the Federal government.

These currency notes are then loaned through the Federal and the national and private banking system, for useful purposes at low interest rates. That national banking policy, as understood by the first Treasury Secretary, Alexander Hamilton, and others, is the proper policy of the United States.

The Federal Reserve System is a method by which a syndicate of private bankers, powerful, super-powerful private bankers, intermixed with and almost inseparable from the

clearinghouse banks of the Bank of England, control the credit and currency of the United States.

That is wrong. That should be repealed. Under the present crisis, when the Federal Reserve System goes belly-up, as it will under its present circumstance, we're going to have to use the power of Congress to put the whole thing under reorganization, establish national banking by a national banking act with the Congress, introduced by the President, introduce the methods of national banking to provide the credit necessary to get this economy back into motion and growing.

Representative Towns: How can you campaign from Germany?

Representative Towns: Mr. LaRouche, second question. To those citizens in the United States that see you possibly as being a citizen of Germany, because you're there so much, what is your response to them, and how do you run for President by being in Germany for an extended period of time?

Mr. LaRouche: Well, I happen to be here at this time because I had a little health problem. And I'm in the process of cleaning up the mess which this caused. But that's about it. And I think that many people may spread gossip.

But I'm probably the most patriotic American there is. But one has to recognize that the United States was created from Europe, by Europeans. Not just by immigrants.

When things got bad in Europe, and there was no chance, in the view of people of that time, back in the Seventeenth and Eighteenth Century, of building a true republic in any part of Europe, those Europeans who sought to build a republic to replace the oligarchical system, used their influence and power to assist the patriots of North America, in creating a U.S. republic.

This U.S. republic was intended to serve as a vehicle, an example, and an influence to outflank the oligarchical systems of Europe, to make possible the spread of true republics, like the United States, into Europe itself and beyond.

This was the policy of the United States under, for example, Presidents or Secretaries of State—President Monroe, for example, whose Secretary of State was John Quincy Adams. It was the policy of President John Quincy Adams. It was the policy of every patriot, including Lincoln; of Garfield; of Blaine, the famous diplomat from Maine; the policy of McKinley. It was essentially the policy of Roosevelt, Franklin Roosevelt. Jack Kennedy was moving in that direction. He had some understanding of this, and he was moving in that direction. He was a very bright guy.

I think Clinton actually will have a similar view. Though he's a different kind of personality than I am, he's a very intelligent guy. And despite what I consider some of his shortcomings and weaknesses, he does understand this problem.

I do. *Any American who understands the truth about the history of the United States, will defend absolutely the sovereignty of the United States.* I'm certainly probably the best patriot among all candidates for the Presidency. And I could prove that. And I'm willing to debate it any place.

But you can not have this sense that we, our nation, built ourselves. We did not. We are a product of European civilization, predominantly. We are a product of those benefits. We were brought into being with the assistance of those in Europe who sacrificed and worked to make this republic's existence possible.

I am a defender of that tradition. We're not going to deal with the world all by our lonesome. We're going to have to find reliable partners in various parts of the world. Where they don't exist, we're going to have to help create them, that is, by fostering their development. And if the United States, western continental Europe, China, India, Russia, other parts of the world, some of our friends in South and Central America, are going to have to work together to create the kind of world of patriots, sovereign nation-states, which works together for common purpose, and for common defense and for common security.

Representative Jackson: What about the draft?

Senator Neal: Mr. LaRouche, we've got one final question, unless it's one of those burning questions that's going to change the world. And I think we have one. So, we have a couple of more questions, and then we're going to let you make your closing statement to us.

The next would be Tom Jackson of Alabama.

Representative Jackson: Thank you, Mr. Chairman. Mr. LaRouche, I would like to address this question. It's concerning national defense as it relates to our military, our Armed Forces. Since we cannot recruit men and women to meet our quotas, do you think that we should reinstitute the draft?

Mr. LaRouche: I'm not essentially for the draft. I do believe that a national military service program, which was the policy implicitly of the founders of our republic, is the correct policy. I do not believe in having elite armies alone, to do the national defense.

I believe that the power, the military power and other power of the nation, must lie in the hands of its people, under qualified leadership.

This was something that was fought for in the United States in our creation of our republic. It was fought for in France, by people like Lazare Carnot, one of the greatest military minds of the past couple of hundred years. It was

established in Germany by the great reformers, such as Gerhard Scharnhorst, in establishing that system, which won the Liberation Wars against Napoleon.

And that's the way to do it. The citizen-soldier is the backbone of national defense. And I think we should have a national defense system with universal military training and universal military service. And that's right. That's the democratic way of doing things, under, of course, competent professional leadership.

Melvin Muhammad: the Information Age

Senator Neal: The next question will be coming from Mr. Melvin Muhammad, the president of the Nebraska Public Employees Association.

Mr. Muhammad: Thank you, Mr. Chair, and thank you, Mr. LaRouche. My final question: In recent days, I was talking with a friend of mine, and we spoke about three things. The first wave in this country was toward agriculture; the second wave was toward the industrial; The third wave has been the informational aspect of our world. Do you see the emerging markets, such as the Internet, playing a major role in your campaign for President, and in future campaigns for the Presidency or any other national election?

Mr. LaRouche: Well, I'll just say two things. First of all, the idea of an "Information Age" is a bunch of bunk. There is no such thing.

However, the Internet is going to be a lot of fun. You know, we're very active in terms now of the website, my campaign organization.

What is happening is an interesting phenomenon which is frightening some people, particularly the bad people. And that is, with the control of public opinion by the mass media, the controlled mass media, the fact that you can have an informal mass media arising out of the electronic Internet and other kinds of things, does create a new kind of force of democracy in the election period. And that, of course, is very significant.

Mr. Muhammad: Thank you.

Representative James: officials' concern about re-election

Senator Neal: Okay. The next question we have is from Mr. Harold James of Pennsylvania.

Representative James: Yes. Mr. LaRouche, again, thank

you for your time and my final question is. . . . Well, let me first preface it by the fact that, once we are elected to office, there's a growing concern, once we become elected officials, on being re-elected. Even though we serve our communities and our constituents, we have that edge that always says, "How can we get re-elected?" Presidents have that urge. So, what is your view on the idea that the President be a one-term President, serving for a period of six years?

Mr. LaRouche: Well, I intend to be a one-term President, but I don't intend to have any such revision in the Constitution. I think the problem of elections and re-elections, is, as you know and all those who deal with politics on the state level know, the important thing is to have a constituency, and to perform for that constituency. And then trust them. If you get re-elected 20 times, that's good. They'll want you—if you earn it.

Senator Neal: Okay. Do we have anyone else? Mr. Bill McCann.

Bill McCann: I just want to follow up on what you said, Mr. LaRouche. I would take it, then, you do not support the concept of term limits for other elected officials?

Mr. LaRouche: No, it's nonsense. Let the people judge what they want. Let the people judge. And take it out of the news media. The big money problem is the problem.

If you left it up to the people, and if the standard would be to elect on his performance, well the guy who is elected the most often is probably the best one. And if he's a good one and he's not re-elected by the voters, well, he's going to say, "They're going to learn their lesson," and they may re-elect him later on. That's the democratic way, isn't it?

Bill McCann: Yes.

Representative Towns: Who will your running mate be?

Senator Neal: I guess we must be enjoying your answers here, Mr. LaRouche, because we've got another person who wants to ask you a question: Joe Towns of Tennessee.

Representative Towns: Thank you. This is the final question from me as well. Have you decided who your, or possibly some of your Vice Presidential running mates may be? Who are they?

Mr. LaRouche: I haven't thought of that at all at this time. I think it's a little early. What I want to do, is get some people into the race, get Gore out, get some serious Democrats in the race, and have some real debates, real—and thrash this

out, and let's look at some of the people who want to run. Let's see what they have to say, let's see how they respond to the issues, and let's decide. We can make up our mind in due course.

I'm not shy about answering the question, but I think it's improper to try to answer the question now. I think it's too early in the game.

Conclusion

Senator Neal: Are there any other questions from the panel? Well, Mr. LaRouche, we seem to have run out of questions here. At this time, I would permit you to have a closing statement, and you might proceed.

Mr. LaRouche: Well, I don't have much to say that I haven't said. [Laughter.] I have a lot to say that I haven't said, but I don't—

Senator Neal: Okay, well enough.

Mr. LaRouche: —for this purpose, I can only say I'm very delighted to have been with you, to visit with you. This is the kind of thing I sort of enjoy.

Senator Neal: We have enjoyed your answers, sir, and we thank you very much for permitting us to engage in this dialogue with you.

Mr. LaRouche: Maybe we'll get to go across the country with this model.

Senator Neal: Thank you.

Mr. LaRouche: Good. Thank you.

Senator Neal: We now turn it back over to Debbie.

Debra Hanania-Freeman: Well, I really want to end in the way that I started. Thank all of you. I think you guys were great. And I think your questions really showed why your constituents have put you in the position that you're in. So, I thank all of you, on behalf of all of us here, but really I think on behalf of the American people. I think you performed a real public service here today.

And then finally, what I will do, before the end of—probably before the end of today—is I will, on a blank piece of stationery, just furnish all of you with a letter, which is a formal invitation to the other two Democratic candidates, asking them if they would like to engage in the same process, and you guys can handle it as you choose. And we will try to do everything we can to make sure that it happens.

But again, I thank you all very much. And thank you again, Mr. Chairman. You were a wonderful chairman.

Senator Neal: Thank you.

British pyromaniacs light war fires in Eurasia

by Mark Burdman

The British monarchy, its Blair government, the British Foreign Office, and other leading British institutions, are on an intensive mobilization to ignite a series of conflicts across the region comprising Central Asia and the Caucasus. *EIR* detailed the historical and strategic background to this war push in its Sept. 10 *Feature*. Last week, we reported on the statements to a journalist made by Royal Family adviser Martin Palmer, stressing Britain's "absolutely fundamental" commitment to the break-up of large countries, such as Russia and China.

Since then, we have received further evidence that a hard core of British agents and agents of influence have been involved in frantic efforts to steer U.S. policy into this "British geopolitical" direction. Prominent among such operatives, are former U.S. National Security Adviser Zbigniew Brzezinski, who foresees a bloody "Eurasian Balkans" as the future of this region; and Harvard University's Samuel Huntington, who pontificates about a so-called "crisis of civilization" bringing about wars and destabilizations in Eurasia.

These and allied policy-makers have been collaborating with the British in a repeat of the 19th century "Great Game" to destabilize the Caucasus and Central Asia. Their activities extend back 25 years, when the Trilateral Commission met in Kyoto, Japan, in 1975, and worked out the basis for what Brzezinski and Huntington defined as "the crisis of democracy," a euphemism for a new era of unrest and destabilizations.

'Strategy of divide and rule'

During a Sept. 23 discussion, a British academic specialist on the Caucasus, who has been involved in several British government-funded "research projects" in that region, insisted that the real core of British policy, whatever might be acknowledged in public, is a traditional "divide-and-rule"

policy for the Caucasus-Central Asian region, including support for the independence of Chechnya, the autonomous republic of the Russian Federation, located in the northern Caucasus.

The specialist told *EIR* that "Britain would like to see Chechnya independent. We would like to see Russian control weakened. We are strongly committed to seeing oil from Azerbaijan, a country in which Britain is heavily involved, go through Georgia and then through Turkey, rather than through northern routes. Of course, we would never support Chechen independence in public, as it is technically Russian, and the Russians would regard such a move as gross interference in their foreign affairs. They might retaliate, by demanding independence for Northern Ireland, or attaching Northern Ireland to Ireland, or demanding that the Falklands [Malvinas] be given back to Argentina. But *privately*, I can assure you, there is considerable support here for Chechnya and Georgia."

He continued: "The Foreign Office here would like to see less Russian influence, not only in the Caucasus, but also in Central Asia. There should be no Russian monopoly in such sensitive regions. One reason is because of the oil and natural gas. But there is a deeper reason: We have long-standing relations with Chechnya and Georgia, dating to the 19th century, and our strategy of divide and rule. We wanted to ensure that the Ottoman Empire wouldn't collapse, and that Germany and Russia would not take over, in the vacuum. Today, as well, we are committed to the policy that not one power should prevail, especially given the oil and natural gas in the region. After all, keep in mind that *British Petroleum is very much part of the British government, and the British government actively supports British Petroleum*. We are deeply concerned about the energy situation, not only in the Caucasus, but also in Central Asia, especially as concerns Uzbekistan and Kazakhstan, and, increasingly, Turkmenistan."

This source went on: "Britain and the United States must be careful, not to be seen working with the Islamists, against Russia. But our two countries share the same objective, to expel Russia from these regions."

He concluded, by stressing the absolute importance to Britain, of Uzbekistan, as the most important "player" in Central Asia, more important than Kazakhstan. "Uzbek leader Karimov is the central player in the region, and Uzbekistan is the most important country."

Thatcher, Bush, and Nukhayev

British support for the Chechen "independentists" and Northern Caucasus-centered "Islamic rebels" committed to the destruction of Russia, is hardly theoretical. Rather than focus on the "Wahhabist" foot-soldiers, the informed observer is advised to look at *direct British ties* to the financing of the anti-Russian "rebellion" in the northern Caucasus.

A very well-informed Russian Orientalist told *EIR* that what must be looked at, is the chief Chechen financier of "rebel-independentist" operations, one Hozhahmed Nukhayev, a former Chechen First Deputy Prime Minister, whose cooperation with Thatcherite circles in the British Establishment, has been reported in *EIR*, most recently in our Sept. 10 issue (p. 42). According to the Russian source, Nukhayev covertly collaborates with Saudi Arabian terrorist bankroller Osama bin Laden, an individual with his own extensive and murky links to British intelligence. Nukhayev's operations overlap those of individuals involved in the recent destabilizations in Kashmir, through links to the Afghani Taliban and to Pakistani politico (and former cricket star) Imran Khan, the son-in-law of the late Sir James Goldsmith. The Russian Orientalist said that Khan has been involved in some nasty activities inside Pakistani, aimed at blowing up the Kashmir situation yet again.

According to the Russian source, "the financial empire of the late Goldsmith is critical to understand what Nukhayev is doing. From that, you would understand the modern-day continuation of British operations that go back to an earlier period, such as when 'Great Game' bigshot Lord Curzon was building his Caucasus and Transcaucasus networks during and after World War I."

The "Goldsmith connection" to Nukhayev runs deep. In mid-October 1997, several leading British figures visited Grozny, capital of Chechnya, to sign a "protocol of intentions" with Nukhayev, the latter the president of an entity called the "Caucasus Common Market." The British figures included Lord McAlpine, who had served, on appointment by Thatcher, for 15 years as treasurer of Britain's Conservative Party, but who then agitated for the election of Tony Blair in 1997. In 1996, McAlpine became chairman of the Goldsmith-launched Referendum Party. Other figures in the delegation included Imran Khan; Francis Pike of Peregrine Investment Holding Ltd., a large investment company in Southeast Asia, linked to Goldsmith through marriage; and Patrick Robertson,

a political consultant who had served as personal director and aide to Sir James Goldsmith.

On Nov. 11, 1997, a Caucasus Investment Fund, the main financial body of Nukhayev's Caucasus Common Market, made its presentation in London. The Fund's co-founders included Nukhayev, McAlpine, and Pike. Before the presentation, Nukhayev met with Baroness Thatcher and a group of about 20 leading financiers and bankers in the City of London. Members of the Goldsmith family gave a gala dinner in Nukhayev's honor.

Meanwhile, Nukhayev was the head of a Caucasus-American Chamber of Commerce, set up in Washington in 1997. Head of the Chamber's executive committee became Frederick M. Bush, former U.S. Ambassador to Luxembourg and a fundraiser for, and close associate of (although no family relation to) George Bush. A Chamber "group of experts" prominently included former Soviet Foreign Minister Boris Pankin, a man with his own array of very suspicious international connections, especially from the days he served as Soviet ambassador, first to Sweden, and then to Great Britain.

The British hand in strategic destabilization of Eurasia has become so visible, that even a Russian TV anchorman discusses it in those terms. The Sept. 20 broadcast of the ORT channel's program "Odnako" ("However") moved from a summary of Brzezinski's current trip to Tbilisi, Georgia, as an attempt to recruit Georgia into the game against Russia in the North Caucasus, into a summary statement that in the ongoing "money-laundering" scandals, "British Intelligence admits it has successfully played the United States against Russia."

'With Foreign Office encouragement'

The British oligarchs are moving on other fronts, respecting Eurasia.

EIR has learned that a British Parliament "Central Asia Group" has been set up during the past months. According to its chairman, James Cousins, a Labour parliamentarian from Newcastle, the aim of the Group is to "strengthen British relationships with the five former Soviet republics of Central Asia." He said that the Group was "set up with the encouragement of the British Foreign Office, which sees it as a good initiative." He also reported that the Parliamentary Group is "connected with energy and construction projects in Central Asia. We have good relations with the major British energy companies, especially British Petroleum and British Gas, who are very active in this region. . . . We are also involved in what can be called 'the great debate over pipelines,' which is especially important given the present events in the Northern Caucasus."

The vice-chairmen of the Parliamentary Central Asia Group include Viscount Waverley of the House of Lords (see article, p. 60), who has long-standing involvements in Uzbekistan, and the House of Commons' Maria Fyfe, an MP from Glasgow, Scotland, who has recently been in Uzbekistan.

New British 'big lies' target Russia, Germany, and United States

by Jeffrey Steinberg

If you ever suspected that rogue elements of U.S. and other Western security services had a hand in the assassination of President John F. Kennedy, then you are either “a purveyor or a dupe of Soviet KGB disinformation.” And if you ever spread the nasty word that the late FBI Director J. Edgar Hoover was a homosexual, then once again, it’s the KGB that has tapped into your brain and steered you into character assassination of one of the great, shining heroes of the Cold War.

These are just two of the more ludicrous “revelations” about the Soviet KGB put forward by British intelligence’s trustworthy poison pen, Christopher Andrew, in his latest ghost-write of a purported “highlevel KGB defector’s personal story,” *The Sword and the Shield: The Mitrokhin Archives and the Secret History of the KGB* (Basic Books, New York, 1999). Based, purportedly, on 25,000 pages of type-written and handwritten notes composed by former KGB archivist, Col. Vasili Mitrokhin, over a ten-year period, up through his “retirement” from the KGB in 1984, the “Mitrokhin Archives” have been received with great fanfare by the British media, and by the predictable gaggle of American TV news magazinists, who are always suckers for a well-woven tale, especially when it is based on allegedly stolen or smuggled documents.

Never mind that Mitrokhin produced nary a page of actual KGB documents—merely his own notes. Never mind that, as Lyndon LaRouche reports in an accompanying statement released by his Presidential campaign committee on Sept. 21, 1999, the book is a pile of fictionalized “b.s.,” with a few scant kernels of corn to keep the starving mole-chasers coming back for seconds.

Strategic purpose

Buried in the public fanfare that greeted the release of the 700-page psy-op, are clues that the “Mitrokhin Archives” are part of a move by factions of the British oligarchy to launch a major disruption of relations between Russia, the United States, Germany, and other nations, at the very moment when British intelligence is waging a covert war to dismember Russia, Indonesia, and, eventually, China—even if it drives the

planet to the brink of a nuclearized World War III (see article on p. 42).

On Sept. 19, the London *Sunday Telegraph*, the flagship of the British monarchy’s favorite press cartel, the Hollinger Corporation, revealed that the decision to “release” the Mitrokhin papers to the general public was made by the Conservative government back in 1996. Foreign Minister Sir Malcolm Rifkind authorized the security services, MI5 and MI6, to provide the documents to Cambridge University history department chairman Christopher Andrew, the semi-official historian of the British Secret Intelligence Service, so that he could weave the material into a book-length account of the exploits of the KGB. From the moment that Rifkind authorized the project, a standing committee of government mandarins, from the Home Office, the Foreign Office, the Cabinet Office, and MI5 and MI6, maintained tight supervision over the Andrew-Mitrokhin effort.

Given Britain’s obsession with secrecy, and given the monarchy’s direct control over the British security services, it is preposterous for a thoughtful adult to view the Mitrokhin “revelations” as anything but carefully tailored “new lies” aimed at furthering British imperial aims.

