

EIR

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LaRouche Was Right: AIDS Poses Security Threat
The Debacles of Britain's Blair Undermine Gore
China Needs Protectionism, Not Free Trade

Ban HMOs, Before They Loot What's Left of Medical Care



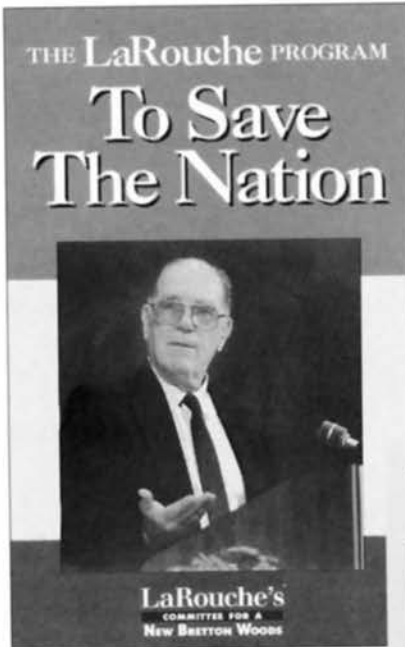
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“You can fool some of the people all of the time,
and all of the people some of the time;
but you cannot fool all of the people all the time.”

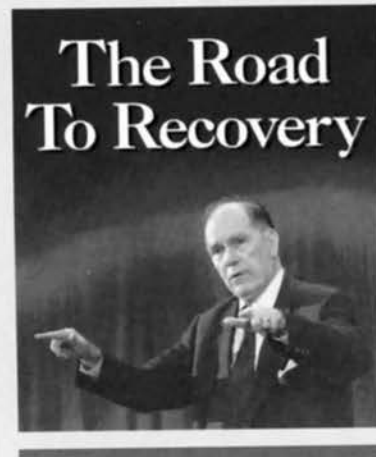
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From the Associate Editor

LaRouche campaign organizers in the San Francisco Bay area created quite an uproar, when they set up literature tables outside local hospitals, with signs that read, “Hitler Would Have Loved the HMOs.” Nurses were generally the first to agree, and patients who had been on the receiving end of the Nazi HMO policies had their own stories to tell. But some people angrily rejected the “extremist” comparison between the Nazis and the managed-care regime in America.

Our case against the HMOs, featured in this issue, is not at all exaggerated. Counts 3 and 4 of the indictment against the war criminals at the Nuremberg Tribunal, delineated the crimes of “Murder and Ill-treatment of Civilian Populations,” as follows: “The murder and ill-treatment were carried out by divers means, including shooting, hanging, gassing, starvation, gross over-crowding, systematic under-nutrition, systematic imposition of labor tasks beyond the strength of those ordered to carry them out, *inadequate provision of surgical and medical services.* . .” (emphasis added).

And the “inadequate provision of surgical and medical services” that has become the trademark of the HMOs in America, has been absolutely deliberate, as “shareholder value” was placed at a higher priority than human life. We shall have more to report on how this was done, in future issues.

Fifteen years ago, LaRouche was widely denounced as an “extremist,” for saying that the AIDS pandemic represented a national security threat, and had to be dealt with using emergency public health measures and a massive commitment of resources. Today, the White House and the CIA have issued statements that completely vindicate LaRouche’s approach (see *National*). Only, in the interim, millions have died, unnecessarily.

This time, citizens had better listen. What to do? Start with the target list of Congressmen (p. 6) who should be voted out of office in November. Elect people who will pass the “Right to High-Quality Health Care Act,” published in last week’s *EIR*. Elect people who will fight for a New Bretton Woods financial system, as LaRouche has proposed—for until we replace the present bankrupt system, the speculative financial bubble, with a system oriented toward the general welfare, the Nazi atrocities will continue.

Susan Welsh

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Ban HMOs! Don't Tolerate Nazi 'Managed Care' Atrocities

by Marcia Merry Baker

On Dec. 29, 1973, President Richard Nixon signed into law the Health Maintenance Organization and Resources Development Act, which for the first time authorized, and encouraged, HMOs and practices known as “managed care,” as the law of the land. Over the ensuing decades, this policy undermined the U.S. hospital and medical care delivery system, and directly and indirectly caused injury and death to millions.

During the process, select private interests made multitrillion-dollar profits out of the destructive “managed care” system. Today, the United States has a record number of citizens enrolled in HMOs (Figure 1), and also a record number of citizens—over 44 millions—with *no health insurance* at all. Diseases which had been all but conquered, including tuberculosis, are on the come-back, and the killer HIV-AIDS is spreading. The United States has lost 1,000 hospitals in the last 20 years; and the number of community hospital beds has fallen from 1.5 million in the 1970s, down to 830,000. The current U.S. hospital base could not even cope with the annual influenza season in January this year, let alone a catastrophe or epidemic.

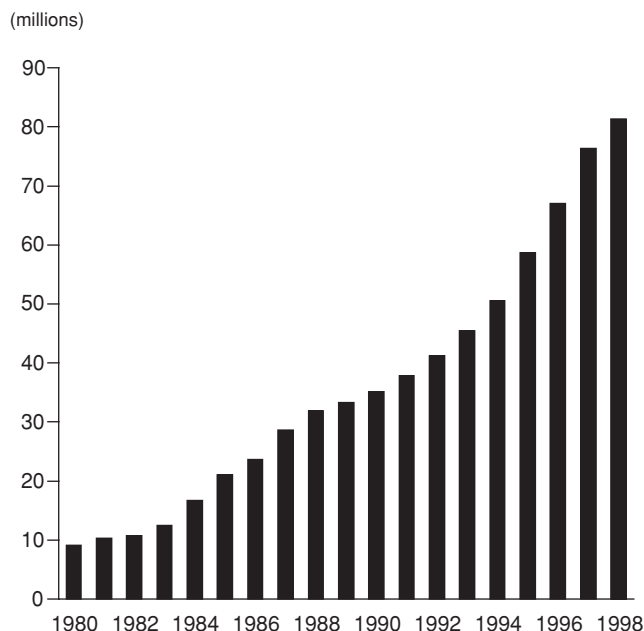
Think About It

Was the 1973 HMO Act just mass collective “misjudgment” on the part of the lawmakers who passed it? Was it just inattention on the part of the American public that stood by and tolerated it? In part, yes. But that makes today’s situation all the more urgent.