The selection of Christopher Andrew as the monarchy’s “friendly ghostwriter” offers the second clue as to the broader purposes of the exercise. Andrew’s quasi-official *Her Majesty’s Secret Service: The Making of the British Intelligence Community* assiduously covered up the existence of the Anglo-Soviet Trust, the monarchy’s longstanding collusion with factions of the Soviet leadership, through such British “triple agents” as Sidney Reilly, Bruce Lockhart, Kim Philby, et al.

Furthermore, longtime readers of *EIR* will recall that our Dec. 14, 1990, issue featured a lengthy review of an earlier disinformation book by the same Christopher Andrew, this time in cahoots with KGB defective Oleg Gordievsky. Andrew and Gordievsky have since teamed up to pen two more volumes of fractured fairy tales about the exploits of the KGB.

The 1990 volume, *KGB: The Inside Story of Its Foreign Operations From Lenin to Gorbachov* (New York: Harper

Collins) principally aimed at spreading the lie that, in the autumn of 1983, the Soviet government was moments away from launching a pre-emptive nuclear strike against the West, based on the paranoid delusion that Ronald Reagan's Strategic Defense Initiative (SDI) signified U.S. plans to stage a nuclear attack on Moscow at the earliest possible date.

In fact, as *EIR* had revealed, Gordievsky, a long-time British intelligence "mole" inside the London KGB station,

had been used by the government of British Prime Minister Margaret Thatcher, in 1983, to dissuade President Reagan from going aggressively forward with the SDI proposal, as devised by Lyndon LaRouche, which focussed on *U.S.-Soviet collaboration* to create a global shield against nuclear missiles and end the tyranny of Leo Szilard and Bertrand Russell's nuclear terror doctrine of Mutually Assured Destruction (MAD).

The KGB librarian hoax

This statement was issued on Sept. 22 by Democratic Presidential pre-candidate Lyndon H. LaRouche, Jr.

A recent book by an Oxbridge Professor, Christopher Andrew, pretends to unveil a wonderful story of Soviet spies galore, allegedly caught red-handed. The basis for this hoax is allegedly a collection of documents conduited into Britain by a former KGB librarian, one Vasili Mitrokhin. No elaborate investigation is needed to show that the Andrews book is a hoax, basically a manure-pile of frauds with a few kernels of fact included to assist in deluding the wishfully credulous.

The circumstances are sufficient to prove conclusively that the Mitrokhin legend is a British intelligence services' concocted hoax. Unfortunately, the hoax is of the type likely to be treated as fact by some American fools in the Congress or Vice-President Al Gore's cronies of the Principals Committee.

Look at the bare facts, as reported by Professor Andrew and other relevant British sources themselves. The following items are crucial for assessing the story being spread. The crucial facts are as follows:

1. According to Professor Andrew, et al., Mitrokhin, a KGB librarian, approached first U.S. and then British intelligence services, offering to defect to the NATO powers. Ostensibly, the U.S. turned down this worthless creature, but the British Foreign Office, true to its Benthamite heritage, took a different view of the matter. The Foreign Office is an expert in the business of salvaging something salable from even mere trash.

2. Mitrokhin defected as arranged. But, according to the British account, he left a treasure-chest of papers, tucked under his dacha, back in the Soviet Union. The tale continues, reporting that it was none other than British MI6's celebrated Tomlinson who retrieved that chest of papers, and brought them to Merrie Olde England.

3. The British do not claim that these papers were KGB

documents, but, rather, personal papers on which Mitrokhin made note of his knowledge of certain actual KGB documents. Immediately, the competent U.S. counterintelligence specialist begins wondering about the dating of the writing of the original note-papers which Tomlinson presumably delivered back to Merrie Olde England. Anyone wish to volunteer to pick out the kernels of corn from a stinking manure-pile? Maybe avowed manure specialist Al Gore?

4. Things then become, as Alice said, "curiouser and curiouser." "Why wasn't this reported!" screamed the British parliamentarians to the offices of MI5. "All these years?" they are reported to have pointed out.

5. It might appear that Oxbridge had suddenly revealed entire nests of Soviet spies which MI6's work had identified, and for whom MI5 had covered up all these passing years. Are you fool enough to believe any of this?

6. If you were seated at a banquet, and a British Oxbridge type, disguised as a waiter in full dress, were to deliver such a plateful of manure to your seat, might you not challenge the purported innocent waiter, at the very least, "Why you bring this crap to the table just now?"

7. Let us all suddenly grow up. The Blair monarchy, abetted by fools among both Bush Republicans and Gore Whatevers, are engaged in escalating the global strategic situation along the lines repeatedly proposed by lunatic Zbigniew Brzezinski and his political "Leperello," Samuel P. Huntington. The highly artficed Mitrokhin Flap is purely and plainly one of those hoaxes, even less believable than the Gordievsky swindle, which comes along whenever British sheep-herders take to stampeding enrageable American political sheep.

Watch carefully now! Watch to see which mass-media channels, which foaming-mouth Republicans, and which Gore cronies are going to now quote the Mitrokhin papers of Professor Andrew as authority for another anti-Russia, anti-Clinton scandal? Down the line, the possibility of actual exchanges in nuclear weapons, in the Central Asia theater, and even beyond, are waiting to greet the fools, perhaps at the Gates of Hell itself.

The hysteria in London over President Reagan's March 1983 adoption of the LaRouche plan prompted the British to activate a wide range of crown assets, such as former U.S. Secretary of State Henry Kissinger, to not only silence LaRouche, but to ensure that under no circumstances would the U.S.-Soviet SDI cooperation move forward. Then-Vice President George Bush and his sidekick, White House Chief of Staff James Baker III, moved mountains to subvert the President's SDI policy; a British "charm campaign" was launched into Moscow, to ensure that the Reagan-LaRouche SDI proposal was rejected.

The 1990 Andrew-Gordievsky book, in short, was part of one of the most significant British *strategic maneuvers* against the United States in the post-war period.

The current hoax

The latest Andrew hoax, the "Mitrokhin Archive," is aimed at launching what might be called a "reverse McCarthyite witchhunt." Like Roy Cohn's alcoholic Senator of 1950s "red scare" infamy, Mitrokhin purports to be in possession of his own handwritten lists of the names of thousands of Soviet KGB "moles" who successfully operated in the West throughout the World War II and Cold War epochs. Indeed, Mitrokhin's "red-hot list" suggests that Franklin Roosevelt was virtually surrounded by Soviet spies, and was on the verge of turning the State Department and the Treasury Department over to Moscow moles. And the Bretton Woods conference in 1944 was the handiwork of Stalin's top spy in America, Harry Dexter White.

By Andrew's account, Mitrokhin was the KGB librarian with access to every file on every foreign intelligence operation launched by the Soviet secret services from the time of the early Bolshevik Cheka through Yuri Andropov and Mikhail Gorbachov. To satisfy the skeptics, the *Sunday Telegraph* informed its readers on Sept. 12 that one senior British expert on intelligence confided that Mitrokhin was more important than the head of the KGB himself: "Even if the head of the KGB had defected," the unnamed expert noted, "he would not have had as much information as Mitrokhin. The head of the KGB would not have spent 10 years in the archives copying out material. What any human being can remember is necessarily limited. But MI6 managed to get Mitrokhin and his six crates of documents out of Russia."

The "Mitrokhin Archive" has been purportedly shared, courtesy of MI6, with the relevant security services in the United States, Germany, France, Italy, etc.—and in every instance, they have provoked spy probes, implicating top-level politicians, defense contractors, and intelligence officers.

According to the Mitrokhin fibbery, the Soviet spy service was so effective that:

- they were able to dupe millions of Americans into believing that there was a conspiracy behind the assassination of President John F. Kennedy, orchestrated by the CIA and by right-wing oil interests. One gem, produced by KGB forgers,

was a handwritten note from Lee Harvey Oswald to former CIA case officer E. Howard Hunt. Never mind that the actual disinformation campaign, to conceal *the British hand* behind the Kennedy murder, was led by Lord Russell and senior British intelligence hand Sir Hugh Trevor-Roper.

- they were able to discredit FBI director Hoover as a homosexual who turned the Bureau into a "queer" parlor.

- they were able to steal virtually every U.S. defense-related secret and maintain nuclear weapons parity with the West strictly on the basis of their espionage prowess.

- they were able to establish networks of Soviet moles-in-place throughout the United States, who were prepared, on command, to bring the U.S. economy to its knees, by sabotaging everything from the entire electrical power grid of New York State, to the water supplies of most major American cities. Booby-trapped stockpiles of bombs and weapons, to be taken up by Bolshevik insurgents, dotted the American landscape.

For all of his 25,000 pages of personal notes and all of his tales of larger-than-life KGB successes, Mitrokhin failed to even mention such real-life KGB assets and allies in the West as the late Armand Hammer, the late Averell Harriman, and the later crop of collaborationists, including whiskey baron Edgar Bronfman, the personal distiller of the East German "Stasi," and grain cartel boss Dwayne Andreas. And, in the Mitrokhin-Andrew account, "Kim" Phily and the Cambridge Five remain true-blue Soviet communists who betrayed all things British. Pure rubbish.

One must ask Sir Malcolm Rifkind, Christopher Andrew, and the MI5 and MI6 mandarins who purportedly vetted the Mitrokhin archives: Have they established exactly when the so-called handwritten and typed notes were prepared? Was the paper purportedly retrieved from Mitrokhin's *dacha* hiding places ever tested for authenticity of the dating?

Target: Primakov

Ghostwriter Andrew capped off the Mitrokhin fairy-tale by revisiting a theme first struck by an earlier KGB defective, Anatoli Golitsyn: The big bad KGB is alive and well, and still making trouble for anyone in the West naive enough to seek cooperation with Moscow. Indeed, cooperation with Moscow is, by its very nature, impossible, writes Andrew—not because of the Soviet matrix, but because Russia is, was, and always will be a part of the Orthodox East, deeply hostile to the outlook of the West.

And who does Andrew single out as the personification of the continuing KGB reign of terror and the Russian hostility to all things Western? Why, Former Prime Minister Yevgeni Primakov, the man London fears may be elected as the next President of Russia.

The lesson to be drawn from the still-unraveling Mitrokhin hoax? Don't be fooled by cheap sensationalism—especially cheap sensationalism brought to you by the British monarchy and Her Majesty's secret services.

Congratulations to the People's Republic of China on its Fiftieth Anniversary

Messages from Lyndon LaRouche and Helga Zepp-LaRouche

To the President and People of China:

Today, as we celebrate the Fiftieth Anniversary of the People's Republic of China, the world as a whole is gripped by the most perilous of all those crises which have erupted during the past hundred years.

The world is gripped by the onrush of the most monstrous financial crisis in all known history of mankind. We do not yet know which week or month will see the collapse of that system, but the crisis is systemic, and will strike with great force soon. At the same time, the world's leading financial oligarchy has been driven mad by the oncoming doom of its financial system. Since August of last year, we have experienced the eruption of an escalating series of military adventures. These adventures have been conducted by forces which are powerful enough to create terrible destruction, but which lack either the means or wisdom to win the outcome of the military aggressions which they are unleashing upon an increasing number of targets around the world.

Thus, we live in a time of vast financial crises, wild

military adventures, and other expressions of a desperate ruling financial oligarchy driven mad by the onrushing doom of their hegemonic system.

It is a time when those among us who have the wisdom to do so, must join efforts to establish a just new world economic order among sovereign nation-states. Let it therefore be our common statement of purpose, that fifty years from now, the world shall not only have survived the present crisis, but we shall have that peaceful order of cooperation among perfectly sovereign nation-states for which so many among us, and our ancestors, have waited and struggled so many centuries.

I would hope that I, for my part, must succeed in contributing to the birth of China's natural friend and partner, my United States, which is the United States which President Abraham Lincoln described in his 1863 Gettysburg Address.

—Lyndon H. LaRouche, Jr.
Candidate for the 2000 U.S. Presidential
nomination of the U.S. Democratic Party

To the President and People of China:

Who can doubt the magnificent contributions of Chinese culture to universal history over the last 5,000 years? Again and again, Chinese creative genius has produced treasures in painting, in poetry, in sculpture, and many other areas, which instantly instill love in all to whom they are known.

In a similar way, China has proven, especially in the last twenty years, that it has done more for the human rights of its own population by overcoming poverty, than any other country, but surely more than those who have criticized China for supposed violations of human rights. If one looks at the true motives of some of the critics of China, one is reminded of the famous hypocrite Plato discusses in Book II of his *Republic*, who argues, that the greatest injustice brings the greatest benefit, as long as one can present it as the greatest justice. This hypocrisy is charac-

teristic of many of the western institutions, who pretend to be the defenders of human rights, while their policies, especially in the field of economics and finance, have thrown large parts of the world into misery.

Today, China is the most important defender of national sovereignty, and therefore, of the concept which is the only defense of individual rights against supranational and imperial attacks.

May China be successful in its economic policies and its endeavors to bring the living standard of all of its people up to a modern level. May China be successful in benefiting from 5,000 years of its history, to initiate a new Renaissance based on science, technology, and culture. This will be an indispensable ingredient in the building of a just new world economic order!

—Helga Zepp-LaRouche
President of the Schiller Institute

From Prime Minister to prime suspect

by Dean Andromidas

It appears that former Israeli Prime Minister Benjamin “Bibi” Netanyahu has gone from being a Prime Minister to being a prime suspect. On Sept. 14, Bibi and his wife Sarah were questioned by police for eight hours on suspicion that they had taken bribes and misused public funds during Netanyahu’s three years as Prime Minister. Netanyahu is also accused of bribing a witness to commit perjury.

Netanyahu was thrown out of office as Prime Minister this past May 17, when Ehud Barak smashed him at the polls, winning 60-40% in the biggest landslide in Israeli history. Netanyahu’s election debacle came after three years of his lying and sabotaging the Middle East peace process, rupturing relations with the Palestinians and enraging the United States, and exploding in frequent near-psychotic outbursts against supposed enemies, foreign and domestic.

Expensive housework

Netanyahu’s present case involves a Jerusalem contractor named Avner Amedi, who sent an invoice of 440,000 shekels (about \$100,000) for work he had done for the Netanyahus on their private home and the home of Bibi Netanyahu’s mother. The police have in their possession documentation, including correspondence and inflated invoices, which point to acts of bribery, kickbacks, and fraud. The invoices include one for 12,000 shekels (\$3,000) for polishing the floors of Netanyahu’s private home four times in a single month! (It should be noted that Israeli Prime Ministers are not allocated a budget from state funds to pay for such work.) Also, accepting such work to be done gratis, can legally be considered a form of bribery or corruption.

Although Sarah and Bibi have not been placed under arrest, they were questioned “under warning” that they may face charges, and that anything they say may be used against them. Amedi, the contractor, was held for three days and then put under house arrest.

According to unnamed police sources cited in the Israeli press, there were significant contradictions in the accounts given by the Netanyahus, who were questioned separately. Moreover, both their accounts contradicted that given by Amedi.

The police also questioned Sarah Netanyahu’s former secretary, Neumi Agis, for four hours. Agis told Israeli TV news

that “there was more than one person who worked for free for the Netanyahus, and maybe they did not understand the significance of them working for free.” Agis claims her life has been threatened since she gave testimony to the police in the case.

Aliza Amedi, the contractor’s wife, was also questioned by police. According to the *Jerusalem Post* of Sept. 19, Aliza Amedi clearly indicated that the work her husband was doing for the Netanyahus was not being done for free. She claimed the high cost of her husband’s services—over \$100,000—could be explained by Sarah Netanyahu’s strange demands. For example, when they were contracted to move the children’s toys and other personal belongings from one house to another, each toy had to be individually wrapped—and only in Sarah’s physical presence—as if it were a priceless art object; if she left the room, work had to stop. Sometimes, no more than two boxes a day could be packed because of the constant interruptions. Given the notoriety Sarah has acquired, and her reputation for eccentricity, such a charge is highly credible.

Aliza Amedi also said that she and her husband frequently tried to collect payment for their work, but were told they would be paid only after the work had been completed. This apparently went on throughout the three years in which Netanyahu was Prime Minister.

According to an account in the Israeli daily *Ha’aretz*, Aliza Amedi said, “The work went on and on, and we understood that we’d eventually get our money.” She also said that “the Netanyahus never said we were overcharging.”

The police were planning to question Benjamin Netanyahu’s former Director General of the Cabinet, Moshe Leon, after the Rosh Hashonah-Yom Kippur holy days. Leon, who is currently in the United States, was responsible for issuing an authorization for the payment of 58,000 shekels to Amedi, instead of the 440,000 Amedi was demanding. The reason the lower amount was authorized instead of the 440,000 was that 58,000 was the maximum amount that could legally be given to a contractor who had not been subject to the issuance of a tender by the government.

Too many cigars, too

Netanyahu’s latest troubles have drawn an appropriate response from Members of the Knesset (the Israeli Parliament). MK Ilan Gillon of the Meretz Party commented, “There is no surprise that a person who smoked 11,000 shekels’ [\$2,500] worth of cigars a month at the public’s expense also took hundreds of thousands of shekels from the public to renovate his home. It is, however, bewildering that the suspected briber, Avner Amedi, was arrested two days ago, while Netanyahu comfortably stretches out in his armchair.”

Ophir Pines Paz, of Prime Minister Ehud Barak’s One Israel party, also asserted that the allegations are not surprising, since Netanyahu, throughout his political career, has not

known how to differentiate “between his private purse and the government’s purse.”

Mohammed Baraka, chairman of the Hadash, an Arab party, charged that Netanyahu was a “man who conducted himself in a corrupted and corrupting manner, both politically and personally.”

The Members of the Knesset from Netanyahu’s Likud party have not been quick to jump to defend Netanyahu’s integrity, insofar as he achieved national and international fame as the biggest liar among his fellow heads of government. Instead, Netanyahu’s party colleagues have adopted the tactic of attacking the police for leaking information about the investigation to the press. Notwithstanding, Israeli Police Inspector General Yehuda Wilk hinted in testimony before the Knesset that Netanyahu’s own lawyer was, in fact, behind the leaks.

Will he go to jail?

One leading Israeli commentator told *EIR*, “I think Netanyahu might have to postpone his political comeback a few years,” because he is very likely to go to jail if convicted. This source says that one problem is that the case is not having the political effect one would expect, since, so he asserts, the Israeli public seems to have “little respect for the law” and has a “culture that supports the guilty.”

Be that as it may, the Israeli police have said they have

yet to find “proof” of illegal activity, although they were quick to add that this does not mean there is none to be found.

This is not the first time that Netanyahu has been investigated for corruption. While in office he was accused of corruption when he appointed Roni Bar-On as Attorney General at the request of MK Aryeh Deri, a political ally at the time. This was seen as an attempt by Deri, who was, at that point, himself being accused of corruption, to escape prosecution through engineering the appointment political sympathizer Bar-On.

Commentator Ze’ev Segal, writing in the *Ha’aretz* of Sept. 22, recalled how Netanyahu had managed to wriggle his way out of the Bar-On affair, when the Israeli Supreme Court ruled that the Prime Minister had only “turned a blind eye” to the implications of the appointment, and had received no political favor from it. But, Segal continued, the current case is much more serious, because, according to all press accounts, two major offenses were committed: “The illegal use of state funds, and political corruption.” He pointed out that in the Supreme Court decision regarding Bar-On found that the “turning of a blind eye” can “be considered a criminal act if a civil servant has received a material favor. The receipt of a material favor is regarded as a more serious offense than the receipt of a political favor; thus, the present Netanyahu affair presents circumstances that are far graver than those of the Bar-On affair.”

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Al Fayed fires back at official coverup of Diana-Dodi murder

by Jeffrey Steinberg

On Sept. 17, 1999, Mohamed Al Fayed was interviewed by John Humphrys on BBC's Radio 4 "Today" program, and he repeated the charges that his son, Dodi Fayed, and Princess Diana were murdered. "She had hell for 20 years, especially from Prince Philip," Al Fayed insisted, charging that the British secret services, MI5 and MI6, in league with French intelligence, murdered the couple through a sophisticated vehicular homicide attack, in the Place de l'Alma tunnel in Paris, on Aug. 31, 1997.