It’s time to ban HMOs and *overturn the thinking* that condoned “managed care” in the first place. Indeed, there are those responsible for the 1970s HMO and other key policy acts, who knew quite well what atrocities would result. The late 1960s and early 1970s were the turning point into the so-called “post-industrial society,” which marks the downturn into the collapse we face today in the United States and internationally. Now is the time to force fundamental change.

In April, Lyndon LaRouche’s Presidential campaign called for such an initiative. In the first week in May, LaRouche’s Committee for a New Bretton Woods released a mass-circulation 16-page pamphlet, titled “Ban the HMOs Now! Before They Get You and Yours.” The LaRouche cam-

FIGURE 1
Enrollment in Managed Care Plans—HMOs, PPOs, and others,* 1980-98



*HMOs, Health Maintenance Organizations; PPOs, Preferred Provider Organization; and other variants of managed care plans are also included in the statistics.

paign also endorses draft legislation to ban HMOs, called the “Right to High-Quality Health Care Act” (published in last week’s *EIR*).

The Hill-Burton Principle

The draft Act calls for a return to the *prior policy*, adopted during the 1940s to 1960s, known as the Hill-Burton approach, in which facilities and care were deliberately built up, with the goal of providing access to care to all citizens, as a public good. The name comes from a 1946 law, the Hospital Construction Act, sponsored by Sens. Harold Burton (R-Ohio) and Lister Hill (D-Ala.).

During the period that the Hill-Burton law was in effect, from 1947 to 1975 (it is now on the books in a limited way), the ratio of licensed hospital beds (meaning, up to current standard) went from none at all for many counties, to in the range of 4.5 per person. Many rural areas had hospitals for the first time ever. On the eve of World War II, there were no hospitals at all in 1,282 of the 3,076 counties in the United States. But by the early 1970s, all had facilities of some kind. Half of the new construction projects were 50-bed hospitals built in towns with fewer than 10,000 people; the idea was that they would grow with the population and the economy.

In 1954, amendments to the Hill-Burton Act authorized funds for chronic care facilities. In 1956, the Health Research Act authorized increased funding for research against major diseases. In 1954, began mass administration of Dr. Jonas Salk’s polio vaccine. In 1963, the anti-measles vaccine was developed.

Thanks to these efforts, tuberculosis, a marker for general public health, declined from a peak of 137,000 new cases in 1948, to 55,500 cases in 1960; pertussis (whooping cough) declined from a peak of 156,000 cases in 1947, to 14,800 in 1960; and diphtheria declined from 18,700 cases in 1945, to 900 cases in 1960.

In 1965, the Medicare and Medicaid programs were begun. They mandated that states provide children with Early Periodic Screening, Diagnostics, and Treatment, to prevent disabilities and control transmissible illness. At the same time, drawing on wartime experience, plans were formed to establish a nationwide regionalized system of trauma care centers, to ensure life-saving care to those who sustained massive critical injuries.

The 1965 Civil Rights Act outlawed the last vestiges of the Jim Crow, “separate-but-equal” practices in health care and other services.

How was it all paid for “back then”? The presumption was—and it was sound—that if the economy was generally growing in the right way, with growth in both physical output potential (industry, agriculture, infrastructure) and in essential social services (science, education, health care, culture), then the tax base, and real purchasing power of the citizenry, plus philanthropy, community efforts, and other features of the traditional American System, would support necessities.

The guiding principle was not “socialized medicine,” but

rather, the *American System style of universal care*. The Hill-Burton Act mandated states to “afford the necessary physical facilities for furnishing adequate hospital, clinic, and similar services to all their people.” A mobilization was undertaken. Go into any Hill-Burton-era hospital, be it a county, religious, or private institution, and read the “Donated by . . .” plaques on the wall. The work of local women’s clubs, civic and fraternal societies, private patrons, county bond issues, and so on, is acknowledged.

Then, the shift came. Now, hundreds of these same community assets, built up over decades, have been bought up—often for a nickel-on-the-dollar—stripped down, and closed. It has been *privatization* in action. The 1973 HMO law, and subsequent legislation, *deregulated hospital care, and opened it up for looting*. All manner of ways to restrict and deny care were approved. The destruction of medical care was deliberate.

The 1970s Shift

The 1973 Act was an integral element of a complex of new U.S. laws and policy changes in the late 1960s and early 1970s, that *reversed the historical commitment of the United States to economic development and improvements in the General Welfare*. This was so in both domestic and international affairs.

During the Nixon Administration (1968-74), a grouping of individuals interconnected with Wall Street and City of London financial circles, succeeded in perpetrating these sweeping changes. The principal culprits range from Democrat Sen. Patrick Moynihan, to Republicans Elliot Richardson and Henry Kissinger. (A forthcoming issue of *EIR* will provide a dossier and history of this critical turning point.)

To begin with, sovereign national control over currency stability was ended. In August 1971, the dollar was taken off a set-relationship to gold and other currencies, and the era of floating exchange rates, off-shore dollars, and increasing financial instability and speculation, began.

In December 1971, domestic “wage-price controls” were initiated, in the name of austerity and combatting inflation. Infrastructure investment was slashed. Plans for “workfare” for the unemployed and welfare populations were drawn up. In 1972, hospitals receiving Hill-Burton funds were officially released (as of 20 years hence) from the obligation to care for the indigent. And so it went.

The rhetoric of the period was to “contain costs,” ration “scarce resources,” and restrict care. Categories of “not-to-be-cared-for” people were created de facto, especially among the poor, elderly, and non-white sections of the American population. These policies are identical, in principle, to Hitler’s policy of defining categories of “useless eaters,” and “lives not worthy to be lived.”

The timelines provided in this section, document this HMO Nazi process in the United States. The companion list of who in Congress supports HMOs, is provided in order to get these people out of office, fast.

In November, Vote the Pro-HMO Congressmen Out of Office!

1. SENATE REPUBLICANS

Those marked with X are the Republican Senators who voted against the Bipartisan Patients Bill of Rights (S.6) in July 1999. No Democratic Senators voted against this bill.

HMO\$ is the amount each accepted from political action committees of the Health Benefits Coalition, the lobby composed of HMOs, insurance companies, and cheap-labor employers between January 1999 and February 2000.

<i>State</i>	<i>Name</i>	<i>HMO\$</i>	<i>Voted Pro-HMO</i>	<i>State</i>	<i>Name</i>	<i>HMO\$</i>	<i>Voted Pro-HMO</i>
AL	Richard Shelby	0	X	MO	Christopher Bond	0	X
	Jeff Sessions	7,087	X		John Ashcroft	40,500	X
AK	Ted Stevens	0	X	MT	Conrad Burns	13,100	X
	Frank Murkowski	0	X	NE	Chuck Hagel	9,500	X
AZ	John McCain	2,500	X	NH	Robert Smith	0	X
	John Kyl	31,375	X		Judd Gregg	0	X
AR	Tim Hutchinson	500	X	NM	Pete Domenici	1,000	X
CO	Ben Campbell	0	X	NC	Jesse Helms	0	X
	Wayne Allard	1,000	X	OH	Mike DeWine	18,000	X
DE	William Roth	52,522	X		George Voinovich	1,500	X
FL	Connie Mack	0	X	OK	Don Nickles	4,500	X
GA	Paul Coverdell	8,018	X		James Inhofe	0	X
ID	Larry Craig	0	X	OR	Gordon Smith	2,000	X
	Michael Crapo	0	X	PA	Arlen Specter	0	X
IL	Peter Fitzgerald	3,248			Rick Santorum	40,213	X
IN	Richard Lugar	19,750	X	RI	John Chafee	5,500	
IA	Charles Grassley	0	X	SC	Strom Thurmond	0	X
KS	Sam Brownback	0	X	TN	Fred Thompson	0	X
	Pat Roberts	0	X		Bill Frist	38,980	X
KY	Mitch McConnell	5,000	X	TX	Phil Gramm	16,483	X
	Jim Bunning	1,000	X		Kay Hutchison	16,660	X
ME	Olympia Snowe	12,500	X	UT	Orrin Hatch	35,047	X
	Susan Collins	0	X		Robert Bennett	0	X
MI	Spencer Abraham	36,000	X	VT	Jim Jeffords	36,000	X
MN	Rod Grams	33,500	X	VA	John Warner	0	X
MS	Thad Cochran	0	X	WA	Slade Gorton	29,000	X
	Trent Lott	32,500	X	WY	Craig Thomas	6,000	X
					Michael Enzi	10,231	X

2. DEMOCRATIC SENATORS FUNDED BY HMO LOBBY

These Democratic Senators who are up for re-election, received large sums of HMO money in recent years, but no Democratic Senators voted against the Patient Bill of Rights. Lieberman, Conrad, Kennedy, and Kerrey have received more than \$10,000 from the HMO lobby in the past year. (Source: Center for Responsive Politics).

<i>State</i>	<i>Name</i>	<i>HMO\$ (1993-2000)</i>	<i>State</i>	<i>Name</i>	<i>HMO\$ (1993-2000)</i>
CA	Dianne Feinstein	36,750	NE	Bob Kerrey	36,400
CT	Joseph Lieberman	77,749	NM	Jeff Bingaman	24,586
MA	Edward Kennedy	34,300	ND	Kent Conrad	40,830

3. HOUSE OF REPRESENTATIVES

The entire House of Representatives is up for reelection in November. HMO\$ indicates how many thousands of dollars, rounded off, were accepted in 1999 and early 2000 from the political action committees of Health Benefits Coalition, the lobby of HMOs, insurance companies and cheap-labor employers fighting against health care reform. X means voted for the HMOs by voting against Bipartisan Consensus Managed-Care Improvement Act, H.R. 2723, which passed 275-151 on Oct. 7, 1999. Members who neither voted against the bill nor accepted more than \$1,500 are not listed. (Sources: Center for Responsive Politics, based on FEC records; Congressional Record.)

State	Name (Party)	HMO\$ (1,000s)	Voted Pro-HMO	State	Name (Party)	HMO\$ (1,000s)	Voted Pro-HMO	State	Name (Party)	HMO\$ (1,000s)	Voted Pro-HMO
AL	Robert Aderholt(R)	11	X		Ed Royce(R)	2	X	ID	Helen		
	Bud Cramer(D)	7			Tom Campbell(R)	0	X		Chenoweth(R)	0	X
	Bob Riley(R)	6	X		Dana			IL	Dennis Hastert(R)	28	X
	Spencer Bachus(R)	4			Rohrabacher(R)	1	X		John Shimkus(R)	13	X
	Terry Everett(R)	4	X		John Doolittle(R)	0	X		Donald Manzullo(R)	11	X
AK	Don Young(R)	3	X		Wally Herger(R)	0	X		Jerry Weller(R)	11	X
AZ	J.D. Hayworth(R)	20	X		Ron Packard(R)	0	X		Philip Crane(R)	9	X
	Jim Kolbe(R)	7	X	CO	Thomas				Judy Biggert(R)	5	X
	John Shadegg(R)	6	X		Tancredo(R)	22	X		Thomas Ewing(R)	3	X
	Bob Stump(R)	1	X		Scott McInnis(R)	5	X		John Porter(R)	2	
	Matt Salmon(R)	0	X		Bob Schaffer(R)	4	X		Ray LaHood(R)	1	X
AR	Asa Hutchinson(R)	11	X	CT	Nancy Johnson(R)	44	X		IN Ed Pease(R)	5	
	Marion Berry(D)	2			John Larson(D)	12			Tim Roemer(D)	5	
	Jay Dickey(R)	0	X	DE	Michael Castle(R)	4			Steve Buyer(R)	4	X
CA	James Rogan(R)	31	X	FL	Mark Foley(R)	22			David McIntosh(R)	3	X
	Bill Thomas(R)	28	X		Clay Shaw(R)	17			Don Burton(R)	2	X
	Steven				Michael Billirakis(R)	13			Mark Souder(R)	1	X
	Kuykendal(R)	23	X		Bill McCollum(R)	10			John Hostettler	0	X
	Cal Dooley(D)	11			Allen Boyd(D)	8		IO	Michael Simpson(R)	12	X
	Douglas Ose(R)	9	X		Cliff Stearns(R)	6	X	KS	Todd Tiahrt(R)	5	X
	Brian Bilbray(R)	9			Peter Deutsch(D)	5			Jerry Moran(R)	3	
	Mary Bono(R)	7			Bill Young(R)	4			Jim Ryun(R)	2	X
	Gary Condit(D)	7			Tillie Fowler(R)	4	X	KY	Ernest Fletcher(R)	31	X
	Gary Miller(R)	7	X		Karen Thurman(D)	3			Anne Northup(R)	29	X
	Chris Cox(R)	6	X		John Mica(R)	3	X		Edward Whitfield(R)	20	X
	Richard Pombo(R)	5			Dave Weldon(R)	2			Ken Lucas(D)	11	
	Ken Calvert(R)	5	X		Dan Miller(R)	1	X		Ron Lewis(R)	7	X
	Robert Matsui(D)	5			Porter Goss(R)	0	X		Harold Rogers(R)	2	X
	Buck McKeon(R)	5	X		GA John Isakson(R)	28	X	LA	Richard Baker(R)	15	X
	David Dreier(R)	5	X		Bob Barr(R)	8			David Vitter(R)	11	
	Jerry Lewis(R)	5	X		Jack Kingston(R)	6	X		Chris John(D)	9	
	Elton Gallegly(R)	4			Sanford Bishop(D)	2			Billy Tauzin(D)	7	X
	Ellen Tauscher(D)	4			Saxby				Jim McCrery(R)	2	X
	Xavier Becerra(D)	4			Chambliss(R)	2		MD	Robert Ehrlich(R)	10	X
	Mike Thompson(D)	3			John Linder(R)	2	X		Ben Cardin(D)	3	
	Duke				Charlie Norwood(R)	2			Connie Morella(R)	2	
	Cunningham(R)	2	X		Nathan Deal(R)	1	X		Roscoe Bartlett(R)	0	X
	Sam Farr(D)	2			Mac Collins(R)	1	X	MA	Richard Neal(D)	3	
	George				IA Jim Nussle(R)	14	X		Joe Moakley(D)	2	
	Radonovich(R)	2			Greg Ganske(R)	5		MI	Debbie		
	Loretta Sanchez(D)	2			Tom Latham(R)	2	X		Stabenow(D)	5	