During the 14-minute broadcast, Al Fayed leveled several new charges at British intelligence and the British royals.

- He told BBC that both British and American intelligence agencies were monitoring all of the cell phone and radio transmissions from the couple aboard the Al Fayed yacht in the Mediterranean, during the days leading up to their fateful trip to Paris. Thus, MI6 knew, well in advance, that the couple was travelling to Paris to pick up the ring that Dodi had bought for the Princess several weeks earlier.

- He charged that the driver of the Mercedes that carried Diana and Dodi to their death, Henri Paul, was on the payroll of MI6 for at least three years, prior to the crash. Paul was also killed, instantly, when the Mercedes crashed into the 13th pillar of the Alma tunnel.

Al Fayed told BBC that he has already filed an appeal in the French courts, to reopen the probe into the Paris crash. On Sept. 3, Magistrates Hervé Stephan and Marie Devidal had formally shut the two-year-long inquiry, concluding that there was no basis to prosecute any of the ten paparazzi or "other individuals unknown" for the fatal crash, and charging that the entire responsibility for the deaths lay with the late Henri Paul.

"I am already mounting my appeal and in the appeal court nobody will be able to hide," Al Fayed asserted. "No one will be protected with political immunity. And all those people I am talking about will have to appear and tell exactly what happened. Where is the Fiat Uno which pushed the car? Where is the motorcycle which ran away with [the] laser gun blinding the driver? There is all these elements. I know my son has been murdered, and I am sure I know exactly what happened. . . . Where is Henri Paul's record in MI6, [for the] three years he was paid, on the payroll?"

Al Fayed concluded with a pointed challenge to British Prime Minister Tony Blair: "If Tony Blair put an independent inquiry with a legal representative appointed by me to really open the files of MI6 and MI5, and see the massive campaign against me and the way they have plotted to kill my son and who has given them instructions. . . . I will carry on until I find the truth. I will find it in France, also in the United States—I am trying to get the CIA and American intelligence, I have mounted a tremendous legal campaign over there. I am still here and people have to understand that what happened to Diana and my son is murder, and I am not going to keep quiet until I have found the truth."

A raw nerve

The fact that BBC chose to air the Al Fayed interview struck a raw nerve at Buckingham Palace, and at the British Foreign Office. In a highly unusual development, a spokesman for the royal family issued a formal statement, condemning BBC for airing the interview, which was "deeply upsetting" to the royals. The British Foreign Office also issued a public statement, condemning the "Today" program's editor, Ron Liddle, for giving Al Fayed the air time.

In yet another indication of how the British monarchy and the Blair government are becoming unnerved at the early signs of unravelling of the French coverup, sources have told *EIR* that the mainstream British media—under pressure from the Palace and the Foreign Office—has thoroughly suppressed significant new revelations, contained in the September 1999 inaugural issue of *Talk* magazine, the U.S. monthly launched by Blair groupie Tina Brown. Writer Gerald Posner conducted an interview for that magazine with Mohamed Al Fayed, in which the Harrods owner bluntly accused Prince Philip of ordering the twin murder. "Prince Philip is the one responsible for giving the order," Al Fayed stated. "He is very racist . . . and I'm sure he is a Nazi sympathizer. Also, Robert Fellowes [the Queen's private secretary and Diana's brother-in-law] was key," he continued. "He is the Rasputin of the British monarchy."

While the Al Fayed accusations against the Royal Consort did grab tabloid headlines in London briefly, the results of Posner's own investigation into the Paris crash were totally

suppressed. Posner had stated that he “found no credible evidence whatsoever confirming Al Fayed’s beliefs,” but he did, nevertheless, make several startling discoveries, based largely on leaks from active-duty U.S. intelligence sources, with whom he claimed to have longstanding ties.

First, Posner wrote that he was played excerpts from one of several National Security Agency (NSA) tapes of private conversations between Princess Diana and her friend, Lucia Flecha de Lima, the wife of the former Brazilian ambassador to the United States. “This spring in Washington I listened to an innocuous portion of an undated conversation between Diana and de Lima,” he wrote in *Talk* magazine. “The recording was made available by an active U.S. intelligence asset, who says it was one of several collected by the National Security Agency.” He further wrote, “The NSA will not officially acknowledge the tapes’ existence, but does admit to holding 39 classified documents about Diana, totaling 124 pages.” Indeed, *EIR* is presently involved, along with a number of other media organizations, in trying to gain access to the NSA documents, under the Freedom of Information Act (FOIA).

Posner also revealed that, in the three-hour period that Henri Paul was away from the Ritz Hotel, during the evening of Aug. 30, 1997, he was closeted with an officer of the French equivalent of the CIA, the DGSE. Posner wrote, “according to an American law enforcement official and an American intelligence agent, Paul spent the last several hours before the crash with a security officer from the DGSE. That may come as news to the French police; in an internal report, a French police commandant named Jean Paul Copetti concluded that it was ‘not possible’ to determine Paul’s whereabouts during that time.”

Sources familiar with the story have told *EIR* that Posner’s two American sources were an FBI agent posted at the U.S. Embassy in Paris and a CIA officer also working in France. The fact of the DGSE-Paul secret liaison just prior to the crash was, according to these sources, known to at least a dozen officials of the French security services; and either the information was withheld from Magistrate Stephan, or Stephan covered up the fact of the secret session. Sources believe that the information was, in all likelihood, kept from the magistrate.

Other missing elements

There are growing indications that other crucial leads were also suppressed by French investigators. One important lingering question involves the still-missing, white Fiat Uno, which collided with the Mercedes carrying Dodi and Diana, at the time of the fatal crash. Within weeks of the fatal incident in the Alma tunnel, an active-duty senior French police officer delivered his own eyewitness account of the crash to the police investigators in charge of the case.

David Laurent told the Criminal Brigade that he was driving toward the Alma tunnel just moments in front of the Mer-

Diana: The ultimate proof

The following statement was released by Lyndon LaRouche on Sept. 21, 1999.

In a certain crucial respect, in the case of the wrongful death of Britain’s Princess Diana, the most devastating proof against the British monarchy is to be found in the same place Edgar Allan Poe found “the purloined letter.” The most conclusive, and most obvious evidence against the British monarchy is what they, most plainly, did not do to pursue to the limit the clear evidence of a wrongful death perpetrated against that member of the royal household itself. Thus, the stench of a Classical Greek tragedy hovers over that royal dynasty.

Admittedly, mean old Queen Elizabeth II had shown malice toward Princess Diana. Hence, one must admit that she and her house viewed Diana as an adversary. That does not excuse the Queen’s conduct toward Diana the victim. The right to govern, or to judge, lies in our devotion to justice itself. The crucial test of one’s moral fitness to rule, or to judge, is the quality of justice one metes to even one’s bitterest adversary.

Such was the lesson of the Treaty of Westphalia. Such was the lesson which Wolfgang Mozart embodied in his alteration of the ending of the script for his *Abduction from the Seraglio*.

In brief, the case of Princess Diana hangs like sensed presence of the Classical Greek “furies” over the doomed House of Windsor.

cedes, when he was passed, at breakneck speed, by the white Fiat. As Laurent’s car entered the Alma tunnel, less than a minute ahead of the Mercedes, he spotted the same white Fiat lingering at the entrance of the tunnel, clearly waiting for something. Laurent drove through the tunnel, and heard the crash as he was coming out the other end. Laurent’s vital eyewitness account of the Fiat Uno, which cohered with a dozen other eyewitness descriptions of the white Fiat cutting off the Mercedes as Henri Paul sped into the tunnel, hotly pursued by a powerful motorcycle with a passenger on back, was withheld from Magistrate Stephan for nearly nine months. Only in June 1998 was Stephan alerted to the crucial account—after a senior French police official leaked details of Laurent’s story to the London *Daily Mirror*.

Laurent’s and the other eyewitness accounts were suppressed in the final, terse 28-page report by Paris prosecutors, which placed the entire blame for the crash on the late Henri Paul.

New election defeat for Germany's Schröder

by Werner Zuse

The population of state of Saxony delivered a stunning defeat to Germany's ruling Social Democratic-Green coalition in Berlin in the elections held Sept. 19. The results followed a pattern of rejection of the ruling coalition already delivered by the voters in the states of Saarland, Brandenburg, and North Rhine-Westphalia. The German Social Democratic Party (SPD) won less than 11% of the votes in the Saxony polls; and the Greens again did not succeed in winning a seat in parliament, receiving less than 3% of the votes. Combined, the ruling coalition received less than 14% of the vote.

The ruling Christian Democratic Union (CDU) government in Saxony also lost votes. Only the post-communist PDS party increased its margin by about 6%. The PDS is now the second largest party in Brandenburg and Saxony.

Only one year ago in Saxony, the CDU had lost about 16% of the vote that it received in 1994, with many CDU incumbents losing their seats in parliament. The reason was the disastrous economic policy of the government of Prime Minister Helmut Kohl, who had promised "blossoming regions" to the people in the East. Instead, as the German government followed the economic dictates of the International Monetary Fund (IMF), all that the East got was deindustrialization. Saxony, which was the center of the machine-tool and nuclear industry of the former German Democratic Republic, lost 90% of its machine-tool capacity, and its nuclear industry was dismantled. Experts now come to the former nuclear research center near Dresden to see how to *dismantle* nuclear power plants.

Saxony governor Kurt Biedenkopf from the ruling CDU government in Dresden had organized construction of some factories in the state, and also proposed a minimum rent to be financed by the federal government, measures which salvaged some votes for the CDU.

Now that German Chancellor Kurt Schröder has declined a policy of a Marshall Plan for Eastern Europe, and instead embraced British Prime Minister Tony Blair's "new labor policy," his SPD is receiving the same blows at the polls as Kohl received.

Meanwhile, many academics and educated people in Saxony voted for the PDS as an alternative to the corrupt parties of the west. The PDS, whose leadership is comprised of the former East German elite, has more members in the east than the SPD and CDU combined.

BüSo gains

One party that gained in the elections was the Solidarity Civil Rights Movement (BüSo), which has attacked the IMF shock therapy since the fall of the Berlin Wall in 1989, and has circulated the 1990 "Productive Triangle" proposal of American statesman Lyndon LaRouche throughout the east. LaRouche proposed to use the highly educated labor force of the east to build the Productive Triangle defined by the cities of Berlin, Paris, and Vienna, and link it with a Eurasian Land-Bridge, a proposed rail project that would stretch from Tokyo and Beijing in the east to Paris.

One rail line of the Eurasian Land-Bridge goes through Saxony, and BüSo candidate Ronald Galle told Dresden voters that the Eurasian landbridge can create millions of new skilled jobs, if Germany becomes part of the "Survivors' Club" of Eurasia.

In last year's federal elections, the BüSo ran three candidates. This year, Galle won 1.2% of the vote in his district near Dresden. BüSo campaigns focussed on Dresden, Leipzig, Chemnitz, Zwickau, and Görlitz at the German-Polish border. BüSo posters featured a map of Eurasia and the slogan "New Silk Road—Peace Means Development" in German, Russian, and Chinese.

Only the public TV and radio station Mitteldeutscher Rundfunk (MDR) reported on the BüSo's campaign. MDR did two interviews with Ronald Galle, and broadcast them on radio and TV. The BüSo campaign also featured paid spot campaign ads with party chairman Helga Zepp-LaRouche. In the city of Bautzen, famous for its former East German prison for political prisoners, the campaign ad was aired 20 times, and in Strehla, on the Elbe river northwest of Dresden, 56 times during the last week of the campaign. In the print media, the second-largest newspaper in Saxony, the *Sächsische Zeitung*, reported in a short notice on the BüSo campaign, mentioning the circulation of 50,000 leaflets throughout the state. The leaflets called for a "coalition of survival," and brought to voters the reality of the financial crash and the geopolitical escalation in Caucasus.

Helga Zepp-LaRouche spoke at an election event in Galle's district, where she called on voters to stop the slide into a "New Dark Age," because all the other parties are not willing to leave the sinking *Titanic* of the dying world financial system. Only by overcoming cynicism and becoming active in the BüSo, will people be contributing to the effort to prevent the collapse of civilization.

As a result of its campaign, the BüSo doubled its membership. To educate its recruits, the BüSo will use the great cultural tradition of Saxony, where Friedrich Schiller wrote his tragedy *Don Carlos*, and where the composer Robert Schumann was born. Such cultural inspiration is crucial for cracking through the 44-year-long tradition of the communists' materialist worldview, which was then followed, after the collapse of the Berlin Wall, by the frenzy of monetarist accumulation.

At the end of the 20th century, still no cure for violence

On Sept. 17, 1999, Cambodia's Prime Minister Samdech Hun Sen gave an interview to *EIR* Southeast Asia correspondent Gail G. Billington, in New York City. The Prime Minister was in New York for the opening of the UN General Assembly, which he addressed on Sept. 20. *EIR* had previously interviewed the Prime Minister in Phnom Penh, on Jan. 18, 1999 (see *EIR*, Feb. 12, 1999). In the intervening months, Cambodia, under Prime Minister Hun Sen's leadership, has achieved the greatest level of peace, stability and unity in over 30 years, thanks to which, the country has begun to turn its attention away from war and increasingly to nation-building and the general welfare.

As part of the process of restoring the nation's serenity, the opportunity now exists for Cambodia to come to grips with the horrors of the "killing fields" regime of the Khmer Rouge. From 1975-79, the Khmer Rouge government was responsible for the deaths of an estimated 1.7 million Cambodians, out of a total population of approximately 7.5 million, by torture, execution, disease, and starvation. These were Cambodians killing fellow Cambodians, in Cambodia.

In March 1999, the Defense Minister of the Khmer Rouge, Ta Mok, a.k.a. "The Butcher," and Kang Khek Ieu, a.k.a. "Duch," the Khmer Rouge's master executioner at the Tuol Sleng prison, a former high school in Phnom Penh, were taken into custody. In early September, shortly before the expiration of their six-month detention, the two Khmer Rouge officials were charged under a 1979 Cambodian law outlawing genocide.

Since January, the Royal Cambodian Government has been in discussion with UN Secretary General Kofi Annan and the UN Legal Affairs office on the terms of a tribunal for the Khmer Rouge. The last proposal from the UN's Legal Affairs office was that a *special* tribunal be created under which Cambodia would adopt entirely new laws to allow foreign judges and foreign lawyers, not only to participate in proceedings in Cambodian courts, but to hold the majority of seats on the judges' panel and as prosecutors.

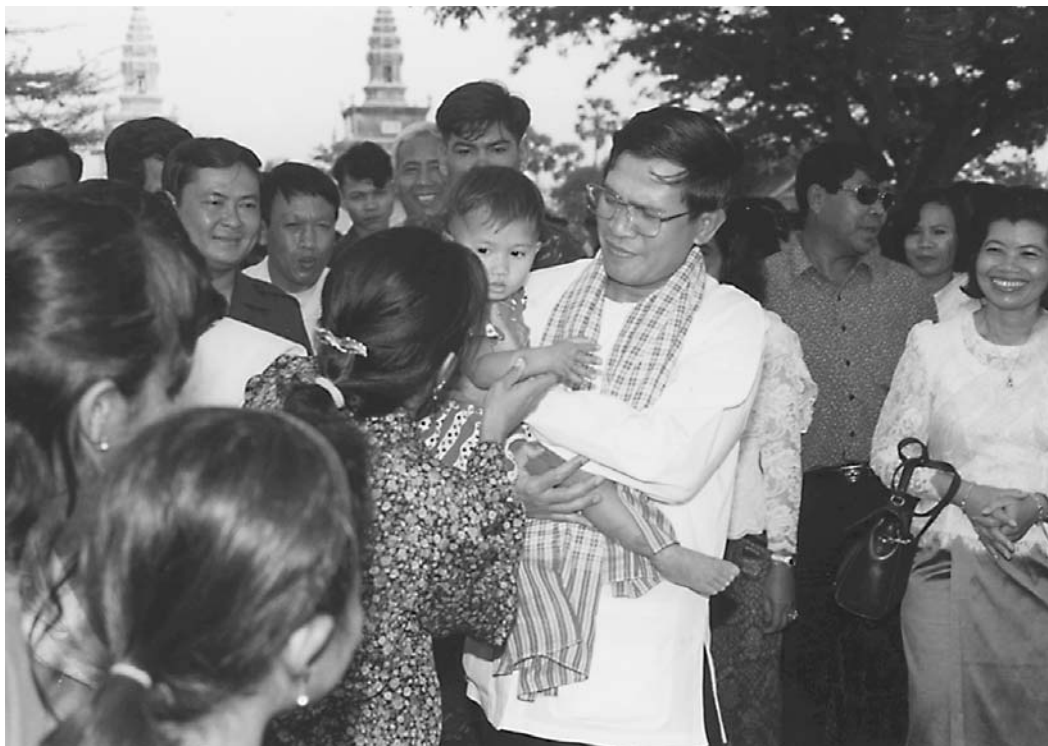
As Prime Minister Samdech Hun Sen makes clear in the following interview, the United Nations' track record on bringing the Khmer Rouge to account for its crimes against

fellow Cambodians, frankly, stinks. Leaving aside the effect of the massive U.S. "secret" bombing campaign in 1969 and from 1973-75, in fostering the environment that made possible the Khmer Rouge's ascent to power, from 1975 continuously until 1993, either in its own name, or as a party in the ruling coalition, the Khmer Rouge retained Cambodia's seat at the United Nations. Worse still, evidence exists that the U.S. and other foreign governments financially supported the Khmer Rouge and its coalition partners through U.S. Agency for International Development (AID) and non-governmental organizations (NGOs) following its ouster from power in 1979. Such funding continued through "pro-democracy" NGOs well past the attempted 1997 coup. As he states, Prime Minister Hun Sen's repeated efforts to have the word "genocide" stated explicitly in the text of the 1991 Paris Peace Accords, were defeated by the dominant influence of UN Security Council permanent members.

Even under the first-of-its-kind UN peacekeeping operation, the UN Temporary Authority in Cambodia (UNTAC), from 1991-1993, the United Nations was powerless to disarm the Khmer Rouge. Indeed, the Khmer Rouge remained a threat to Cambodia's security, playing on factional discord within the government to attempt a final coup against then Second Prime Minister Hun Sen in July 1997. That threat did not subside until the surrender of the last significant Khmer Rouge leaders in December 1998.

The UN's demand for a foreign-dominated criminal tribunal is a dangerous precedent, for which there is no legal basis in the UN Charter. Would any of the permanent five members of the UN Security Council subject themselves to such a total breach of sovereignty? Cambodia's commitment to see justice served for its people is shown by the fact that the 1948 convention against genocide was ratified by the Royal Cambodian Government in 1951. The United States did not ratify the convention until 1995.

To insist that foreign judges and lawyers dominate such a tribunal, opens the door to demand investigation of the complicity of foreign nationals in perpetuating the Khmer Rouge. Topping the list would be Henry A. Kissinger and Zbigniew Brzezinski, architects of U.S. policy from the "se-



Cambodia's Prime Minister Samdech Hun Sen campaigning during summer 1998 National Assembly elections. With the government's "triangular strategy," he explains, for the first time in history, Cambodia can "achieve peace and territorial unity."

cret" bombings to the cynical, geopolitical support of the Khmer Rouge in the Paris Peace Accords.—*Gail G. Billington*

EIR: Since we spoke last January, Cambodia has made major strides and received recognition for its increasing stability. What is the current situation in your country?

Hun Sen: From January until now is close to nine months, and the situation has been developing rapidly. Progress has been made because of the policy of the government, and the reforms the government has been carrying out throughout the country. We can take note of the development since January of the total collapse of the Khmer Rouge movement, especially the arrest of Ta Mok. In the history of the world, one can see that only Cambodia was able to arrest the commander in chief of the armed forces of the Khmer Rouge, that is, Ta Mok.

The collapse of the Khmer Rouge allows us to downsize the armed forces, which we have started with the collection of arms. So far we have collected around 7,000 rifles and guns, while more than 10,000 have been destroyed.

At the same time, we have also made strides in social and economic reforms. In spite of such achievements, there is much that remains to be done for Cambodia.