State	Name (Party)	HMO\$ (1,000s)	Voted Pro-HMO	State	Name (Party)	HMO\$ (1,000s)	Voted Pro-HMO	State	Name (Party)	HMO\$ (1,000s)	Voted Pro-HMO
	Dave Camp(R)	7	X		Michael McNulty(D)	3			Mark Sanford(R)	0	X
	Fred Upton(R)	6	X		Thomas			SD	John Thune(R)	3	X
	Bart Stupak(D)	4			Reynolds(R)	3		TN	Ed Bryant(R)	9	X
	Joe Knollenberg(R)	3	X		Gary Ackerman(D)	2			John Tanner(D)	8	
	John Dingell(D)	2			John LaFalce(D)	2			Bart Gordon(D)	5	
	Sander Levin(D)	2			James Walsh(R)	2			Van Hilleary(R)	0	X
	Peter Hoekstra(R)	1	X		Eliot Engel(D)	2		TX	Tom DeLay(R)	17	X
	Vernon Ehlers(R)	1	X	NC	Robin Hayes(R)	27	X		Pete Sessions(R)	16	
	Nick Smith(R)	0	X		Sue Myrick(R)	9	X		Dick Armey(R)	13	X
MN	Gil Gutknecht(R)	9	X		Richard Burr(R)	9	X		Charles		
	Jim Ramstad(R)	7			Bobby Etheridge(D)	5			Stenholm(D)	10	
	Colin Peterson(D)	3			Mike McIntyre(D)	4			Larry Combest(R)	10	X
	Bill Luther(D)	2			Cass Ballinger(R)	3	X		Henry Bonilla(R)	8	X
MS	Roger Wicker(R)	8	X		Howard Coble(R)	2			Ralph Hall(D)	7	
	Chip Pickering(R)	5			Eva Clayton(D)	2			Sam Johnson(R)	7	X
	Gene Taylor(D)	2			Walter Jones(R)	2			Martin Frost(D)	6	
MO	Roy Blunt(R)	24	X		Charles Taylor(R)	0	X		Ron Paul(R)	5	X
	Richard			ND	Earl Pomeroy(D)	18			Kay Granger(R)	5	
	Gephardt(D)	7		OH	John Boehner(R)	28	X		Max Sandlin(D)	3	
	Jo Ann Emerson(R)	7	X		Steve Chabot(R)	17	X		Joe Barton(R)	3	X
	Kenny Hulshof(R)	7			Michael Oxley(R)	12	X		Kevin Brady(R)	3	
	Ike Shelton(D)	2			Deborah Pryce(R)	8			Charles		
	James Talent(R)	0	X		Bob Ney(R)	7	X		Gonzalez(D)	2	
MT	Rick Hill(R)	1	X		Paul Gilmor(R)	3	X		Ken Bentsen(D)	2	
NE	Lee Terry(R)	8	X		John Kasich(R)	1	X		Jim Turner(D)	2	
	Doug Bereuter(R)	1	X		David Hobson(R)	2	X		Bill Archer(R)	0	X
	Bill Barrett(R)	0	X		Ralph Regula(R)	0	X		Lamar Smith(R)	1	X
NH	Charles Bass(R)	11	X		OK J.C. Watts(R)	16	X	UT	Chris Cannon(R)	2	
	John Sununu(R)	2	X		Ernest Istook(R)	7	X		James Hansen(R)	1	X
NJ	Bob Franks(R)	4			Steve Largent(R)	4	X	VA	Virgil Goode(D)	12	X
	Robert Andrews(D)	6			Frank Lucas(R)	4	X		Tom Davis(R)	10	
	Marge Roukema(R)	6			Wes Watkins(R)	3	X		Thomas Bliley(R)	9	X
	Robert			OR	Gregory Walden(R)	10	X		Rick Boucher(D)	3	
	Menendez(D)	4			Earl Blumenauer(D)	3			Jim Moran(D)	2	
	Frank LoBiondo(R)	4			Dave Wu(D)	2			Robert Goodlatte(R)	2	X
	Donald Payne(D)	2		PA	Donald			WA	Jennifer Dunn(R)	22	X
	Rod				Sherwood(R)	21			George		
	Frelinghuysen(R)	2			Patrick Toomey(R)	19	X		Nethercutt(R)	21	X
	Frank Palone(D)	2			Phil English(R)	19	X		Adam Smith(D)	3	
NM	Heather Wilson(R)	32			John Peterson(R)	4			Doc Hastings(R)	2	X
	Joe Skeen(R)	11	X		Joseph Pitts(R)	3			Jack Metcalf(R)	0	X
NY	Charles Rangel(D)	11			Bud Shuster(R)	3		WI	Paul Ryan(R)	18	X
	Rick Lazio(R)	19	X		Curt Weldon(R)	3			Mark Green(R)	12	X
	Vito Fossella(R)	11	X		William Coyne(D)	2			Tom Petri(R)	6	
	Carolyn Maloney(D)	8			John Murtha(D)	2			James		
	Nita Lowey(D)	6			George Gekas(R)	0	X		Sensenbrenner(R)	4	X
	Sue Kelly(R)	5			William Goodling(R)	0	X		Thomas Barrett(D)	2	
	Peter King(R)	4		RI	Patrick Kennedy(D)	2		WY	Barbara Cubin(R)		X
	Ed Towns(D)	4		SC	Lindsey Graham(R)	2					
	John Sweeney(R)	4			John Spratt(D)	2					
	Amo Houghton(R)	3	X		Jim DeMint(R)	0	X				