EIR: What are your priorities, domestically and vis-à-vis international relations?

Hun Sen: The government has a strategy called the "triangular strategy." The first angle is to solve the internal problem, to achieve stability, without which nothing could happen. It is the first time in the history of Cambodia that we could put an end to secessionism, put an end to armed opposition against the government, and it is also the first time that we could achieve peace and territorial unity.

The second angle is to quickly integrate Cambodia into the international community. This is another achievement made by the Royal Government after the general election of July 1998. Other achievements we can count include resumption of Cambodia's seat at the United Nations, which was suspended for more than a year; the inclusion of Cambodia into ASEAN [the Association of Southeast Asian Nations]; the normalization of relations between Cambodia and the multilateral financial institutions and donor countries. You may know that during the Consultative Group meeting in Tokyo [in February 1999], the financial institutions and donor countries decided to donate to Cambodia \$470 million for this year and next year. We are also in the process of talking with the financial institutions and donor countries for further grants and loans for the development of our nation.

Compared to the past, Cambodia now has friends in countries that were not friendly to Cambodia before. We could say that Cambodia has arrived at the peak of its international relations. Based on the favorable conditions Cambodia has achieved inside the country and in its international rela-

tions, we are trying our best for social and economic development. Right now you can take notice of the progress achieved by Cambodia after the introduction of the reforms.

EIR: Demobilizing the military is central to the peace and security of the country, and also to the issue of the Khmer Rouge. What is the demobilization plan? Does it include a retraining program, whereby Khmer Rouge soldiers can get training and education?

Hun Sen: In the demobilization, we have to downsize 79,000 of the armed forces, of which 55,000 are from the military and 24,000 from the police forces. In the process of demobilization, if we do not pay enough attention to training, to job creation, and to other related issues, it would be very dangerous. Therefore, we are seeking financial support from the World Bank and donor countries for this process. At least we have to provide each of the demobilized soldiers the amount of \$1,200 so that they would be able to create a living for themselves and integrate themselves into the society. In America, \$1,200 is very little, but in Cambodia, it is a big amount, which allows us to solve a number of problems. With this amount of \$1,200, they can build a small house, they can buy two oxen, and they have land available for cultivation. In this way, they could provide stability for our society. With the 79,000 demobilized armed forces, if all turn to the agriculture, they can cultivate at least 50,000 hectares of land.

So, in this demobilization, we can benefit on three points: First, we can save on spending for the military and security. The saving from spending for military, defense and security can be transferred to social spending, especially for education and public health. Furthermore, we can transform the non-productive force into the productive force. In our view, demobilization of the Armed Forces will increase productivity. That is what we can achieve from the policy of pacification and national reconciliation.

EIR: At the ASEAN ministerial meetings in Singapore in July, something very interesting happened, when the non-Asian “dialogue partners” put pressure on human rights, rule of law, etc. on some of the ASEAN countries. Thai Foreign Minister Surin Pitsuwan said, the way to approach these issues is by revisiting the regional development projects, such as the Mekong River Development. If we revise these plans and see how to move development forward for the region, economic and social change will create the grounds for political change much better, much faster.

Hun Sen: I think what Surin Pitsuwan said is right, because respect of human rights, the practice of democracy, is not separate from social and economic development. I do not agree with some people who repeatedly say respect of human rights or the practice of democracy can be separated from other issues like peace, security, social and economic devel-

opment.

You can ask how to understand women’s rights, when a pregnant woman, suffering from malnutrition, gives birth to a child, who then dies during or after delivery. How can we talk about her “rights,” when she is not taken care of? How can you talk about children’s rights when they suffer from malnutrition, have no education, and are left scavenging just to survive? So far, in our view, we put everything in one package: respect of human rights, the practice of democracy, along with peace, political stability, and development, especially social and economic development. Therefore, we always try to set up development projects through which we can improve the living conditions of the people, and through which we can enhance their material conditions and spirit. How can people share each other’s ideas, unless they know how to read and write? We have to provide them with schools; we have to provide them with teachers, and then they can become journalists or editors.

So, the Foreign Minister of Thailand, Surin Pitsuwan, has a view similar to mine.

EIR: It was pointed out to me that there are 100 newspapers in Cambodia, and you have such freedom of the press, that they can insult anybody.

Hun Sen: I think, in the whole world, Cambodia has the most newspapers and political parties, if you think of it relative to its population. You see, we have 5 million eligible voters, and we have 54 political parties, so we can say that 100,000 people can be for one party. We have radio, TV, newspapers; we have bulletins. Compared to the population, we can say there are 50,000 readers per newspaper. And the way they write, they can criticize anyone at will. The constitution of Cambodia prohibits any criticism of the King, but they still do that. For me, when I open the newspaper, I always see people cursing me. But I take it as a type of “disease of democracy.” We have to be open to democracy, however, we have also to promote professionalism, so that the quality can be enhanced.

EIR: The *Phnom Penh Post* recently carried, for the second time, a speech that UN Representative Lakhon Mehrotra had given, I believe, to journalists and diplomats in Phnom Penh, in which he strongly commended you for your “struggle against genocide and crimes against humanity for over a decade,” and said that you had uniquely identified “an essential connection between development, democracy and human rights.” Now, why would that be controversial?

Hun Sen: I think it’s normal to have controversy. As I said before, it is part of a necessary disease of democracy. It is no different from America, where a number of people criticize President Clinton, and other people commend President Clinton. So it is the same with me in Cambodia: Some people praise me and some people criticize me. In democratic

countries, you cannot have everyone say yes; there must be yes and no together.

EIR: On a tribunal for Khmer Rouge leaders, what is your proposal for the tribunal? And what exactly does Cambodia want to accomplish through such a tribunal?

Hun Sen: First of all, I have to stress the sovereignty of Cambodia, by which she has to be responsible to find justice for her people. We have also to see that the issues of the Khmer Rouge are different from Hitler in Germany and World War II. It is different from Bosnia and Yugoslavia, and it is also different from Rwanda.

We have to recall a bit about the Khmer Rouge, especially from 1975 to 1979, during the time the Khmer Rouge was in power. They practiced genocide, but they still had their seat at the United Nations. From 1979 to 1982, even though everyone realized that the Khmer Rouge carried out a policy of genocide, they continued to be seated at the United Nations with support from a number of countries. From 1982 to 1991, the Khmer Rouge still occupied the seat at the United Nations, as one party in the tripartite coalition government. From 1991 to 1993, the Khmer Rouge continued to hold the seat at the United Nations under the framework of the Supreme National Council of Cambodia, according to the terms of the Paris Peace agreement.

So the Khmer Rouge problem is complicated. It involves many countries; it involves many people, including the United Nations. When the Khmer Rouge was strong, no one would challenge the Khmer Rouge, even though during the talks negotiating the Paris Peace agreement, I suggested that the word "genocide" be included, but everyone objected to that. I was isolated, and I was under pressure to accept other words instead of the word "genocide," and I was also under pressure to accept the Khmer Rouge in the political solution.

The UNTAC operation spent around \$2 billion in Cambodia, but they could not do anything against the Khmer Rouge. The chief of the armed forces of UNTAC, Australian Lt. Gen. John Sanderson, and the chief of UNTAC, could not go into the Khmer Rouge area, simply because two small Khmer Rouge soldiers blocked their entry by laying bamboo across the road. Yesterday, I met someone who was one of the bodyguards of [Yasushi] Akashi [Special Representative of the UN Secretary General for Cambodia] during the UNTAC period in Cambodia. This bodyguard was an eyewitness to the fact that Yasushi Akashi was barred from going into the Khmer Rouge area during that time, just because of one bamboo pole put across the road to block his entry.

But I told that bodyguard yesterday that we can now integrate Pailin into our territory, and we can also introduce development into those areas. We have managed to dismantle the political and military organization of the Khmer Rouge. We have managed that the former head of state, the former Prime Minister, the former Chairman of the National

Assembly, and the former ministers of the Khmer Rouge have surrendered to the government. And we have also arrested some of the Khmer Rouge leaders.

We have the obligation not only to dismantle the political and military organization of the Khmer Rouge, but also to see that justice is done for the Cambodian people through the legal process. Therefore, the proceedings will be carried out by the existing court of law of Cambodia.

What is the existing Cambodian law? We have a three-level legal system in Cambodia. First is the common court, which exists in the cities and the provinces. Second is the appeals court. Third is the Supreme Court. And we already have in the court, judges and prosecutors. However, we also take into consideration the possibility of having new laws, which would open the way for the participation of foreign judges and prosecutors in the hearing.

During my discussions yesterday with His Excellency, the UN Secretary General, I submitted to him the three options related to the participation or non-participation of the UN in the prosecution of the Khmer Rouge leaders. The first option is that legal experts from the United Nations, along with other lawyers, would help Cambodia to draft an additional law to allow the participation of foreign judges and prosecutors in the case. The second option is that there will be participation by the UN legal expert in drafting the additional law for Cambodia, but these experts would not participate in the Cambodian court. And the third option is that there will be no participation, no involvement from the United Nations, leaving the case to Cambodia to handle itself.

According to the nature of the problem, there may or may not be participation from the United Nations. There is no obligation at all for the United Nations to participate in that proceeding. But for Cambodia, we do have the obligation to go forward with this process. In reality, we have arrested, and have in custody, two Khmer Rouge leaders. Recently, some people said that Cambodia need not seek recognition of this process from the United Nations. I would like to say that we did not seek recognition from any other country, nor from the United Nations, to our prosecution.

You see it is ridiculous that at the time we were fighting against the Khmer Rouge, in 1979, we carried out the prosecution against the Khmer Rouge, the Khmer Rouge still enjoyed their seat at the United Nations. And if we now carry out the prosecution of the Khmer Rouge, again, without recognition from others and the United Nations, it means that the United Nations for its whole life has recognized the Khmer Rouge. You see, at the time we were fighting against the Khmer Rouge, the Khmer Rouge was legally recognized. At the time we carried out the prosecution of the Khmer Rouge, we were told that the process was not legal. So it seems that the Khmer Rouge enjoys eternal recognition.

However, we will try our best so that in the prosecution of the Khmer Rouge leaders it will be believed by the Cam-

bodian people and by the international community that justice has been done. And, we would like to stress that, with or without the assistance of the international community, we will still go forward with the prosecution of the Khmer Rouge leaders. Otherwise, without prosecution of the Khmer Rouge, we would be wrong to detain them. The most difficult thing is to arrest the Khmer Rouge leaders, but right now, we can arrest them.

EIR: What are the UN's objections exactly—but, first, I want to go back to January; then you had said Cambodia wanted the tribunal to cover the three periods: the period of the U.S. secret bombings in the late 1960s and 1973-75; second, 1975-79, when the Khmer Rouge was in power; and, third, the period after the Khmer Rouge, post-1979, with the fight in the UN and the international community. Would all of that be back on the table?

Hun Sen: That was just the *aide-mémoire* for others to take into consideration the time frame of the period to be dealt with, in terms of “accountability.” The crime of genocide committed by the Khmer Rouge was mainly from 1975 to 1979. But around this central period, we also had the period from 1970 to 1975, from 1979 to 1998. For us, we would like to focus on the period of 1975-79.

But, if you would like to have full accountability, that would mean going from number 1 to 100. You cannot just take into consideration number 50 to number 55. Because at the time Ta Mok is questioned, one has to ask, when were you born? How did you grow up?

But one should not be worried about accountability from the beginning until the end, because we would like also to focus on the point of genocide. With this question, it is already difficult. In Cambodia, we have a saying that if the bone does not hurt, there is no need to take a stick and hit it.

EIR: Well, there is always the opportunity for some people to write their memoirs—important stories for grandchildren.

Hun Sen: If no one writes the book, I already did it, and I am also prepared to write another one.

EIR: Do you see the constraints that the UN has imposed on the tribunal as being a continuation of the period when the Khmer Rouge held the seat at the United Nations even though, at that point, everyone knew what they had done?

Hun Sen: Yesterday, I handed to His Excellency, the General Secretary of the United Nations an *aide-mémoire*, after which I had the feeling that we could carry out our activities as the people of Cambodia, as the government of Cambodia, as a sovereign country, as a legal government.

I did not sign an agreement, like the Paris Peace agreement, that says unless the United Nations participates, the operation cannot move forward. In the case of the trial and prosecution of the Khmer Rouge leaders, we can still move

forward without the participation of others. However, we always welcome whatever assistance would be given to us. But one should not use this assistance to delay the prosecution of the Khmer Rouge leaders, because they are very old, and, if we delay the prosecution, they might die before the prosecution.

I told His Excellency Kofi Annan yesterday that I do not want to engage in an endless discussion. I would like to have the draft law in place so that the prosecution could move forward.

EIR: I myself have been very preoccupied with Indonesia in the last two weeks. The Cambodian peacekeeping mission under UNTAC was the first of its kind. Were you at all disturbed when you saw the somewhat brutal way in which the Security Council overrode Indonesia's concerns about their sovereignty in this matter over East Timor?

Hun Sen: Earlier, one might have thought of the issue of Indonesia's sovereignty, but with the latest developments, we recognize that it was the Indonesian government itself that accepted the multinational peacekeeping force to East Timor. Sending the multinational peacekeeping force into the area did not violate the sovereignty of Indonesia, since it has been accepted by Indonesia itself, and I am pleased to see that. Some Cambodian officials would also like Cambodia to participate, by sending Army or police forces for the operation in East Timor. But Cambodia is now engaged in social and economic issues; we are now undertaking reform of the Armed Forces, so that we would not be able to send troops there. We are now taking into consideration the possibility of some limited humanitarian assistance in order to alleviate the difficulties of the people there. When Cambodia was facing difficulties, the people of Indonesia also contributed to helping us, so we would like to reciprocate to the best of our ability.

Let me share with you my feelings, in which I do not feel it is normal for the UN operation, at this time, in East Timor. Psychologically speaking, there will be fighting between the militias in East Timor and with any force that will be going there. One can take note from the intervention of some countries in the UN Security Council that before going into East Timor, they talked about arresting the leaders there for prosecution. So, it means to me they are applying a policy to create troubled waters in order to catch the fish. It is different from my method, which I said in 1996, before we decide how to cook the fish—whether to bake it or to fry it—we must first catch the fish. That is how we were able to accomplish the surrender of the Khmer Rouge. It is psychologically wrong with the militia in East Timor, because they realize that even if they surrender, they would be brought to trial.

To curb violence, to create order, we should not use this language before taking action. You see, I do not know what

will happen in East Timor. If they send limited forces there with light weapons, then there will be fighting. And to support that, they will have to send tanks and artillery. In this way, they would *create* war there in East Timor. So, in this way, they are not going there to create peace, but to create war.

I do not want to lecture anyone, but I would like to suggest not to use any language that would disturb peace. That's what we would like to have. The tongue can create war, but it also can create peace.

EIR: At the end of the 20th century, what should we have learned about crimes against humanity? What should we know better not to do?

Hun Sen: This century provides us with many, many lessons. It also provides us with many achievements, but it also leaves behind many things for us to worry about. World War I and World War II took place in this century. Nuclear weapons, biological weapons, and chemical weapons were created in this century. In the ten years before the end of the century, war and fighting has erupted in many countries. At the end of the century, killing continues in Africa, in Asia, and even in Europe, in the Balkans region, which one did not expect to happen.

We recognize many achievements in this century, but

we also count many failures in this century, too. The fact that we cover our failures causes us to worry that, as we approach the new century, violence still exists in many places. There are still weapons' stockpiles in many places of the world, and even poor countries try to buy sophisticated weapons. Compared to the 19th century, we have many types of instruments for killing. So what will happen with the 21st century, if at this time, we possess too many instruments for killing? You see, even in America, last week, there was the killing in a church in Texas—that is our concern. Should we gather all the weapons and destroy them, or should we produce new weapons and modernize our armed forces?

We have to recognize that the century that is about to end has been a period in which science carried with it our full moral responsibilities. You see the scientist could create drugs. They did not create the pill to cure people, but they created the drug to spoil poor people. In this way, they are leading people into a world of drugs. Going into the new century, we have no cure to put an end to the violence. So we have to study the experience of the past in order to find a solution for the long-term period ahead.

EIR: Thank you.

Hun Sen: Thank you.

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EIR's Jeffrey Steinberg (left) and Gail Billington interview Cambodian Ambassador Var Houth.

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Small-time Ozymandias cracks

Mont Pelerin Society champion Jeff Kennett has been smashed in the state election.

The seemingly untouchable Premier of the Australian state of Victoria, Jeff Kennett, has been smashed at the polls, following a heavy voter backlash against his slash-and-burn economic “reform” policies, and his Nero-like arrogance.

In the state election on Sept. 18, Kennett’s Liberal Party/National Party coalition lost its huge majority of 15 seats in the 88-seat Legislative Assembly, and, as of this report, the election outcome is unknown: Kennett’s side holds 43 seats, the opposition Labor Party holds 41 seats, two seats are held by anti-Kennett independents, and the fate of two seats is undecided.

The election outcome was all the more astounding given that, in pre-election polls, 85% of the population thought Kennett would be comfortably reelected. Knowing that his economic policies were unpopular, but vainly believing himself to be widely admired, Kennett attempted to limit any serious reflection on the issues by calling a snap one-month election during the height of the national football competition finals, and centered his campaign around one issue—himself. He gagged all his candidates and ministers from speaking on behalf of the campaign, and made himself the only spokesman; he also set up a campaign website with the address www.jeff.com.au.

In other words, he made it a referendum on himself.

Like Percy Bysshe Shelley’s Ozymandias, who declares, “Look on my works, ye mighty, and despair,” Kennett’s election ads trumpeted the bread-and-circuses culture he estab-

lished in the state in his seven years in office, with images of the Formula 1 Grand Prix auto race, and the Crown Casino complex, the largest gambling emporium in the Southern Hemisphere.

What Kennett did *not* address was reality: a public hospital system he has slashed to the bone, in which waiting lists have soared and patients are needlessly dying; an underfunded education system whose class sizes are ballooning because he closed over 1,000 schools; and a chilling environment of official secrecy, where the pro-big-business wheelings and dealings of Kennett’s government are kept closely hidden, in matters ranging from his nearly \$30 billion privatization program of state assets, to the generous license for the Crown Casino awarded to Kennett’s mates. Three days after the election, with its outcome still unknown, Kennett and his ministers were reported to be frantically shredding casino-related documents.

These issues were exploited by Steve Bracks, new leader of the opposition Australian Labor Party (ALP), who made health, education, law and order, and increased powers for the government business watchdog, the Auditor General, his main campaign planks. However, the election results are a testament to just how much the voters hate Kennett and his policies, given that the ALP is not much better, which remodelled itself on the “Third Way” model of Britain’s Tony Blair.

Bracks’s first action upon becoming leader six months ago was to woo and win the approval of big business for his economic policy. He thus proclaimed that his party intended to

maintain the radically “downsized” state government which Kennett had established under the direction of local think tanks of the Mont Pelerin Society. For example, although he attacked the clearly corrupt aspects of the Kennett government’s business dealings, Bracks ignored the cozy relationship between the Kennett crew and the British Crown’s Mont Pelerin Society—which, through its Melbourne think tanks, the Tasman Institute and the Institute of Public Affairs, has written every major policy initiative of the Kennett government since before it was elected in 1992.

The Kennett election disaster parallels the recent trouncing of German Chancellor Gerhard Schroeder’s Social Democratic Party by the voters in various German state elections (see p. 52). These elections suggest that voter outrage at austerity is becoming a universal theme. In Victoria, the electorate was discerning in its punishment: Kennett’s closest friend and appointed heir, Health Minister Rob Knowles, who has been the public face of the Kennett government’s disastrous health policies, lost his “safe” seat, which was reportedly a crushing blow to the Premier.

In a bizarre, perhaps even suspicious, twist, one MP who did represent real opposition to Kennett, former Liberal-turned-Independent MP Peter McLellan, died allegedly of a heart attack on the morning of the vote. Given how tight the election was, McLellan would have played a key “balance-of-power” role in the next Parliament. He was a fierce opponent of Kennett’s dope decriminalization policies, and had used *EIR*’s work on drug-money laundering and other issues to fight Kennett’s agenda, earning him the latter’s undying hatred. McLellan had also signed the Schiller Institute’s call for a New Bretton Woods monetary system.