Managed Care's Destruction of American Health Services

by Linda Everett

Much of the impetus for the 1946 Hill-Burton Act came from the shocking finding, in 1941, that nearly one-third of the males ages 18 to 37 called up for the draft, were physically or mentally unfit for military duty. Hill-Burton became one of several turning points in which the United States committed its resources to providing for and advancing the fundamental needs of all of its people, including assuring medical care of older and disabled Americans (through the Federal Medicare program) and assuring health care for impoverished families (through the Federal/state-financed Medicaid plans). But, just about every one of those fundamental health care advances,

mandated by Federal or state laws, has been buried under the financial oligarchy's managed-care health plan to divert the \$1 trillion which the nation spends annually on health care into the insurance industry coffers.

The two timelines below show a few key Federal programs established to provide for health care infrastructure and public health, along with a brief history of managed care's rise and the carnage its policy has caused. Not only are the nation's hospitals crumbling, incapable of meeting the medical needs of their communities, but managed care has actually reversed many advances in medical treatment.

The HMO Takeover

1967

The campaign begins to make medical cost increases an issue. The American Hospital Association, for example, announces that hospital expenses per patient day in 1967 were \$57.93, or 30% more than in September 1965.

1971

President Nixon's special message on national health care outlines three basic proposals: 1) require employers to provide basic health insurance coverage; 2) replace Medicaid; 3) encourage the establishment of health maintenance organizations (HMOs).

1972

Congress passes legislation that guts the original Hill-Burton mandate that hospitals built with Hill-Burton funds must provide care to indigent patients. Instead, Hill-Burton hospitals, 20 years after being built, no longer have to set aside a certain number of beds for patients who cannot pay.

1973

The Health Maintenance Organization and Resources Development Act of 1973 passes, for the first time providing \$375 million in Federal aid to HMOs, to cut medical costs and

to give access to health services to medically under-served. Congress requires that HMOs offer: a set fee for basic health services; 24-hour service to its enrollees; charge uniform fees, regardless of an individual enrollee's medical history; and prohibit HMOs from expelling or denying coverage to anyone because of health conditions.

Over the next 20 years, managed care companies scuttle every one of these requirements, by "cherry picking"—enrolling only healthy patients or, after open enrollment, denying access to needed specialists, tests, or treatment for enrollees who are chronically ill, mentally or physically disabled, who are often indigent.

1974

The Employee Retirement Income Security Act (ERISA) is passed to provide uniform Federal protections of employee group health, pension, and welfare plans. Under ERISA, such plans are preempted from state insurance oversight. Should an ERISA-protected health plan wrongfully deny or delay treatment, resulting in a patient death or injury, the plan may be sued only for the actual costs of the treatment denied—not for the worsened medical crisis, death, or permanent disability that resulted.

By the 1990s, instead of protecting employees, ERISA is used by group managed care plans as a shield to escape liability and prosecution under state insurance and other laws, when they intentionally and systematically deny needed treatment. Managed care companies are protected in

The Beginning of Health Maintenance Organizations

Health Maintenance Organizations (HMOs) were first formally authorized by Congress in the Health Maintenance Organization and Resources Development Act of 1973, a bill to amend the Public Health Service Act “to provide assistance and encouragement for the establishment and expansion of health maintenance organizations, health care resources, and the establishment of a Quality Health Care Commission, and for other purposes.” This was the final result of lengthy debate in both Houses of the 93rd Congress over H.R. 4871 and S. 14.

The legislation is a classical example of the kind of “fascism with a Democratic face,” about which Lyndon LaRouche had been warning in the early 1970s, with liberal Democrats and Republicans, either wittingly or unwittingly, passing legislation to impose vicious austerity on the population in the name of cost-cutting. In this legisla-

tion, health care was to be increasingly turned over to nurses and paramedics, and doctors’ ability to competently treat patients was to be curtailed. As Sen. Hubert Humphrey (D-Minn.) put it, the bill “provides a strong incentive for a long-overdue emphasis upon preventive services to avoid the need for costly, intensive care.”

The chief Senate sponsor for the bill was Edward M. Kennedy (D-Mass.), who today opposes the worst aspects of managed care. The final bill was passed with overwhelming majorities in both Houses.

The bill authorized \$375 million in fiscal years 1974-78, to create a limited experimental Federal health care program over a trial period, to develop money-saving alternatives to existing fee-for-service forms of health care, and specifically to encourage development of HMOs. President Richard Nixon signed it into law on Dec. 29, 1973.

At the time of passage, HMOs such as California’s Kaiser system, which came into existence in the early 1900s, had enrolled an estimated 7 million Americans, or approximately 3% of the population. The legislation enlarged this to about 6%, while it was in existence.

court from malpractice and liability suits after causing tens of thousands of catastrophic injuries, deaths, and life-long disabilities.

1975

U.S. Healthcare, Inc. is formed.

1976

Congress alters the 1973 HMO legislation, after HMOs complain that Congressional requirements saddle them with costs that make them more expensive and less able to compete with other medical services. The changes, for example, allow HMOs to deny enrollment to persons institutionalized with a chronic illness or permanent injury.

1977

The Health Care Financing Administration is formed to oversee Medicare and Medicaid programs. HCFA’s first administrator, Robert Derzon, calls for expanding HMO capitation rate for Medicare, so that the government would pay one flat rate per person for a specified time period—regardless of the patient’s medical needs—to reduce “overutilization” of services and save billions. Derzon encourages the use of living wills to cut cost-inducing activities.

1978

168 HMOs are operating, with 7.8 million enrollees.

Federal aid to HMOs is provided on a continuing, rather than experimental, basis. HMO outpatient facilities get extra funding, as part of an effort to reduce costly hospitalizations.

While requiring HMOs to reimburse members for emergency medical services provided by someone other than the HMO, the laws also permit HMOs to refuse to pay for unusual or infrequently provided services and procedures.

1981

The last year that Federal assistance is given to HMOs.

1983

Medicare starts prospective payment system in which hospitals are paid a pre-set rate based on a patient’s diagnosis (Diagnosis Related Groups), not on the actual cost, thereby penalizing hospitals for giving needed care that exceeds the DRG payment.

Within three years, the length of hospital stays for elderly and disabled Medicare patients drops dramatically, as hospitals send still-sick patients home.

1986

25.7 million people are enrolled in HMOs.

In the first lawsuit of its kind, a Michigan woman sues her Blue Cross Blue Shield HMO, charging that its profit-making mechanism, enforced through her “gatekeeper” doctor, led to denial of diagnostic tests and treatment for two years, during which she suffered from undiagnosed invasive cervical cancer.

1987

The Budget Reconciliation Act includes a provision prohibiting HMOs and competitive medical plans (CMPs) from

paying incentives to physicians, designed to withhold needed care from patients.

1988

Following the October 1987 stock market crash, Congress passes legislation allowing insurance companies to directly sponsor HMOs, without having to establish a separate legal entity.

1990

Congress repeals the 1987 prohibition, replacing it with supposed protections for both physicians and patients.

HMO financial incentives give rise to scores of lawsuits, after HMO doctors who benefitted financially, delayed or denied medical care to patients who later sustained injuries or died.

1991

The Bush FY 1991 budget includes a plan to encourage the use of managed care in Medicare and Medicaid, to contain health costs. But, Medicare was established precisely because private insurers refused to provide health insurance for older patients and chronically ill or disabled patients. Within eight years, it is shown that poor people with health problems do worse in managed care/HMO plans.

1994

An estimated 17 million children are enrolled in managed care.

Columbia/HCA, Inc. is formed, establishing the largest for-profit hospital cartel in the world, with its own HMO. Columbia rips into the community hospital system, eventually buying up, merging with, and selling off hundreds of hospitals, according to their profitability standard.

1995

A 16-year-old commits suicide after Physicians Health Services, a Connecticut HMO, refuses to pay for his continued hospital care, despite his two earlier suicide attempts. A Federal court upholds the suit, because the HMO failed to provide a proper standard of care.

Anesthesiologists from several New York hospitals sue Aetna, charging the HMO with violations of the Sherman Anti-Trust Act: unreasonable restraint of trade, wrongful, fraudulent, and malicious interference with the physicians' hospital contracts and use of economic duress in dealing with doctors (*Ambrose v. Aetna*). Aetna threatens to remove all Aetna patients — up to 30% of the hospitals' patient base — if the hospitals do not force their anesthesiologists to sign an Aetna contract that includes a 25% wage cut.

1996

The new Welfare Reform Act eliminates the 60-year-old Federal Aid to Families with Dependent Children (AFDC) program, delinking it from Medicaid, leaving 675,000 low-

income Americans uninsured by 1997, with more in 1998-99.

Pennsylvania cuts 220,000 medically indigent people from medical assistance, resulting in several deaths; a study finds that similar cuts in care will result in 3,500 needless deaths in California.

States mandate that 42 million low-income Americans, 16% of whom are disabled, shall enroll in some form of managed care, which have no expertise in the complex needs of the disabled.

The Welfare Reform Act specifies that immigrant families who arrived after August 1996 can receive no health care coverage for five years. California Sen. Diane Feinstein (D) warns Congress of the danger of "mass contagion" because immigrants are fearful that their resident status will be revoked, and therefore they don't seek help when ill. California has 1.7 million uninsured children; 37,000 of them in Orange County have no immunization at all.

67.5 million people are enrolled in HMOs.

Managed care plans open campaigns to enroll Medicare patients for lucrative Federal HMO premiums.

Aetna purchases U.S. Healthcare, an HMO with 2.8 million members, for \$9 billion.

1997

The Balanced Budget Act of 1997 gouges \$433 billion from Medicare and Medicaid programs over ten years. The Act uses financial inducements to get Medicare patients to enroll in managed-care plans.

57% of all managed-care plans claim they're losing money; in fact, they can't bleed any more from medical facilities and doctors, whom they've stopped paying.

A Federal review of Montana's new Medicaid program for the mentally ill found that, once managed care took over, inpatient days dropped by 96%; residential services dropped 85%; partial hospitalizations dropped 45%; intensive outpatient services dropped 25%; and outpatient visits dropped 76%.

1998

49 states enroll Medicaid recipients in managed-care plans to slash state costs. Half of Medicaid's 32 million recipients are enrolled in 355 managed-care plans.

Aetna purchases NYLCare (1.5 million members) from New York Life Insurance for \$1.5 billion. A class-action suit is filed in California against Aetna, Cigna, and Prudential, for aggressively enrolling older and disabled Americans in their Medicare managed-care plans, knowing that the plans would, within months, proceed to dump these patients in more than 30 states.

New Jersey's largest and oldest HMO, HIP of New Jersey, goes bankrupt, leaving its facilities and medical professionals scrambling to buy their own medications, treatments, chemotherapy, and supplies for 200,000 patients.

Government exposes how managed-care plans intentionally overcharged Medicare for billions of dollars. Aetna, Pa-



Pamphlets issued by the LaRouche movement over the years warned of the insanity of “managed-care” policies, and put forward a rational alternative, based on the Hill-Burton Act of 1946. If that program had been implemented, we would not face the national health care crisis that we do today.

cifica, Blue Cross Blue Shield, and Kaiser Permanente managed-care plans exit Medicaid plans in 12 states.

1999

Managed-care plans dump more than 650,000 Medicare patients, in 19 states, leaving tens of thousands of patients without coverage and unable to afford supplemental insurance to cover prescription drugs and services promised by HMOs.