International Intelligence

'Christian Solidarity' may lose NGO status

The UN Committee on Non-Governmental Organizations (NGOs) voted 14-1 in early September, to revoke consultative status for Baroness Caroline Cox's Christian Solidarity International, which has acted as a leading "human rights" mafia against Third World countries, most notably Sudan. The nay vote came from the United States.

"For CSI, absolutely it is going to be a blow," said Iain Levine of Amnesty International. The committee's recommendation will go to the UN Economic and Social Council, which had rejected the committee's earlier vote to withdraw CSI's accreditation, saying that CSI—which had turned "slave redemptions" in Sudan into a cottage industry in the rebel-controlled south—had not been given sufficient notice to defend itself. Voting against CSI were China, Colombia, Ethiopia, Pakistan, Senegal, Tunisia, and Turkey.

CSI official John Eibner has said that the UN "provides a forum for us to put across our views about slavery and other human rights violations. If one is plugging into the international state system, we can make our concerns known in a very direct way."

Corriere: Prodi's EU policy 'made in Britain'

European Union President Romano Prodi, formerly Italian Prime Minister, will forge a European policy "à la English," according to Italy's leading daily *Corriere della Sera* of Sept. 15. Prodi made his inaugural speech to the European Parliament on Sept. 14. Reporter Andrea Bonanni says that, in order to understand which policy Prodi will pursue, one has to look into the "dominant ideological chromosomes in the project, of which Prodi has become the symbol and spokesman. Such chromosomes have an unmistakable British imprint.

"Prodi is the third chairman of the European Commission who owes his nomination to London's diplomatic skills, with a major

difference: Whereas his two predecessors were appointed as a consequence of a British veto, Prodi is the product of a direct and explicit choice that [British Prime Minister] Tony Blair was able to impose without too many problems from his European partners."

Analyzing the composition of Prodi's "European government," Bonanni reaches the conclusion that "Prodi's Europe, therefore, more than being 'made in Italy,' will be 'made in Britain.' You can already see the indications in the crucial importance of the portfolios given to the British: the vice presidency and internal reform to [former Labour Party head] Neil Kinnock, foreign policy supervision to [the last British Governor of Hong Kong] Chris Patten." However, Bonanni concludes that Prodi's future actions will be influenced by factors other than his British chromosomes, such that his "third way Europe" could "change physiognomy in a way that not even the Professor can imagine."

In his speech, Prodi touched upon two economic issues: He promised to boost Internet technologies and to force a reform of the national pension systems (which usually means privatizing them).

Russia blasts U.S. for 'non-proliferation act'

The Russian Foreign Ministry Sept. 16 denounced the Iran Non-Proliferation Act, which passed in the U.S. House of Representatives on Sept. 9, stating that, if it comes into force, it will damage U.S.-Russian relations. The bill was sponsored by Rep. Benjamin Gilman (R-N.Y.), who chairs the House International Relations Committee.

"The adoption by the U.S. House of Representatives of an openly anti-Russian bill on sanctions for missile cooperation with Iran may have a very negative impact on Russian-U.S. cooperation in the field of non-proliferation and export control," said the Foreign Ministry press release.

"The dialogue in this sensitive area has been proceeding with difficulty in the last years. The Clinton administration has repeatedly stated its intention to conduct it in a

constructive way, although the openly pro-Israeli position of the Congress forced it to maneuver all the time and combine steps aimed at developing cooperation with strong pressure on us for alleged 'leaks' of Russian missile technologies to Iran.

". . . The Gilman bill delivers a serious blow to our cooperation with the U.S. on key issues of international security and stability."

The statement calls on President Clinton to "show far-sightedness and, acting in line with the spirit of our relations on key issues of international politics and guided by the vital interests of Russian-U.S. relations, including our common interest in strengthening international non-proliferation regimes, to respond to this openly anti-Russian and anti-disarmament bill adequately.

". . . However, an entry into force of the Gilman bill will require us to reassess Russian-American cooperation in the field of non-proliferation and other military-political issues, which constitute the core of our joint work to ensure strategic stability and international security."

Viscount backs dialogue with Colombian FARC

Great Britain wants to encourage the "dialogue process" in Colombia, between the government and the narco-terrorist Revolutionary Armed Forces of Colombia (FARC), Viscount Waverley told a journalist on Sept. 17. He reported that he had been in Colombia the previous week. In the past couple of years, Waverley has been active among those in the House of Lords who have encouraged some kind of dirty deal with the narco-terrorists. Waverley is also the vice-chair of a new Parliamentary Central Asia Group, which was set up with the encouragement of the British Foreign Office. Its meddling in that geo-strategic region includes, according to sources, promoting "active democracy" and "environmental issues."

Waverley said that, in Colombia, the situation is "deteriorating," and people are increasingly questioning the "peace process" of President Andrés Pastrana. In the coming

BRITAIN'S "Operation Surety" police-state measures are falling into place: The *Frankfurter Allgemeine Zeitung* reported on Sept. 20 that 2,500 British troops in Kosovo were being brought home. In the scenario first exposed months ago by the London *Sunday Times*, the KFOR troops would return to Britain to be in place to deal with anticipated outbreaks of civil unrest.

MYANMAR has been hit with terrorist incidents surrounding the anniversary of the Sept. 8, 1988 student mobilization that contributed to the fall of the government of Ne Win. On Sept. 10, Thai authorities in Chiang Rai seized 58 kilos of explosives, three boxes of dynamite, and two tons of ammonium nitrate near the Myanmar border. On Sept. 4, Karen rebels blew up a natural-gas pipeline in southern Myanmar. A spokesman for the Karen National Union said on Sept. 9 that they planned more such attacks.

GREEK Deputy Foreign Minister Yiannis Kranidiotis and five others were killed on Sept. 16, when the executive jet they were flying in, suddenly dived from 23,000 feet to 4,000 feet. Kranidiotis was enroute to Bucharest for a meeting of Balkan foreign ministers.

CONFUCIUS'S 2,550th birthday celebrations are planned for Oct. 7-12 to take place in Beijing and Confucius's hometown of Qufu, Shandong Province. "The event is important because we can find useful spiritual resources in Confucius thoughts," said Gong Dafei, vice-chairman of the International Confucius Association, on Sept. 15.

ALFREDO KRAUS, the great Spanish tenor, passed away at age 72 on Sept. 10, at his home in Madrid. He was one of the leading exemplars of the bel canto tradition of singing. He had endorsed the Schiller Institute campaign to return the tuning fork to A=432 Hz, the "Verdi tuning," which was initiated by Lyndon H. LaRouche, Jr.

months, he said, Pastrana can be expected to change his approach, and Western governments "hopefully will support any future initiative" he launches. "Every area must be explored," the Viscount urged. "We have got to encourage the guerrillas to enter into dialogue, so that they realize they can achieve what they want through a dialogue, not through arms. No victory is possible through armed struggle." A *sine qua non* of British efforts to push "dialogue" is to promote the delusion that the FARC is not the country's major drug cartel.

Waverly reacted with interest, when told about the recent meeting between New York Stock Exchange President Richard Grasso and FARC leader Raúl Reyes, saying that it was important that "certain observers are trying to understand what the guerrilla groups want." He added that "Britain wishes to play its part, to be a team player, to help the process of dialogue."

Britain's Cook: We run the show in E. Timor

Great Britain has been, over the past couple of years, the main power promoting "the East Timor independence movement," British Foreign Secretary Robin Cook boasts, in a commentary in the London *Observer* on Sept. 19.

"Let us start from the perspective of the movement to free East Timor," writes Cook. "Their leader Xanana Gusmao has spent the past two weeks in the British Embassy preparing for the independence of his country. We have given him shelter and provided him with the facilities to meet the World Bank and UN, and to ring round the world on behalf of his people.

"Two weeks ago, the authorities proposed to remove him from house arrest, and transfer him to East Timor, where he faced possible death at the hands of the militias. Instead he sought sanctuary in the British Embassy. I am proud that his first days of freedom have been on British diplomatic territory.

"Why did he choose the British Embassy? *Because for two years, no other*

country with an embassy in Jakarta has done more for East Timor. Three times, my Foreign Office colleague, the late Derek Fatchett, visited Xanana Gusmao in prison. The British Ambassador, Robin Christopher, led the first visit by European ambassadors to East Timor during Britain's presidency of the European Union, and made visible to Europe the colossal demand of the local people for independence" (emphasis added).

According to Cook, "Because Britain had taken a lead in Europe on East Timor, we were one of half a dozen countries invited to support the UN referendum process. . . . Britain has given active support to the referendum process in both East Timor and the UN. . . . Britain represented the whole of the European Union at the international conference in Auckland that urged Jakarta to accept a UN force. Britain drafted the resolution that was unanimously endorsed within the Security Council, and British troops will be among the first ashore when the UN goes in."

Germany takes U.S. to court over executions

Germany is taking legal action against the United States at the International Court of Justice at The Hague, over the Arizona execution of two German nationals, whose rights were denied. The action, which has no precedent in U.S.-German relations, is based on 1,300 pages of documents on the case of Karl and Walter La Grand, who were executed on Feb. 24 and March 4. The plaintiffs charge the United States with violation of the Vienna Convention, because, when arrested, the brothers were prevented from establishing contact with the legal counsel of the German Embassy, which is stipulated by the Convention to which the U.S. is a signatory. They were also prevented from filing formal complaints in U.S. court against this violation.

Walter La Grand was executed in defiance of a ruling by the International Court, which requested U.S. authorities to halt the execution on grounds of several violations of international law.

Gen. Bedoya exposes FARC, Wall Street narco-alliance

by Valerie Rush

Colombia's former Defense Minister and former commander of its Armed Forces, Gen. Harold Bedoya (ret.), spent a week in Washington, D.C. in early September, where he delivered a warning to the government of the United States: The Clinton administration must end its support for the capitulationist policy of Colombian President Andrés Pastrana, who is seeking "peace at any price" with that country's narco-terrorists. If the United States does not give its full political backing, instead, to the nation of Colombia for a total battle with narco-terrorism, the world community could soon see the establishment of the first "coca-republic," as well as Africa-style warfare across the Americas.

Throughout his visit, Bedoya pointed again and again to the fact that, as recently as late June, New York Stock Exchange President Richard Grasso met with the Revolutionary Armed Forces of Colombia (FARC) in the jungle region that Pastrana has conceded to the FARC narco-terrorists. In Grasso's discussions with the terrorist leaders, who in effect dominate the drug trade in the country, "investment issues" were at the top of his agenda. Asked Bedoya: What is Colombia supposed to conclude from such a visit, which was condoned by the U.S. State Department? The unmistakable message is that Wall Street is ready to do business with the FARC, and that Colombia should go ahead and legalize drugs.

Bedoya's assessment of the crisis in Colombia, who is behind the crisis, and its global implications, intersected a heated debate within U.S. policy circles on how—or even, whether—to respond to the growing military and political strength of the FARC, which has become known as the Third Cartel in illegal drugs. His briefings were especially timely, as they occurred just prior to the visit of President Pastrana,

who came to the United States in mid-September to plead for "international understanding" for Colombia's plight, and for support of his capitulationist "peace policy."

In meetings with a dozen congressmen and senators, and with high-level officials at the State Department, General Bedoya gave a detailed map briefing of the narco-terrorist war against Colombia, and urged the United States and the international community to see Colombia's future as their own. He called for U.S. support for an all-out political-military war against narco-terrorism, conducted by Colombian troops, while there is yet time to win such a war, and to provide the kind of serious economic development aid that will enable Colombia to resist the assaults from the international drug cartels. In his meetings with nine congressmen, three senators, and four groups of congressional aides from both sides of the aisle and of every political persuasion, General Bedoya made a point of denouncing the role of the International Monetary Fund (IMF) and the Wall Street banks in shamelessly encouraging narco-terrorism, in order to facilitate a constant flow of drug dollars into the moribund international financial system.

His briefings were treated with the utmost seriousness, reflecting full awareness that U.S. policy as presently pursued is simply not working.

In his meetings with official Washington, as well as with diplomats from every continent, Bedoya not only denounced Wall Street's Grasso, but also strongly condemned the IMF for demanding that Colombia include illegal money from the drug trade in its GNP accounting—in effect, the legalization of the drug trade. What war-torn Colombia doesn't need, said Bedoya, are IMF conditionalities or such Wall Street "invest-



Colombia's Gen. Harold Bedoya (ret.) addresses a press conference at the National Press Club in Washington, D.C. on Sept. 7.

ments.” What it does need, he insisted, is a Marshall Plan to give its people a future. He defined the two aspects of his Marshall Plan proposal as both political-military support for the war against narco-terrorism (including financial input, modern weaponry and equipment, and the training and intelligence to utilize them with maximum efficiency), and economic aid to help Colombia recover from its war wounds, and move forward. These same themes were repeated in the numerous press interviews Bedoya gave during his week-long visit—including a 20-minute televised interview broadcast across Ibero-America by the official United States Information Agency (USIA), whose full transcript appears below.

No to ‘peace at any price’

While few in Washington are as yet prepared to make the kind of 180 degree turn in policy so urgently needed to save Colombia, there is movement in the right direction. On Sept. 21, the same day that President Pastrana was presenting his “peace plan” to President Clinton, Assistant Secretary of State for International Narcotics and Law Enforcement Randy Beers told a Senate hearing that there is now incontrovertible evidence that the FARC “guerrillas,” with whom Pastrana hopes to talk peace, are actively involved in all aspects of drug trafficking—precisely what Bedoya has been arguing for years, and which readers of this magazine have known since at least 1985. Beers said that what the United States does or does not do in the coming months could determine Colombia’s future. And, he emphasized, “We have made it very clear to the Pastrana government that peace at any price

is not an acceptable policy.”

There are other voices within the Clinton administration which are pressuring for a policy “reevaluation,” such as White House drug policy adviser Gen. Barry McCaffrey (ret.), who has demanded a dramatic increase in U.S. aid to Colombia, both to beef up the Colombian military and for economic development. McCaffrey has been clear that such increased aid is vital to decisively defeat the narco-terrorist assault. Contrary voices in the U.S. capital, however, may favor increased aid, but only enough to strengthen Pastrana’s hand at the negotiating table, not enough to actually win the war against the Third Cartel.

The reality of the Third Cartel

Just prior to his visit, Bedoya, who was also a 1998 Presidential candidate, had toured several countries in South America, seeking collaboration for a region-wide war on narco-terrorism. He was invited to Washington as one of the main speakers at the semi-annual national conference of the Schiller Institute Sept. 4-5, where he held 1,000 political activists from the LaRouche movement enthralled with his shocking description of a nation held hostage to the FARC and their fellow narco-terrorists, the National Liberation Army (ELN). Many of Bedoya’s audience watched in tears, as he showed a brief film clip, taken clandestinely, of kidnapped Colombian boys and girls, aged 10-16, being drilled by the FARC in terrorist warfare against their own nation. It is estimated that the FARC is currently holding some 4,000 of these children, who are used as cannon fodder in battles with the

Colombian Army (see box).

It is not only these children who have been deprived of their most fundamental right to protection by the state, insisted Bedoya. The Colombian government has also abandoned the 100,000 people who live in the five vast municipalities that President Pastrana has already surrendered to the FARC. Their children are stolen from them. They are daily terrorized, their property no longer their own. They face summary execution if they complain. And no one is safe. Just recently, the constitutionally elected mayor of the municipality of Vistahermosa was assassinated by the FARC, after he publicly denounced their terror tactics.

As Bedoya has also pointed out, there are an estimated 1,500 kidnap victims from around the country, who have been brought to the FARC's "de-militarized" jungle zone, until they are ransomed, or abandoned to their fate. With no military or police presence in the 42,000-square-kilometer area, the FARC kidnappers can operate with utter impunity.

When Pastrana, under pressure from his own military, urged the FARC to accept the presence of an "international verification committee" in the five-municipality area under its control, to guarantee that human and civil rights were being respected, the FARC had at first agreed, even proposing its own list of names for the committee. Only later did it reject the idea of such a verification committee, protesting that it was a U.S.-inspired "intervention," and announce an "indefinite suspension" of its non-existent negotiations with the government. Desperate to arrive in Washington with good news, President Pastrana had his "peace commissioner" Víctor Ricardo publicly announce on the eve of his departure, that international verification was not a required condition for peace talks. Pastrana's capitulation notwithstanding, the FARC was unmoved and the President was forced to come to Washington with a frozen "peace process."

The war spreads

While Bedoya was touring Ibero-America and the United States, the very forces out to destroy Colombia were conducting their own counter-deployment. FARC leaders travelled to neighboring Ecuador, to Brazil, and to Cuba, where they denounced U.S. "interventionism." Venezuelan President Hugo Chávez, who has openly taken the side of the FARC, has deployed his Foreign Minister José Vicente Rangel on a continental tour, supposedly to garner support for a continental conference on "peace in Colombia." What Chávez means by such a "peace" was best expressed by his personal protest over a Colombian Army raid of a FARC safe-house in a region bordering Venezuela. During the raid, two Venezuelans in the hideout were killed, and another four arrested, including the son of a prominent "leftist" journalist. The four claim that they were merely holding a meeting on "human rights." The Chávez government has denounced Colombia's military for violating the four terrorists' human rights, and is demanding their immediate release.

Interview with USIA

'United, we can finish off narco-terrorism'

On Sept. 10, Gen. Harold Bedoya (ret.) was interviewed on the United States Information Agency's (USIA) "Foro Interamericano" (Inter-American Forum) television program, under the headline "General Bedoya Proposes War on Narco-Terrorism: 'United We Can Finish Them Off.'" EIR translated the following transcript of the introduction and interview.

Reporter: The Colombian government's proposed peace dialogue with the guerrillas has stagnated, while President Andrés Pastrana is preparing a new integral strategy. Once that plan is ready, it will be examined by the United States, to determine future assistance to this troubled South American country. Washington has ruled out a direct U.S. military intervention into the Colombian conflict.

Together with Colombian Gen. Harold Bedoya, we'll analyze the alternatives available to his country. General Bedoya was Commander-in-Chief of the Army, and the Presidential candidate of the Fuerza Colombia Movement.

Before we start, let's look at the following.

Announcer: While Colombian President Andrés Pastrana prepares a new strategy in Bogotá to confront the drug trade, and restart peace talks with the guerrillas, in Washington, the former Commander-in-Chief of the Colombian Army, and former Defense Minister, Gen. Harold Bedoya, harshly criticized Pastrana's approach and, in a press conference, proposed a military solution to his country's conflict.

Bedoya at his Sept. 7 press conference at the National Press Club in Washington: What I am saying precisely, what I am proposing, is that an alliance be formed, and a political-military decision be made to destroy these criminal organizations—defeat them, destroy them, recover our territory, destroy the laboratories, and give Colombians back the freedoms they have lost in that territory [the demilitarized zone], and in general terms, to try and pursue those organizations. But this isn't being done right now, because the government is protecting that territory.

Announcer: General Bedoya, who met with U.S. legislators, thinks that a well-equipped Colombian Army could defeat both the drug trade and the guerrillas.

Bedoya: To do that, countries have to help Colombia, and the Colombian Army. I also told [the Congressmen] that our Army is heroic. Today, an army without an adequate budget, equipment, weapons, without communications or he-

licopters — the U.S. could easily give us the helicopters — yet that army is waging war [against the guerrillas].

Announcer: Both in the Congress as well as at the White House, there will be a debate in coming weeks over future assistance to Colombia. Washington has repeatedly expressed its concern over human rights violations, presumably committed by members of the Colombian Armed Forces in its anti-guerrilla war.

[End of the introductory report. The interview begins.]

Q: General Bedoya, what is the main purpose of your visit to Washington?

Bedoya: My main purpose is to have contact with the American community, the Congress and, in general, with the government, to explain my country's reality. Unfortunately, the violence which has erupted recently has gone beyond our borders, and there are now thousands of Colombians fleeing to the United States, most of them illegally. One of the things I wanted to ask is that, while we deal with this problem of violence and terrorism, the United States grant political refugee status to those Colombians, and help us solve this problem. This is a drug problem — the enemy of the world — which is not only destroying us, but also Americans, and the world generally.

Q: What results have your visit and your meetings had?

Bedoya: Excellent. I've had, or will have, the opportunity to meet with 12 Congressmen, and another four Congressional staffers, and all of them have asked me a lot of questions about Colombia. They are dismayed, in terms of the support given to Colombia's absurd peace process with the terrorist mafias and the drug trade. They want to give Colombia more direct aid, especially now that they understand that the only thing these drug-trafficking organizations want is to increase their income, and logically, destabilize not only Colombia, but the entire region.

Q: You've visited Washington a number of times, in different capacities. Tell me, what do you think the perception of Colombia is today, compared to previous years, and to what degree is it understood as a very critical situation — or has your message yet to be heard?

Bedoya: [The understanding] is total. Look, as of yesterday, I'd met with eight Congressmen and two staffers. They are 99% conscious of the fact that this is a very delicate problem, which is affecting the United States, and they want to help to resolve it, because they are convinced that they've been deceived. That is the biggest problem: The United States was deceived by a peace process that wasn't what they expected. The U.S. thought that the drug trade and terrorism would be stopped, along with the drug crops and laboratories. But the reality is that these have increased, and the U.S. wants to help, but not to continue to back [the peace process], but to resolve it from a political-military standpoint. Because behind all this,

FIGURE 1

Colombia is being handed over to the FARC narco-terrorists



and it is very important that Americans understand this, there is political corruption which accepts all this, so things remain as they are.

Q: There are important officials like Thomas Pickering, Undersecretary of State for Political Affairs, who has said clearly that Colombia's solution can't be a military one, that the situation is now so difficult, that there can't be a military solution.

Bedoya: No. It has to be a political-military solution. That's why I've said from the outset, that there's political corruption which I saw in the previous government, and certainly still exists today. By solving the problem of the drug trade and terrorism in Colombia, we'll solve the political problem of corruption, which exists right now in the legal system, in the Congress, and in the government itself.

So, there has to necessarily be military action, and lawfully, the main effort has to be carried out by the Colombian Army, the Armed Forces, supported by the United States with

the right kind of equipment— modern and appropriate equipment. And that's another problem I see. The plan now is to give Colombia aircraft which are completely inappropriate, and this will lead us to another failure and to a military crisis worse than what we have right now.

Q: There is great confusion in the U.S. Congress and in Washington in general, over what is really happening in Colombia. As you correctly note, many people are confused. Others say, "Okay. There's Plan A, to negotiate with the guerrillas and the people involved in the conflict." But what Colombia also needs is a Plan B, and that has to be a military plan. On the other hand, they then tack on amendments stipulating that weapons will go to the police instead of to the Army. So there's total confusion in terms of who should get the aid, and how to give it.

Is this a correct evaluation? Do you see it that way? How can we get past this, such that there is a Plan B in which weapons get to the Army and not the police, and these divisions are overcome.

Bedoya: Well, the reality is clear. Colombia's problem is one of terrorist organizations which are very well armed, well equipped, and very well trained in guerrilla warfare—

Q: And with all the money in the world—

Bedoya: With all that money, and combat ability. So, they

have to be confronted militarily. The police can be involved in police, but not military, work. Sometimes police and military tasks are confused. Now, Plan B is what I'm proposing to the U.S.—a Marshall Plan which consists of a political-military alliance, especially between the U.S. and Colombia, and of course with our neighboring countries, in which the greatest effort would be carried out by Colombia, supported with technology (transport, satellite communications, etc.) to defeat these criminal organizations. We also need an economic alliance to create agricultural development poles, but not in the jungle. We have to protect the jungle, and defend it as a natural resource of water and oxygen which the world needs.

The United States can do it. Colombia can do it. What we need is for Colombia and the United States to show the political will to support this solution.

Q: May I ask you a question as a military man, and not as a politician? If this isn't resolved now, if a solution isn't found soon, won't more resources be needed? If it's not an invasion, won't an intervention by someone with greater strength be needed to stop this thing?

Bedoya: The problem is, that this has to be resolved, and as soon as possible. If it isn't, that territory [the demilitarized zone] could end up being a narco-terrorist Amazonian Republic which will plunge not only Colombia, but all of South America, into problems. We'll have problems in Panama,

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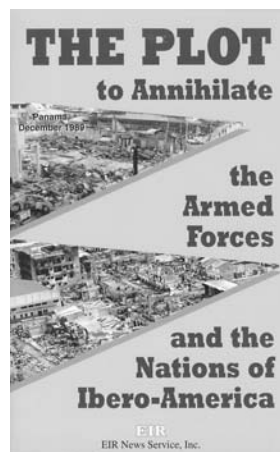
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—James Zackrisson, *Defense Force Quarterly*

It's urgent. If the United States doesn't do what it should do, it will suffer the consequences. First, here we have millions of Americans sick from drug consumption. Terrorism will occur here. Panama will be destabilized. So, the United States must make a decision very soon.

Venezuela, Peru, Brazil, and in the United States, because right now Colombia is at the center of the war on drug-trafficking. That is, it's the drug trade's theater of operations, and the whole world is the international mafias' war theater—they're here, in Europe, and in the Southern Cone. But Colombia is the heart of the problem, such that, if we get rid of the heart of the problem, the world's problem will be solved.

Q: General, speaking of that, there's an issue you know perfectly well, and that is perhaps the big obstacle to this alliance being formed, or to the aid arriving as rapidly or as soon as you think necessary, and that is the problem of human rights. There's an amendment which says that all assistance must go to military units free of any accusation of human rights violations. Even [White House drug policy adviser] Gen. [Barry] McCaffrey, who has so strongly supported the Colombian Armed Forces, recognizes that while this may not be a real problem, it is at least a problem of the perception, or image of Colombia's Armed Forces, that they violate human rights, and that they have to do something to clean up that image.

A recent Congressional document, from the research department, states that the units in the areas of the most intense combat against the drug trade, in large part haven't undergone that examination by the United States, prior to granting any assistance, precisely due to human rights violations.

Bedoya: The truth is that these drug-trafficking, terrorist organizations have the financial means by which to bribe judges, to point fingers, buy witnesses, and drown in accusations those soldiers who are fighting the drug trade. So, it's important that it be known that the Colombian Army is no violator of human rights. There are accusations, but what I can say about them is that when they are investigated, they are found to be sophisms, gossip, and lies. There are very few cases that have proved to have been human rights violations.

The reality is that these wars, such as the one we're waging against these mafias, will face obstacles, and it would be good for the United States to decide to lend this support—that's why I call it political-military—so that it be resolved as quickly as possible, like Kosovo. I mean, how would it be if U.S. Gen. [Wesley] Clark were accused of violating human rights because he ordered bombs dropped which missed the target, but it wasn't his fault? If we don't support Colombia, this war will never be won.

Q: What's your opinion of President Pastrana and his peace plan? Why do you assume that the plan has no chance of succeeding?

Bedoya: Because it's been a total failure. Look, President Pastrana made a promise to these organizations before he became President. He visited them, made deals with them, and as soon as he became President, he began to repay them for the help he thinks he got from them—giving them territory, laboratories, clandestine airstrips, crops. It's now been a year in which kidnappings, terrorism, drug production and exports, and generalized violence have all increased, and we've now got problems with countries like Venezuela, Brazil, and Peru.

So the Colombian crisis is terrifying. We have a negative GDP growth of 6.5% so far this year; unemployment is 20%, and Colombians are fleeing to other countries, but especially to the United States. No one wants this. In all surveys, Colombians say they disagree, that they want the terrorists to be stopped. Cabinet ministers have resigned. The government kicked out [Defense] Minister Lloreda because he protested, and 17 generals almost left in a crisis last month.

Q: Do you believe that with the resources the U.S. could provide, that the Colombian Army could definitively defeat the guerrillas and the drug trade?

Bedoya: Yes, if there is political-military support—with U.S. political support, with Colombian political support, and with the support of the whole region. The point is that this is not a Colombian mafia; it's an international mafia. United, we can finish them off.

Q: One more question. The U.S. is worried that Howard Base in Panama no longer exists, and now they want to put more U.S. military equipment in Colombia. Would this be advisable? Would you recommend it?

Bedoya: This is very serious. If the Colombian problem isn't resolved, Panama's security will be affected. The U.S. doesn't have to send troops to Colombia. Providing technical and logistical aid is the most important, and don't send out signals that coca is good, as one Wall Street faction did—Mr. Richard Grasso [president of the New York Stock Exchange] practically walked into the laboratories to negotiate with Wall Street's money. No one can fathom what Wall Street and the International Monetary Fund are doing, demanding that Colombia include drug trade revenues as part of GDP!

That makes us a narco-democracy, in which drugs here, and in the world, are practically being legalized.

Q: However, how realistic is it, knowing how slow the process is here to get aid sent to Colombia, for all the reasons we've mentioned, how realistic is it to think that the aid will get there in time?

Bedoya: It's urgent. If the United States doesn't do what it should do, it will suffer the consequences. First, here we have millions of Americans sick from drug consumption. Terrorism will occur here. Panama will be destabilized. So, the United States must make a decision very soon. Every minute, every day, every second that passes, means that the problem will be solved with more [drug] money, more deaths, more terrorism and, of course, more drug-trafficking.

Q: Something else you mentioned. You're a big critic of President Pastrana's peace process. But it's also true that you were a Presidential candidate, and that Pastrana was the one elected, because of his peace message. Perhaps at that moment, many Colombians felt they had had enough of death and violence, of military conflict, including the paramilitary element which is a very serious problem. That wasn't getting us anywhere, so they elected Pastrana, precisely because of his campaign for peace, for negotiation,

and a negotiated solution to the Colombian conflict. I know there's been a great deal of skepticism, but he is also the President, and I don't know how useful it is not to back that campaign. He's been in the Presidency for a year.

What do you think? Isn't it sometimes better to try to find a negotiated solution to this conflict that's been going on for so many years in Colombia?

Bedoya: The truth is that behind this, there's a problem of political corruption. He is a politician and there is a lot of corruption. Colombia has been invaded by corrupt politicians. This was also true of the previous government. Are we going to negotiate with drug traffickers? The only thing the drug trade wants is to protect its business, produce more drugs and, outside of that, arm itself and destabilize [countries].

This is a mistaken policy, and the whole world knows it. The Americans feel deceived—this is what the Congressmen told me—and I think that in Colombia, no one agrees with it, as the polls indicate. Our hope is to resolve this as soon as possible, because there could even be a problem of a civil war in Colombia, as well as a regional problem.

Q: But the problem, General, is that the policy of the State Department and the administration—Clinton has said it—continues to be to officially support Pastrana's peace process.

Bedoya: Yes, effectively the United States is responsible for what's happening, that is because President Pastrana—

Q: But you just said that people know that the peace process—

Bedoya: Yes, of course, but the peace process exists because the U.S. government backs it. That is, the U.S. has that responsibility, and that's why it's so important that the United States rectify and correct its mistake, which can't go on for more than a year. In one year, the country has been destroyed. If you go to Colombia, Colombia is dying. The economy, unemployment, violence, the drug trade, terrorism. The same thing is happening in neighboring countries such as Venezuela and Peru, and the same thing will surely happen in Panama. So, a decision very soon, and a rectification in time, could save Colombia and America.

Q: Do you think that the solution will come from the United States. Don't you think there's a solution inside Colombia?

Bedoya: Of course. It's a Colombia-U.S. political-military solution, with all the allies which must rally in the region.

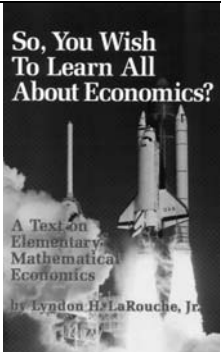
Q: You sound like a Presidential candidate.

Bedoya: I was a Presidential candidate.

Q: But now it sounds like—

Bedoya: I wish I could have prevented this tragedy for Colombians. Unfortunately, political corruption led to a repetition of what occurred in the previous government. We changed Presidents, but the problems are the same.

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Q: Thank you, General, for being with us.

Bedoya: Thank you very much.

Q: We've had with us Gen. Harold Bedoya, former Commander-in-Chief of the Colombian Army.

And that's it for today's show. We especially thank reporters Marcela Sánchez, Marí O'Donnel, and Armando Guzmán for being with us also.

FARC kidnaps children to turn into guerrillas

On Aug. 22, Peru's television Channel 4 broadcast a two-hour special on "Colombia At the Edge of the Abyss," which included an extensive interview with Gen. Harold Bedoya (ret.) of Colombia. One of the program's segments included chilling footage of child terrorists in action, forcibly recruited to the FARC. The segment concluded with interviews of two of the child terrorists in a medical ward, after they were captured by the Army. Below is a translation of that segment.

Announcer: The Colombian FARC, thanks to the drug trade, use minors as part of their militias.

Colombian Military Forces Commander General Tápias: You have also seen 28 minors among these 70 cadavers, which is another accusation which we made: That [the FARC] were incorporating children in the détente zone.

Announcer: These shots caught by an amateur cameraman in a FARC base, show dozens of children, sons and daughters of Colombian peasants, wearing the uniforms of the guerrillas, lining up with a military discipline worthy of

adults, and learning to throw grenades under the watchful eye of their commanders. They explain to them what position to take to throw them, and how to move through the grass without being detected by the enemy. They also give them wood blocks to simulate the weight of the grenades, and show them how to protect themselves from the explosion.

In the mornings, in this FARC base in the Colombian mountains, the children receive political indoctrination. In the afternoon, they are given military instruction; that is, techniques for patrolling, weapons and explosives handling, and ambushes of army patrols.

For all this, the children can receive up to 40,000 pesos a month [a little over \$20]. However, not all of them are paid for their service with the guerrillas. According to the estimates of military sources, some 4,000 Colombian children have been captured by the subversives: a horrifying figure.

Worst of all, is that in the majority of the cases, the children do not take up arms on their own initiative. Generally, the FARC forces parents who live in the interior of the country to hand their children over to the guerrillas.

Adult voice: What is your name? How old are you?

First child: Fifteen. Things are not as they tell us, but are different. They tell us that this is good. Negative. This is not good. This is bad. . . .

Adult voice: I want you to send a message to the child guerrillas, to the young guerrillas who are there. Tell them something.

Second child: I can't send a message to them to leave. Because, what can they do? If they leave, they'll kill them. They have to put up with it until the day they die. That's the way it is. Anyone who flees, they kill.

Announcer: What future awaits these little ones, who at the time when they should be playing with children their age, are in combat in a war which they did not cause? That is difficult to know. Probably, death awaits them. In the best case, over the years, a cold cell in some jail in Colombia.



Peru's Channel 4 showed chilling footage of children in combat drill as soldiers in the FARC ranks.



"Anyone who flees, gets killed," the FARC warns the children it forces into service. Shown here, the body of one of FARC's child-soldiers.

Congressional debate on Russia protects Bush

by Michele Steinberg

If the United States Congress persists in its present course of sanctimonious bashing of Russia for “corruption and money laundering,” then *EIR* founder Lyndon LaRouche’s warning of the advent of a nuclear world war due to the British monarchy’s “new NATO” adventurism against Russia, could well become a reality in the short term.

In three actions since Sept. 15, leading members of the House and Senate, from the Conservative Revolution’s stable of operatives of the British-American-Commonwealth (BAC) oligarchy, have targetted Russia for economic warfare and sanctions, at the very moment that British architects of the “Great Game” geopolitics are up to their necks in assisting terrorist operations inside Russia that range from the war in Dagestan, to the brutal city bombings that took more than 300 lives within two weeks.

The most flamboyant of these Washington Congressional actions so far, was the Sept. 21-22 set of hearings before the House Committee on Banking and Financial Services that heard more than 20 witnesses. One witness whom the Committee excluded was LaRouche collaborator Jeffrey Steinberg, Counterintelligence Director for *EIR*, whose testimony was submitted in writing for the record of the hearings (see *Documentation*, below).

Steinberg’s testimony provided evidence, in the form of several appendices, that are crucial for the Congressional deliberations, including an analysis by LaRouche of the role of former President George Bush, in the “Russian” corruption. In 1995 and 1996, LaRouche had been invited to Russia for meetings with members of the Duma (the lower house of Parliament) and other Russian leaders, including from the Russian Academy of Sciences, where he delivered prophetic warnings about the corruption of the free-market operatives and bankers in the West. LaRouche’s textbook, *So, You Wish to Know All About Economics?* has been published in Russia,

the Ukraine, and Armenia, and circulates throughout the Newly Independent States (NIS) of the former Soviet Union.

Steinberg also provided the Leach Committee with an interview with Russian economist Sergei Glazyev (from *EIR*, July 23, 1999), a Russian doctor of economics, who heads the Information and Analysis Department of the staff of the Federation Council, the upper house of Russia’s Parliament, where the country’s regional governors sit. Formerly the Minister for Foreign Economic Relations, Dr. Glazyev has also worked as chairman of the State Duma’s Committee on Economic Policy (1994-95) and at the Security Council (1996-97).

Renewed assault against Clinton

Against the backdrop of a massive British destabilization of Russia (see *International*), the BAC assets in Congress poured gasoline on the fire, declaring financial warfare against Russia, and then using the crimes of Al Gore to seize foreign policy away from President Clinton. The GOP leadership, in fact, acted exactly as LaRouche had warned they would do, when he said, on Aug. 28, “True, I have denounced Vice President Al Gore repeatedly in these dirty operations [e.g. “Gore Caught in Corruption with Wall Street Cronies,” *EIR*, Jan. 29, 1999]. However, the apparatus of former President George Bush is much, much dirtier than Al Gore.” LaRouche warned that the BAC apparatus, partially concerned to boost the election drive of George W. Bush, would use the Gore connections to the Bush/Thatcher free-trade policy to go after Clinton. And, the Conservative Revolution leaders did exactly that.

On Sept. 14, Rep. Dick Armey (R-Tex.), the “Bush league” thug who is the House Majority Leader, held a news conference to declare war on Clinton’s policy of attempting to forge a solid partnership between the United States and Russia. Armey demanded a freeze on International Monetary Fund (IMF) payments to Russia, on loans already negoti-

ated—a move of outright financial warfare. Armev said, “The unparalleled financial graft in Russia . . . marks the ineffective end of the Clinton-Gore administration’s approach to Russian reform. . . . *Russia has become a looted and bankrupt zone of nuclearized anarchy*” (emphasis added). He demanded the passage of the Iran Non-Proliferation Bill, which would cut off funds to the Russian Space Agency, pending an investigation of transfer of “technologies of mass destruction” to Iran. One day later, on Sept. 15, the Congress obliged, passing the bill with a unanimous vote. President Clinton had vetoed the bill last year, but Congressional Democrats voted with the BAC interests.

On Sept. 24, opening his Senate hearings on “Corruption in Russia,” Helms continued Armev’s assault on both Russia and the Clinton policy. Ironically, Helms borrowed precisely from the above-mentioned *EIR* article (without attribution, of course) about Gore’s corruption, in his opening remarks, when he said, “I confess deep concern that the policies pursued by the President and Mr. Gore, through the so-called Gore-Chernomyrdin Commission, may have abetted corruption in Russia. It has been widely reported that in 1995, the CIA sent a memorandum to the Vice President discussing corruption in the Russian government and warning that foreign aid funds were being diverted into the pockets of Russian officials. And the Vice President is said to have sent the memo back with a scatological epithet scrawled across it. *Emblematic of the administration’s policy, he apparently did not want to know.*” But true to profile, Helms, feigning horror about the alleged misuse of IMF loan money, only uses Gore to go after Clinton.

Completely absent from Helms’s “concern” about misuse of funds to Russia was naming the names of Western collaborators of the Russian “free traders,” including Robert Strauss, George Bush’s Ambassador to Moscow, who helped to set up special handling for Russian banks doing business in the United States; and speculator George Soros, who worked with Wall Street cronies to attempt to re-install Gore’s pal, Chernomyrdin, as Prime Minister of Russia after the August 1998 Russian default on debt triggered a panic among Western parasites who live off the financial bubble.