Studies find that Medicare HMOs are illegally tripling charges to Medicare patients for services offered as free in their contracts, or that HMOs break contracts with seriously ill Medicare beneficiaries, denying promised services.

35 states consider patients’ rights legislation, with Georgia and California passing laws that allow patients to sue their managed-care provider for wrongful denial of treatment, similar to Texas’s law (1997). Missouri (1997), New Mexico (1998), and Louisiana (1999) utilize other methods to hold HMOs liable.

24 states have banned the use of “hold harmless” clauses

that the managed-care companies use in physician/hospital contracts. Finally, managed-care companies can be held responsible for their decisions in patient treatment.

80% of recent medical graduates take jobs with HMO clinics or hospitals.

In California, HMO facilities demand that doctors see as many as eight patients an hour, spending just 7.5 minutes with each.

Doctors join collective-bargaining units and unions to defend themselves against HMO policies. Aetna sends its nurses into hospitals to speed up release of HMO patients. Anthem managed-care plans force hospitals to accept on-site reviews in hospital contracts.

Aetna purchases Prudential Healthcare (2.7 million members) for \$1 billion, and announces its objective is total control over every aspect of how 400,000 physicians give care to their 20 million members.

Five class-action suits are filed against Aetna Inc., Cigna Corp., Foundation Health Systems, Humana, Inc., Pacificare Health Systems, and Aetna’s Prudential Insur-

ance, “for pursuing fraudulent and extortionate policies and practices.” Federal racketeering charges are also brought against some of the plans, which together, cover some 32 million people.

U.S. District Court in Texas upholds the right of chronically disabled patients who suffered from heart or pulmonary disease, to sue their Humana Medicare HMO because its physician financial incentives caused doctors to limit or deny specialist referrals and the substantial treatment their disabilities required (*Zamora-Quezada v. HealthTexas et al.*).

2000

Aetna is now the largest U.S. managed-care company, with 22 million members. One in every ten Americans is in an Aetna plan.

Aetna files suit against New Jersey hospitals to force them to stay in Aetna contracts. The hospitals lost up to \$17 million a year on Aetna’s contracts; Aetna denies 20% of all claims as “medically unnecessary” and won’t cover one out of five days hospitalizations.

Harvard Pilgrim Health Care, New England’s largest and oldest non-profit managed-care plan, is placed under state receivership. The plan covered 1.5 million people in Massachusetts, Rhode Island, Maine, Vermont, and New Hampshire. Failures of managed-care plans and HMOs surged 78% between 1998 and 1999—from 9 to 16 failures, affecting

more than 821,000 people.

Aetna plans to exit the managed-care business to move into “defined contributions,” in which employers give out vouchers that employees can use to buy their own insurance coverage. Families with a chronically ill or disabled member will be forced to pay more for care.

Wellpoint Health Networks and ING, the Dutch banking conglomerate, bid \$10 billion to take over Aetna-U.S. Healthcare. Aetna plans to sever its health care unit from its financial companies.

Washington State and Arizona pass laws to allow patients to sue managed-care plans whose negligence results in injury or death.

About 170 million American are enrolled in HMOs and other managed-care organizations.

Aetna reaches a “landmark” settlement in a 1998 lawsuit: The state of Texas charged Aetna with systemic and industry-wide illegal policies, fraud, false and deceptive advertising, and illegal contracts with doctors to limit patient treatments “to maximize profits.” Aetna admits no wrongdoing, and agrees to adhere to existing state laws for two years. 40 other class-action and personal lawsuits are still outstanding. Aetna is restructuring “to realize maximum shareholder value.” Aetna plans to eliminate all Medicare coverage in its managed-care plans, affecting a “substantial” number of its 670,000 HMO members.

The Breakdown of U.S. Health Care

1946

Hill-Burton Hospital Survey and Construction Act is passed by Congress.

1946-60

The incidence of most notifiable diseases drops during this period, due to the government’s emphasis on public health measures and infrastructure development. The 83rd Congress holds hearings on “The Causes, Control, and Remedies of the Principal Diseases of Mankind” in 1953, consistent with the Hill-Burton approach to hospital and public health, to determine what is required and provide it. Over the next decade, two diseases are successfully beaten back. Tuberculosis, a marker for general public health, declines from a peak of 137,000 new cases in 1948, to 55,500 cases in 1960; pertussis (whooping cough) declines from a peak of 156,500 cases in 1947, to 14,800 in 1960; and diphtheria declines from 18,700 cases in 1945, to 900 cases in 1960.

1960s

113.1 million people, 60% of the U.S. population, are covered for hospital care; 107.7 million for surgical costs; 86.0 million for regular medical costs; and 38.3 million for major medical expenses

Congress passes several initiatives to support training of physicians, dentists, professional nursing and other health personnel.

Rubeola measles, which had peaked at 683,000 new cases in 1952, and been in the hundreds of thousands of cases every year between 1945 and 1966, drops to 62,700 cases.

1965

Medicare is established, providing health care for the aged (and later, for the disabled and those with end-stage renal disease), financed under Social Security, paying for 90 days of hospital care; 100 days of nursing home care; and 100 home health care visits. Private insurers refused to offer health insurance to older, disabled Americans.

Medicaid is established as a medical safety net for the poorest, sickest, and most disabled, based on income or type of disability. The Federal- and state-funded program mandated that states provide children with Early Periodic Screening, Diagnostic and Treatment (EPSDT) to prevent disabilities and control transmissible illness.

Drawing on wartime experience of military physicians

from World War II, Korea, and Vietnam, plans are formed to establish a nation-wide regionalized system of trauma care centers to ensure life-saving care to those who sustain massive critical injuries.

1970

The number of hospital beds (community and specialty) declines to 7.9 beds per 1,000 population, down from 10.2 beds per 1,000 in 1945. There are 7,156 hospitals with 1.62 million beds.

1975

Funding for health service programs is renewed by Congress, overriding President Ford's veto. The number of hospitals drops to 7,123, a decline of 33 since 1970; the number of hospital beds declines 150,000, to 1.47 million, or 6.8 beds per 1,000 population.

1978

The percentage of the population which has health insurance peaks, at 84%.

1979

11 cases of AIDS are identified.

1980s

Hospitals invest heavily in nurse educators, who train new registered nurse graduates for specialized areas, creating highly skilled staff within hospitals.