Policy drift

At no time have the confusion and crossed signals about an administration policy been more evident than during the Leach hearings, and in the press coverage of them. While Treasury Secretary Lawrence Summers was leading off the testimony, with an announcement that all financial assistance to Russia has been suspended except funds that are related to refinancing of loans, former Secretary of the Treasury Robert Rubin took to the pages of the *New York Times* in an op-ed, where he urges, “Don’t give up on Russia. . . . Engagement is a much preferred course of action to abandoning or isolating Russia.” Similarly, Rep. John LaFalce (D-N.Y.) called for “continuing constructive” discussions and relations with Russia, blaming Russia’s financial woes and corruption on the

privatization schemes that had looted the country since before the end of the Soviet Union.

Another counter to the Russia bashing came from former CIA official Fritz Ermarth, who said that speculators, both Russians and foreign nationals, “stripped” and “plundered” the Russia. “Foreign speculators,” said Ermarth, “essentially were allowed to plunder the state budget until it collapsed in August 1998.”

But these voices of relative sanity were lost amid the roar of the GOP assets of the British, who led the charge in pressing Russia’s back against the wall. And the fact that President Clinton has not ever effectively reversed the corrupt, insane free-market policy toward Russia that he inherited from George Bush, plays into the British gameplan. Tragically, the administration’s reaction to the GOP’s “Gore bashing” is to hype up how “tough on corruption” the United States is going to be against Russia.

The British financier oligarchy is out to blacklist Russia completely, something which they have wanted to do since August 1998, when the nation could not pay up on the usurious GKO government bonds, which Western speculators had lapped up because of the 300% interest rates that had been offered!

One of the suggestions made about how to “punish” Russia came from Rep. Doug Bereuter (R-Neb.), who suggested that the Bank of New York, one of the principals in the Justice Department investigation now going on, could close down *all accounts* with Russia. Bereuter suggested that Russia’s corruption could be curtailed if the United States were to essentially outlaw commercial accounts and treat Russia as a “rogue state,” like Cuba or Iraq. Another proposal, voiced by Reps. Curt Weldon (R-Pa.) and Jim Leach (R-Iowa), would be to cut off all U.S. financial relations with the central government and go for regional projects only. This proposal is closely associated with British operative Zbigniew Brzezinski, the mentor of Secretary of State Madeleine Albright. Brzezinski recently spent ten days on Capitol Hill, where he reportedly was pushing the idea of breaking up Russia into mini-states.

And, Treasury Secretary Lawrence Summers, a hard-core ally of the IMF’s rip-off of Russia, gave the GOP crazies virtual free rein. In announcing the U.S. suspension of all funds not related to loan refinancing, Summers echoed the ravings of Muddling Albright’s speech on Russia policy to the Carnegie Endowment on Peace the week before, where she scolded and threatened Russia for corruption.

Perhaps the coverup was all too obvious. A Russian witness, Duma member Yuri Shchekochikhin, an editor of the Moscow newspaper *Novaya Gazeta* and a member of the Duma Committee on Security and Anti-Corruption, testified briefly. He asked, “Why now?” since the corruption was “known for a long time.” He pointed out that U.S. favorites like Boris Berezovsky and Anatoly Chubais had led the looting. So, perhaps the investigation is just beginning.

Gore followed Bush's suit on Russia policy

The following testimony was submitted Sept. 21 to the House Banking Committee hearings on Russian banking, chaired by Rep. Jim Leach (R-Ia.), by Jeffrey Steinberg, Counterintelligence editor of EIR.

The ongoing investigation into the channelling of vast sums of money from Russia into accounts at the Bank of New York and other American financial institutions, has provoked a dangerously counterproductive, partisan “debate” over “Who Lost Russia.” A careful review of the public record demonstrates the fraud of this debate, and also demonstrates that, far from being “lost,” Russia still has the potential to emerge as a viable nation-state with a thriving economy and a vital foreign policy partnership with the United States. But, for this desirable outcome to be realized will require an honest reassessment and drastic overhaul of U.S. policy towards Russia, on the part of both the government and the private sector financial institutions.

The current deplorable state of affairs in Russia, viz. the corruption within the banking system, and the mounting evidence of a recurring pattern of theft and capital flight, orchestrated by individuals with strong ties to President Boris Yeltsin, former Prime Ministers Viktor Chernomyrdin and Yegor Gaidar, former privatization czar Anatoli Chubais, former Russian director at the International Monetary Fund Konstantin Kagalovsky, and scores of others, was a direct outgrowth of policies encouraged from outside of Russia, in some cases dating back to the mid-1980s period, long before the demise of the Soviet Union. Back during the 1980s, institutions associated with the Mont Pelerin Society launched a recruiting drive among a caste of young Russian economists, who were steeped in the free market ideology of Friedrich von Hayek, Milton Friedman, et al. Many of the individuals named above, who are now among the main targets of the corruption probes in Switzerland, the United States, and Russia, devised Russia's ill-conceived privatization and shock therapy policies, right out of the Mont Pelerin recipe books.

Furthermore, the U.S. government adopted a policy of encouraging those disastrous privatization and austerity schemes, and throwing support to the so-called “reformers” no later than the Presidency of George Bush. It was during the Bush Presidency that Russia was placed under enormous

U.S. government pressure to join the International Monetary Fund, and submit to the IMF's now thoroughly discredited recipes of austerity, takedown of industrial and agricultural production, fire-sale sell-off of former state assets, currency devaluation, and elimination of all protectionist measures. It was precisely through this process that the individuals now identified as the flight capitalists, mafia money launderers, and bribed public officials obtained their wealth and power.

When, in July 1991, on the eve of the final break-up of the Soviet Union, President Bush appointed Robert S. Strauss as the United States Ambassador to Moscow, the United States, in effect, threw its full support behind the already emerging caste of so-called “oligarchs” who have looted Russia blind—in league with an array of American, British, and continental European private financial institutions.

When George Bush was replaced in the White House by William Clinton, the new Vice President, Albert Gore, was soon placed in charge of certain key aspects of the U.S. government's relations with Moscow, where Gore frequently worked at cross-purposes with the President, as during the August 1998 crisis. The Gore-Chernomyrdin Commission, launched in late 1993, afforded the Vice President the opportunity to work intimately with one of the Russian officials deeply implicated in the corruption and looting. Indeed, according to the *New York Times*, in 1995, the Vice President was provided with a detailed U.S. intelligence report, showing that Chernomyrdin had stolen an estimated \$5 billion since coming in as prime minister in 1992. The Vice President reportedly sent the document back to its authors at the CIA “with a barnyard epithet” scrawled across the front cover. The message was clear: the Vice President was standing behind the “reformers” regardless of the mounting evidence of corruption and the wholesale looting of Russia's national patrimony.

Such actions as this have prompted many Republicans and some in the media to label Gore as the “man who lost Russia.” While Vice President Gore's betrayal of his responsibilities and his overt corruption, in his relationship with Wall Street speculators like George Soros, as well as his partner Chernomyrdin, certainly warrant severe criticism, and possible criminal prosecution, the fact remains: Gore continued the policies that were firmly set down by the Bush administration. Those policies, of backing the Mont Pelerin Society trained and IMF-embraced “reformers,” have been a disaster for the United States, and certainly, for Russia.

None of these developments was a mystery to regular readers of *Executive Intelligence Review*. Founding and contributing editor Lyndon LaRouche delivered a series of lectures in Moscow, during 1994-96, and wrote repeatedly in the pages of the magazine, that the Western governments'—including the United States government's—continuing support for the free market, shock therapy, privatization policies

of the Yeltsin administration “reformers” not only threatened the future survival of Russia. It set the conditions for an eventual strategic conflict, and a disintegration of the entire world financial and monetary system. The events of August-September 1998, when Russia announced the temporary moratorium on payments of its GKO government bonds, and froze commercial bank payments to foreign creditors—thereby triggering the near-collapse of Long Term Capital Management (LTCM) and the near-vaporization of the world financial superstructure—merely confirmed the accuracy of LaRouche and *EIR*’s warnings. To look at the Bank of New York money-laundering scandal outside of the context of those developments would be a grave error.

The prominent Russian economist Sergei Glazyev, in an exclusive interview with *EIR*, provided an important insight into how Russia began to effectively crack down on the corruption, and set in motion a process of recovery of the real physical economy, during the eight-month tenure of Yevgeni Primakov as prime minister. Ironically, most, if not all of the measures taken by the Primakov government, that began the process of economic recovery and the cutting down of the power of the mafia, were measures opposed by the IMF—and still violently opposed by the IMF to this day. Nevertheless, Glazyev’s account of the successful efforts of the short-lived Primakov government offers an encouraging picture of how Russia could quickly free itself from the vise-grip of organized crime lords and government kleptocrats.

But this also requires a complete overhaul of the policies of official Washington towards Russia, and to all other nations in a similar position. Without the strong backing of the Bush administration, the Thatcher government in Britain, and, subsequently, the Gore forces inside the Clinton administration, the mafia takeover of Russia would not have been possible.

To further aid in the work of this Committee, in attempting to divine a solution to the crisis in Russia, including the rampant criminalization of the banking system, I have taken the liberty of attaching a series of recent *EIR* articles, which provide a detailed chronology of the actions by the Russian “reformers” and their U.S. and other Western boosters, that led us to this present crisis situation.

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U.S. gets North Korea to hold off on tests

by William Jones

William Perry, North Korea Policy Coordinator for the Clinton administration, in a press conference on Sept. 17 at the State Department, indicated that he had received clear commitments from the North Korean leadership to forgo further testing of their Taepo Dong missiles. Although the North Koreans had not made any public announcement about their commitment at the time of the Perry announcement, they had done so in negotiations held in Berlin. Perry said he expected them to “clarify their intentions on this in the weeks ahead.”

It was the firing of a Taepo Dong-1 missile over Japan last August, in what the North Koreans said was a failed attempt to launch a satellite, which created a total furor in Japan and triggered a Republican drum-beat in the United States for the rapid development of a national ballistic-missile defense system, ostensibly directed against so-called “rogue states” like North Korea.

On the same day as the Perry press conference, the White House said it was lifting sanctions against North Korea, many of which had been in place since the early days of the Korean War. The easing of sanctions will also permit regular commercial traffic between the two countries.

Perry made clear, however, that this was only the first step toward what he hoped would be a gradual normalization of relations between the United States and North Korea in the hope of establishing a regular dialogue between North and South Korea. “I am talking about only a small step at this time, but it is a step,” Perry said to reporter Margaret Warner, in an interview on the PBS News Hour on Sept. 17. “What our action is, is easing sanctions. . . . What we are seeking though is that that first step will lead to a full normalization of relations, both diplomatic and economic relations, between our two countries.”

In 1994, the Clinton administration succeeded in getting a framework agreement with North Korea, which had been in the process of building a plant at Yongbyon which could produce nuclear-grade plutonium, a project which had engendered fears of a possible North Korean nuclear weapons program. In the framework deal, the North Koreans agreed to a freeze of the nuclear activities at their Yongbyon plant in exchange for light-water reactors from the West which would secure their energy production, without the need for the fissile material. In connection with that agreement, the United States eased economic sanctions against North Korea in the areas of



William Perry, North Korea Policy Coordinator: "I am talking about only a small step at this time, but it is a step."

telecommunications and financial transactions, and permitted the import of magnesite from North Korea, and participation by U.S. firms in activities related to the North Korean Light-Water Reactor project. The natural disasters of 1995, 1996, and 1997, which brought the country to near mass starvation, prompted further easing of sanctions, in order to allow the export to North Korea of critical humanitarian goods.

Then, in August 1998, North Korea fired a Taepo Dong-1 space launch vehicle over Japan, in what the North Koreans said was a failed attempt to launch a satellite. In October, in response to Congressional demands for an outside review of the administration's policy toward North Korea, Clinton appointed former Secretary of Defense William Perry as the North Korea Policy Coordinator, responsible for conducting that review. Perry's credentials for handling this very sensitive subject included his extremely good personal relationships with Chinese military leaders—relationships which he had begun cultivating long before his appointment as Secretary of Defense during the first Clinton administration. In terms of North Korea, the role of its neighbor China is absolutely key. China is also one of the parties to the four-party talks, together with North Korea, South Korea, and the United States, aimed at reducing tension on the Korean Peninsula and replacing the Korean Armistice with a permanent peace agreement.

Perry stated at the State Department press conference that he had found no indication of any reversal of the previous North Korean commitment to a moratorium on the production of fissile material, in spite of the incessant rumors circulating on Capitol Hill, fueled by Republican operatives eager to

make the Clinton peacemaking attempt into political capital for the 2000 Presidential campaign. At one of the locations, Kumchang-ni, widely rumored as a possible site for such "surreptitious" production of fissile material, Perry said that inspectors had requested—and received—permission to visit the site, and found it unsuitable for any such production.

Perry also countered the widespread view of the "unpredictability" of the North Korean leadership. "My own judgment is I would not call them erratic or irrational at all," Perry said. "I think they have a very clear logic and a very clear rationale for what they are doing. We don't always understand that rationale, and we don't always understand that logic, and therefore we consider it illogical."

He was quick, however, to indicate that the moratorium, if it holds, is just a first step on the road to full normalization of relations with North Korea. "In the path to normalization that I described to you, we envisioned that North Korea would, in time, become compliant with the standards of the MTCR—the Missile Technology Control Regime," Perry said, "and that would mean they would have to sign up to neither producing, deploying, nor exporting missiles that fall under the standards of that regime, which in simplified terms, are 300 kilometers range and 500 kilograms payload." "We are not at that point in the agreement yet," Perry admitted. "All we have, at this stage, is an agreement for suspension of testing. But that is where we are headed."

On Sept. 22, in reply to a question from *EIR*, President Clinton also expressed the same cautious optimism. Asked if he thought the North Korean moratorium on missile testing would hold, the President replied, "I do. And, of course, if the future proves otherwise, then there are always other options open to us. But former Defense Secretary Bill Perry, and others who worked with him, worked very hard on this, and then our negotiator in Berlin did a very good job. We worked very closely with the Japanese and with the South Koreans on this approach. They are agreed with it. And it offers the most promising opportunity to lift the cloud of uncertainty and insecurity and danger that otherwise would hang over that whole region, including the American servicemen and women who are there. So I'm very, very hopeful about it. If it works, it does; if it doesn't, then there will be other options open to us."

Even with the lifting of the Korean War-era sanctions, other sanctions remain in place, sanctions associated with North Korea's being designated as a "terrorist-supporting state," and those related to dual-use items covered by U.S. non-proliferation requirements. Although the Clinton policy toward North Korea appears to be proceeding forward with substantial success, the President has received very few kudos for his work from a highly partisan Republican Congress. On the contrary, the Republican leadership seems intent on doing everything possible to deprecate, and sabotage, the agreement, in their eagerness to make foreign policy an election-year issue against the Democrats.

S. Africa wins fight for AIDS medications

by Scott Thompson

South Africa has won two major victories in a row, enabling it to begin production of affordable generic medications to fight AIDS, by removing all the obstacles placed in its way under the direction of Vice President Al Gore, Jr. and the major pharmaceutical companies.

The first victory occurred on Sept. 9: Some 40 pharmaceutical companies in the United States, Europe, and South Africa dropped their lawsuit against patent infringement, that had been before the South African courts, which had impeded the immediate production of the generic AIDS drugs. Then, on Sept. 17, U.S. Trade Representative Charlene Barshefsky signed off on the production of the drugs, and dropped threats of trade sanctions against South Africa.

As *EIR* has made clear, Vice President Gore, who is closely allied with the “deep ecology” schemes of former Worldwide Fund for Nature president Prince Philip, and of Prince Charles, has been an advocate of neo-Malthusian genocide, lying that the world is “overpopulated.” Gore, who led the campaign to stop the generic production of anti-AIDS drugs, had also praised the work of Paul and Anne Ehrlich, who claimed that HIV/AIDS is the result of “overpopulation.”

Gore had to be forced, through the mobilization of a coalition called AIDS Drugs for Africa, to permit the production of these generic drugs by South Africa. Exposure of Gore’s genocidal motives, published in *EIR* and *The New Federalist* newspaper by this author, and circulated throughout the African-American community, helped bring pressure on the Vice President, as did Congressional hearings showing that there is an HIV/AIDS holocaust underway in Africa.

In a story entitled “Deal Made on AIDS Drug Sales,” the *Washington Post* pointed out on Sept. 18 that the breakthrough with Trade Representative Barshefsky came just in time to save Gore from yet another foreign policy disaster, since Gore would be meeting that week with South African President Thabo Mbeki in New York for another round of the U.S.-South African Binational Commission, where the AIDS drugs issue would be raised.

The *Post* noted that members of the AIDS Drugs for Africa coalition had pursued Gore on the campaign trail. “‘Gore’s greed kills,’ the protesters frequently yelled at Gore, claiming he had threatened Mbeki with trade sanctions

if South Africa permitted the widespread sale of cheaper drugs,” wrote the *Post*. The *New York Times*, in a Sept. 10 article entitled “U.S. Industry to Drop AIDS Drugs Lawsuit Against South Africa,” stated that “the dispute has generated public anger toward Vice President Al Gore, who in talks with South Africa, represented the drug company point of view. . . . He has been confronted at campaign appearances by protesters accusing him of heartlessness toward AIDS sufferers in South Africa.”

Only the beginning

At the 11th International Conference on AIDS and Sexually Transmitted Diseases, which opened in Lusaka, Zambia on Sept. 13, some 5,000 delegates listened to the latest research on the scope of the HIV/AIDS holocaust under way, particularly in sub-Saharan Africa.

According to the UN specialized agency UNAIDS, Africa’s workforce is being destroyed. Eleven million people have died of AIDS in Africa, while 22.5 million others are infected, and 80% of the world’s AIDS deaths have taken place on the African continent. Half of the new HIV infections on the continent are occurring among people under the age of 25. About 1.7 million young people become infected every year in Africa. In Zambia, the chances of a 15-year-old dying of AIDS is 60%. AIDS has already reduced life expectancy in southern Africa by an average of 17 years, from the early 60s to the mid-40s.

It was in the midst of this hecatomb that Al Gore wanted to block production of generic AIDS drugs!

Apart from producing those affordable drugs, which South Africa is prepared to do for the general welfare of its population, the terrible scope of the AIDS crisis means that a tremendous international effort must be made to build hospitals, laboratories, research and medical training facilities, and other public health infrastructure. This is also required to decrease the many deaths that occur in Africa each year due to diseases which can be cured, cheaply, or vaccinated against—such as malaria, yellow fever, and measles, to list but a few.

Cheap victory would mean defeat

The only way that such a massive undertaking could occur would be through implementation of Presidential candidate Lyndon LaRouche’s program for replacing the bankrupt International Monetary Fund System with a New Bretton Woods System, using a Eurasian Land-Bridge approach as the science driver for generating the highest possible levels of real physical economic profit for society.

Unfortunately, the AIDS Drugs for Africa coalition may be taken in by the victory of winning affordable AIDS drugs production in South Africa, and there is a danger that they may not push for a full-scale build-up of South African public health infrastructure, which is essential for treatment of all the effects of HIV/AIDS, including the identification of those who are infected.

Anglophiles launch secessionist ‘Southern Party’ in United States

by Edward Spannaus

As part of a treasonous scheme to break up the United States into at least seven different entities (the South, New England, Rocky Mountain, Upper Midwest, Pacific Northwest, plus Alaska and Hawaii), British agents and Anglophiles in the United States have launched what they call the “Southern Party.”

Their professed goal is the “complete independence” of the South, “whose predominantly Celtic and British-derived religious and cultural traditions distinguish it from the rest of the country”—according to their own statements. They proclaim that among their beliefs is that “the dominant British-derived cultural institutions of the South should be preserved.”

They claim to disavow racial hatred, but declare: “The Southern Party believes that the time has come to complete the work of our noble, Confederate ancestors.”

This, in fact, is nothing but a continuation of the project which the British launched after they lost the War of the American Revolution, to split up the American Union through subversion, secession, and war.

A Southern League project

The Southern Party was formally launched on Aug. 7, 1999 in Asheville, North Carolina as a spin-off project of the League of the South (formerly known as the Southern League). According to the League’s own account, in November of 1998, it formed the Southern Party Exploratory Committee (SPEC), and decided a few months later to form the Southern Party.

Because of disputes over tactics—such as how openly to call for “secession”—the League of the South disbanded its Exploratory Committee, and did not participate in the founding meeting of the Southern Party. But since that time, the League has—in its own words—“decided to re-engage itself,” and it is now cooperating with the Southern Party. All of the top leaders of the Southern Party—including its chairman, former CIA employee George Kalas, and Michael Hill and Jim Langcuster—were leading members of the Southern League.

Tom Fleming and Ambrose Evans-Pritchard

The Southern League was founded by Thomas Fleming,

the editor of *Chronicles* magazine. Fleming has a slavish mutual-admiration pact with the Hollinger Corporation’s Ambrose Evans-Pritchard, the British intelligence stringer who operated in the United States from 1992 to 1997 as the Washington correspondent for the *Sunday Telegraph* of London. While he was here, and since, Evans-Pritchard promoted every variety of separatism and hostility to the U.S. Federal government—including extensive profiling of the “militia” movement—while also being one of the principal architects of scandals targetting President Clinton.

“*Chronicles* offers a home to forlorn causes that nobody else will touch,” Evans-Pritchard wrote in the *Sunday Telegraph* in 1996. “During the worst years of the violence in Bosnia, when everybody else was denouncing Belgrade and Pale for ethnic cleansing, Fleming was out there in the trenches interviewing the Serbs—or the Bosnian Christians, as he calls them—and he has since devoted hundreds of column inches to the Serb point of view.”

On the other hand, Fleming, in the preface to his 1988 book, *The Politics of Human Nature*, praised Ambrose Evans-Pritchard’s father, the well-known British anthropologist, whose studies on the Nuer people in Sudan, says Fleming, were a seminal influence on him. And Fleming’s *Chronicles* frequently lavishes praise on the younger Evans-Pritchard as well.

The founding of the Southern League

Thomas Fleming first came to this writer’s attention in July 1992, when *Insight* magazine, published by the *Washington Times*, gave prominent coverage to a band of “neo-Confederates” whom it described as still fighting for “the principles of 1860.” It featured a color photo of Fleming standing alongside a Confederate flag.

The article was entitled, “Still Fighting the Civil War,” and, among other things, it was riddled with vitriolic attacks on Abraham Lincoln and the idea of equality of all men. While not all “old-right” adherents, or “paleo-conservatives,” are partisans of the South, *Insight* says, “all of them share the view that Lincoln’s belief in equality is incompatible with true conservatism.”

Fleming was quoted as expressing his “empathy” for groups such as northern Italy’s Lombard League, and the

article concluded with Fleming detailing that what he really likes about the South, are the same things he likes about the Middle Ages. The Middle Ages, he declaimed, were “gritty and dirty with people fighting for what they believed in on a day-to-day level. The thing I love about medieval politics was that it was people in the street rioting day-to-day.”

Then, the February 1993 issue of Fleming’s *Chronicles* featured a piece entitled “A League of Our Own,” whose subject was also the Lombard League (since renamed the Northern League) and related separatist movements in Italy.

Already then, Fleming was calling for the creation of a similar political movement in the United States. “There are only two alternatives for this continental empire that has never been a real nation,” he wrote. “Either we find the means to decentralize decision-making and restore authority to the old institutions of family and town and country (and even state), or else we lapse into a multifaceted civil war of blacks against Hispanics against whites against blacks against Jews.”

“The revolution,” Fleming continued, “cannot be made overnight, and the first step would be the creation of a movement devoted to the long-range goals of political devolution, privatization (ours is not a free enterprise system), protection of the national interest in matters of immigration, trade, and foreign policy, and the reassertion of our old cultural identities as a European . . . and Christian nation. . . .”

This “Christian” then concluded: “If there is no movement or party willing to embrace a Leghist [Lombard League] program, then one needs to be formed, and if that is impossible, my advice is to stockpile ammunition and invest in bullet-proof doors and shutters.”

A long-lost British tribe

In mid-1994, Fleming and others finally created the Southern League, which describes itself as “a Southern independence movement seeking to advance the social, economic, cultural, and political independence of the Southern people by all honourable and peaceful means.” (The use of British spelling is entirely intentional in League literature.)

On Jan. 19, 1997, the Southern League was featured in the London *Sunday Telegraph*, which highlighted the League’s obsession with their “British” tribal origins. “Ethnic consciousness mingles easily with [S]outhern pride. . . . They belong to a long-lost British tribe of Confederates,” said the *Telegraph*. “They know the small towns and villages their ancestors came from in the British Isles and they care about that. They regard themselves as a people set apart by time and history. For them, the Civil War never really ended.” Michael Hill (also a founder of the Southern Party) was described by the *Sunday Telegraph* as being among those “who think their British bloodline is the key to understanding all this.”

“The South has the largest concentration of Anglo-Celts in the world,” said Hill. “Our culture is clearly British, more so than any other part of America. We are a distinct nation. There will be a Southern people long after the American

empire.”

Naturally, the economic theories promoted by the Southern League and the Southern Party are as far removed from those of the “American System” as one can get.

The Austrian School of Economics

On the Southern Party’s website can be found a document entitled “An Economic Plan for the People of Dixie.” It is truly a mixture of the most rabid feudalistic economics, with modern “Information Age” gobbledegook.

“The SP’s Economic Program can be summed up in a single sentence,” says the document. “We desire increased prosperity, more jobs, less taxes and regulations and more financial privacy and economic freedom for all the people of the South. The economic models we will follow have far more in common with the free market Austrian School of Economics championed by the Ludwig von Mises Institute than the failed highly centralized big government models promoted by Washington. . . .”

“If you want to see what our economic goals for the South are,” the document continues, “look at other economic success stories that have followed our free market model to see where economic growth and prosperity are occurring today.” The examples cited include “economies” which are largely offshore financial centers and havens for tax avoidance and money-laundering, such as Hong Kong, Singapore, Liechtenstein, Switzerland, Bermuda, and Grand Cayman.

Not too long ago, the Southern League published a paper trying to show that if the South were its own nation, its Gross Domestic Product would rank it in the top five nations of the world. “We could enjoy low taxes, sound money, secure private property rights, and a free-market economy,” the League asserts. “We could follow a foreign policy of armed neutrality, leave the UN, and oppose the New World Order. We could once again reward merit and abolish the Welfare State and Affirmative Action. We could severely limit immigration.”

The Southern League proposes different variants of how this would work. For example: “A Southern nation composed of only the eleven States of the former Confederate States of America (i.e., Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, and Virginia), would have 74 million people, the thirteenth most populous in the world. . . . In economic power, a Southern nation composed of the above eleven States would have the fourth largest gross domestic product (1990) figures, after the remainder of the United States, Japan, and Germany.”

The Southern Party has added to those five other states in which it claims to be operating, which are Maryland, West Virginia, Kentucky, Missouri, and Oklahoma. It also declares its hope that a regional party of the South “would inspire the rise of regional parties” in other sections of the United States. A new Civil War, anyone?

House debates campaign finance reform bill

Campaign finance reform was back at the top of the agenda, as the House of Representatives on Sept. 14 once again debated and passed, by a vote of 252 to 177, a bill sponsored by Reps. Chris Shays (R-Conn.) and Marty Meehan (D-Mass.). The bill is largely the same as that passed last year, only without the Byzantine process. Last year's bill passed so late in the session, in the 105th Congress, that even had the Senate wished to take it up, there would not have been time to deal with it.

The bill has two main features: It bans so-called soft-money contributions, and it regulates so-called issue advocacy ads by interest groups as if they were ads by candidates. Rep. Jim Ramstad (R-Minn.), a supporter of the bill, said soft-money and issue advocacy ads are dishonest ways to circumvent the limits set on direct hard-money contributions to candidates.

Opponents of the Shays-Meehan bill repeatedly said it would not pass constitutional muster. House Majority Whip Tom DeLay (R-Tex.) argued it "guts the First Amendment, threatens citizen participation in the political process, and ends the ability of citizens' groups to educate the public unless they file bureaucratic paperwork with the federal government." It is no secret that DeLay, despite this eloquence, is among the most powerful fundraisers on Capitol Hill, and is not afraid to use that power to advance his agenda.

While much was said of the influence of "special interests," the problem of collapsing voter participation was barely touched on. Representative Doug Bereuter (R-Neb.) told the House that "our failure to reduce the disproportionate impact of money in elective politics is having a corrosive

effect on the American political process," and contributes to "suspicion and skepticism" among the electorate. Kevin Brady (R-Tex.) and John Dingell (D-Mich.) both expressed concern that the high cost of running for the House, which now routinely exceeds \$1 million, is discouraging good people from participating as candidates.

Panel hearing on Marianas Islands

On Sept. 16, the House Resources Committee held a hearing on labor and immigration in the Commonwealth of the Northern Marianas Islands. Not surprisingly, the tone was much more partisan than the Senate hearing held two days before. Committee chairman Don Young (R-Ak.) steered the hearing away from the actual conditions in the C.N.M.I. and instead focussed on federal law enforcement and the use of federal funds on the Islands.

Young and other Republicans on the panel heaped praise on the Islands' economic system for freeing the C.N.M.I. from dependency on the federal government. Young attacked the Clinton administration, including federal law enforcement, for being less than interested in the C.N.M.I.'s problems, which led to the unusual spectacle of the Republicans calling for greater federal presence in the Islands! This included the Occupational Safety and Health Administration, which has no permanent presence in the Islands, but has issued scathing reports on the health and safety conditions in Saipan's garment factories. The GOP has in the past heavily criticized OSHA, and expressed an interest in abolishing the agency.

It was left to Committee Democrats, notably George Miller (Cal.) and

Neil Abercrombie (Hi.), to raise the labor and immigration issues from the standpoint of the impact on imported workers and the C.N.M.I. population. Miller said, "The core corruption in the C.N.M.I. is the failure to apply" federal immigration laws, opening the way to "organized crime, communicable disease, and human exploitation" that "not only thrive in Saipan, but threaten every American."

Hastert will bring up HMO reform bills

After weathering heavy criticism from many within his own party, House Speaker Dennis Hastert (R-Ill.) on Sept. 17 issued a statement promising to take up health care reform legislation the week of Oct. 4. "We will," he announced, "have a fair process that at a minimum considers the Coburn-Shadegg bill, the Dingell-Norwood bill, and possibly other alternatives. . . ." He claimed this will allow members to "fairly express their views on the important subjects of patient protections and access to quality health care"—which, he went on to say, is needed—but "without promoting reckless, unlimited lawsuits."

Hastert, with other "compassionate" members of the Conservative Revolution, including Dick Arme (R-Tex.), claims that holding health insurance companies and HMOs liable for their actions, as happens in every other industry, would force increases in premiums and hence in the number of uninsured. This is the line the health insurance industry has promoted for years, in advertising campaigns and through their GOP handmaidens in Congress, to whom they shell out hundreds of millions in campaign contributions.

But about 20 Republicans have

signed on as co-sponsors of the Dingell-Norwood bill, causing splits in the GOP caucus. Dingell-Norwood would allow lawsuits against HMOs for damages, whereas the Coburn-Shadegg bill waters down the right to sue to such an extent that it hardly exists.

GOP struggles with appropriations bills

With the end of the current fiscal year fast approaching, the GOP leadership in both houses has been searching for any trick they can use to pass appropriations bills. Senate Appropriations Committee chairman Ted Stevens (R-Ak.) has floated a plan that would involve shifting some appropriations to fiscal year 2001, breaking the spending caps on certain bills, and/or designating some Pentagon spending as "emergency." The first element of Stevens's plan was labelled "adding a 13th month to the fiscal year" by the *Washington Post*, and immediately became the object of ridicule by the Democrats. Another proposal being floated by the GOP is to slow down the payout of the earned income tax credit, but this is a non-starter for Democrats.

While struggling with their dilemma, the GOP did manage to get the transportation spending bill through the Senate on Sept. 15-16. It required a deal between Transportation Appropriations Subcommittee chairman Richard Shelby (R-Ala.) and Senate Democrats to remove a provision in the bill that would have put a maximum cap of 12.5% on transit allocations to the states. After the deal was struck, the bill sailed through by a vote of 95 to 0.

The Senate Veterans Affairs-Housing and Urban Development appropriations subcommittee marked up its bill on Sept. 16, with a view to find-

ing common ground with the White House. The bill contains approximately \$1 billion more for each housing program and NASA spending than the version passed by the House the previous week.

The big hole remains the bill providing the budgets for the Departments of Labor, Health and Human Services, and Education. The appropriations subcommittees in both House and Senate are \$16-19 billion short of the Clinton administration's request, in part because the Labor-HHS allocation was raided to bring other bills up to passable levels. In the Senate, Stevens's proposal brings the bill to \$2 billion above fiscal 1999 levels, but the House leadership has yet to agree on how to proceed.

Bankruptcy reform bill languishes in Senate

A major bankruptcy reform bill supported by credit card issuers, has stalled because Senate Majority Leader Trent Lott (R-Miss.) wants the debate free from what he calls non-germane issues. Democrats had previously announced they would use the bill as a vehicle for an amendment to increase the minimum wage, but Lott crabbed on Sept. 14 that "I don't think it should become an opportunity for Senators to empty their outbox of every political issue that may be around here."

To avoid such problems, Lott filed a cloture motion as soon as the bill came to the floor Sept. 16. However, on Sept. 21 cloture failed by seven votes. Lott did concede that a minimum wage increase is likely to come up before the end of the year. Minority Leader Tom Daschle (D-S.D.) ruled out the chance that it would come up as freestanding legislation.

Even without amendments, the bankruptcy bill is not without controversy. The bill tightens up requirements for filing Chapter 7 bankruptcy proceedings in order to force more people into Chapter 13, which requires payment of at least some of a filer's debts. The outcome of the bill is uncertain.

Subcommittee considers Taiwan Security Act

Senator Craig Thomas (R-Wyo.) travelled over to the House side of Capitol Hill on Sept. 15 to express his strong opposition to the Taiwan Security Enhancement Act, sponsored in the House by Majority Whip Tom DeLay (R-Tex.). Thomas said, during a hearing of the House Asia and the Pacific Subcommittee, that the current deterioration in China-Taiwan relations is unfortunate, because earlier they had resumed their cross-Straits dialogue. He said he was opposed to the legislation because, as a revision of the Taiwan Relations Act, it would reverse 20 years of policy toward China and Taiwan and would, he said, "destabilize the region."

Other members of the Committee, who are otherwise on the Taiwan bandwagon, were extremely defensive about Taiwanese President Lee Teng Hui's recent remarks about "state-to-state" relations between China and Taiwan. Matt Salmon (R-Ariz.) said he thought Lee's statements were "irresponsible." Tom Lantos (D-Calif.), the Committee's ranking Democrat, also called Lee's statements irresponsible, while otherwise hailing the circumstance that, following the interventions in Kosovo and East Timor, human rights will forever be a centerpiece of U.S. and NATO foreign policy.

Editorial

It's the British, stupid!

We are not commentators on the policies of others. Those policies are taking this planet to Hell at a rapid rate. Rather than useless commentary, what we provide is clarity as to the long-term causes of the present global, societal collapse.

Take the Brzezinski-Bush connections beginning in 1975, when Bush, Brzezinski, and Jimmy Carter attended the Tokyo meeting of the Trilateral Commission. From that meeting, Zbigniew Brzezinski and Cyrus Vance proceeded to run "Project 1980s" for the New York Council on Foreign Relations, which specified the disastrous new policy-departures to be undertaken by the forthcoming Jimmy Carter administration. The number-one aide to Trilateral head Brzezinski on that project, was Harvard professor Samuel Huntington, author of *The End of Democracy*, and, more recently, of "The Clash of Civilizations."

Brzezinski's "Arc of Crisis" policy as Carter's National Security Adviser, as applied in the 1979-89 Afghanistan War, for example, is identical to the policy which the British are applying today in the Russian North Caucasus and in central Asia. At that time, that policy had just been loaned to Brzezinski by British spook Bernard Lewis, then nesting at Princeton University.

This whole gang are all nothing but British agents. New York's Jacob Schiff was a front-man for Britain's King Edward VII, controlled through the King's banker and buddy, Sir Ernest Cassel. The Warburgs were sub-agents of the Schiffs. Similarly, the Harrimans were British agents, and, through the Harrimans, Bush and Brzezinski. It is no coincidence that Bush and Brzezinski were central to operations against Lyndon LaRouche and his friends.

This is why the policies of Brzezinski's National Security Council simply continued themselves through the two Reagan-Bush administrations, under the immediate leadership of then-Vice President Bush. This became Iran-Contra, and the targetting of political enemies by private firms licensed to run government covert operations, under Executive Order 12333.

One and the same policy has continued to evolve from 1975. The Arc of Crisis and related policies of the

Carter days, then marketed through Brzezinski, have become today's narco-terrorist subversion operations, today's revived "Great Game" in central Asia and the Caucasus, today's Kashmir operations, the Yugoslavia war, which plunged the Balkans into chaos, and from there, the destabilization of Indonesia, Russia, and China.

This policy always included the deliberate destabilization and destruction of the Soviet Union, and now of Russia. A single British policy-package has continued, regardless of personalities, in a long-term sequence leading to the present catastrophic dead-end—except for a short period in the 1980s, when Ronald Reagan adopted LaRouche's policy of the Strategic Defense Initiative.

In Europe, the British have manipulated politics for two centuries, by playing off Social Democrats against Christian Democrats, pro-European groups against anti-European groups, Europe against the United States, *ad nauseam*. As the result, so many nominally leading political circles in Europe are blind to the reality: They are being dragged around by their noses by the British, but they are too stupid and too confused to see it.

This continuity of policy since Tokyo, 1975, has now brought us to the about-face in NATO doctrine since the beginning of the Yugoslavia war earlier this year: the new NATO as a global intervention force, ruled by British and British-controlled interventionist whim, without regard to international law or treaty-agreements. Selectively chosen so-called "human rights" issues, nullify the sovereignty of targetted nations. Rather than nation-states, the policy is to create mini-states, micro-states, and stateless no-man's-lands.

No intelligent person can look at each succeeding day's military, foreign-policy, and related disasters, in and of themselves. Instead, look at this continuity of policy back to 1975: British policy is bringing us relentlessly to World War III. It could happen as early as tomorrow, or next week. If and only if the American people, especially, and other targetted victims, crack through their own ignorance and blindness on this question, can it be beaten.

Rescue a neighbor from stupidity today!

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Helga Zepp LaRouche

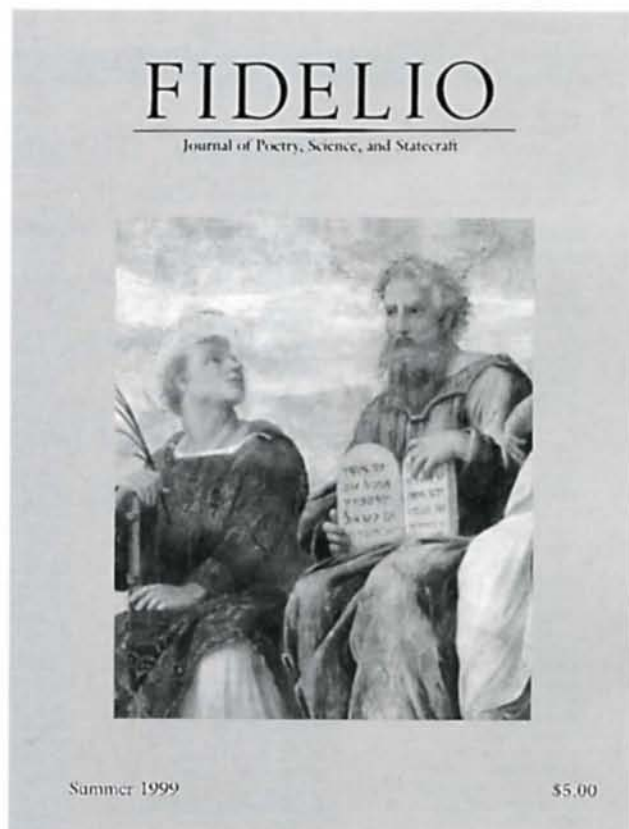
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