The number of hospitals drops to 6,965 (1980), a decline of 191 since 1975; the number of beds drops to 1.37 million, a decline of 101,000 during the same period, a rate of 6.0 beds per 1,000. The number of HMO plans rises to 236, with an enrollment of 9.1 million people.

1981

The Centers for Disease Control reports on a cluster of cases of *Pneumocystis carinii* pneumonia (PCP) and Kaposi's sarcoma, a rare form of cancer. By mid-1981, 116 such cases are reported to CDC, prompting the hunt for the AIDS virus by the U.S. medical establishment.

1985

Another 93 hospitals and 51,000 beds have been lost since 1980, dropping the beds per 1,000 rate to 5.5. AIDS cases to date reach 16,500; it is the leading cause of death among men aged 30-34 in New York City. There are 393 HMOs, covering 19 million people.

1986

Tuberculosis emerges as an AIDS marker, as the long, steady decline in TB cases is reversed, and a resurgence begins. There are 22,800 cases in 1986.

Patients receiving coronary-artery bypass graft (or CABG) under managed care or HMO show higher death rates

than under traditional fee for service plans. Federal study of Medicare deaths finds a 10.4% increase in 30-day mortality rate at California hospital (1991-93) which offers assembly-line surgery at reduced rates to attract HMO contracts.

1987

New York City health authorities estimate that 500,000 residents are infected with the HIV virus.

1990

The number of hospitals drops to 6,649, a decline of 223 since 1985, and a decline of 474 since 1970. The number of hospital beds drops to 1.21 million, down 98,000 since 1985 and 405,000 since 1970, to 4.9 beds per 1,000 population. 652 HMO plans cover 34.7 million people. An estimated 50% of U.S. children under age five have not received needed vaccinations, reflecting the decline of public health measures.

1991

Rural areas experience medical care shortage. Between 1984 and 1991, 550 rural hospitals stopped providing acute care.

1992

26,700 tuberculosis cases are reported, a 20% increase over 1985. 95 hospitals are closed, and 23,000 beds disappear. Between 1992 and 1997, over 400 emergency departments close throughout the country, as managed-care companies deny payments for emergency interventions, resulting in increased disabilities and deaths.

Congress passes the Americans with Disabilities Act to give disabled individuals protection against discrimination.

But, under managed care, it's proven that disabled children with complex health care needs, such as those with spina bifida, are denied basic tests that could save them from preventable death (State of Minnesota study).

1993

The CDC reports 339,000 U.S. AIDS cases to date, with 204,000 deaths. The lethal rodent-borne hantavirus erupts in the Southwest; contaminated water causes an outbreak of cryptosporidiosis in Milwaukee; and a pertussis epidemic hits the U.S., due to failure to vaccinate.

The number of hospitals declines by 72, to 6,467, and the number of beds declines by 16,000, to 1.16 million, or 4.6 beds per 1,000 population. Between 1980 and 1993, 675 community hospitals are closed. In California, the number of hospitals declines 13% between 1983 and 1993. Hospital inpatient days drop 30-44%; in-patient procedures drop 35-46% (*Journal of American Medical Association*).

All 24 hospital regions are below the inadequate nation average of 3.4 RNs per 1,000 residents. Cuts of just 7.75% of hospital registered nursing staff increases morbidity rates by up to 400%.

Trauma care centers are found to save 64% of the 140,000



Demonstrators against HMOs and managed care rally on the original Boston Tea Party ship in Boston Harbor, dumping crates labelled "Nursing Cutbacks," "Corporate Greed," etc., into the water.

Americans who would otherwise die of injuries each year. Managed care often refuses to pay for trauma care that saves the patient's life. One-third of nation's trauma centers shut down. When proper rehabilitation follows trauma care, 85% of critically injured patients return to productive lives within one year of treatment.

1994

Necrotizing fasciitis, the so-called "flesh-eating" bacteria, erupts; cases of hantavirus, which had killed 53 in the Southwest, are reported in Florida.

The financier/HMO climate of cost-cutting on hospitals forces the "downsizing" of highly trained/paid registered nurses in hospitals, substituting untrained technicians or unlicensed aides, or, even hospital janitors (Ohio) to care for acutely ill patients, leading to increased patient deaths, hospital infections, medication errors, and injuries. Hospital nurses are forced into mandatory overtime, working as many as 16 hours straight or 60-80 hours weekly, while patient load increases.

1995

The United States nationally has a vaccination rate of only 75%, with many states much lower: Missouri (65%), Nevada (68%), Arkansas (69%), Illinois (69%).

70% of U.S. hospitals, under market-driven health care reforms, undergo massive restructuring, eliminate "excess" hospital beds, and cut 40% to 50% of registered nurses, resulting in increased patient morbidity and mortality. For-profit hospitals are closing emergency rooms to eliminate treatment

of indigent, uninsured patients.

Over one-third of the U.S. population, an estimated 79 million Americans under age 65, are uninsured or underinsured, that is, they are unable to pay for out-of-pocket expenditures exceeding 10% of their income that their health insurance or managed-care plans don't cover.

1996

The level of uncompensated charity care that physicians provide to the nation's medically indigent, uninsured population drops (from a high of \$11 billion to less than one-third of that) due to proliferation of managed care.

The prevalence of tuberculosis in homeless persons is substantially higher than that in the general population; shelters are identified as sources of TB outbreaks.

Ratio of registered nurses at community hospitals falls to 2.65 per 1,000 population.

High death rates among black, Hispanic men ages 15 to 24, from 1990 to 1996, are linked to poverty and lack of access to health care. The suicide rate for older black teens has tripled since 1980. One out of every 1,500 African-Americans will die of homicide or suicide every year.

Patients are permitted only half the amount of time today in hospitals as they were in 1980. The average annual number of days of in-patient hospital care drops to 604 per 1,000 people—down from 1,217 per 1,000 people in 1980.

HMOs have 60 million enrollees. About one-half of full-time working poor and one-third of all poor people are uninsured. About 43.4 million American, or 16.1%, have no health insurance.

1997

California emergency room doctors are limited to 12 minutes of care per emergency room patient in HMO facilities. 42% of HMO enrollees surveyed in California had medical care denied or delayed; 31% lost time (up to ten days, or sometimes more) from work due to HMO delay of care.

State Children's Health Insurance Program (SCHIPS) is established to provide medical care to indigent children who don't qualify for Medicaid, but whose families do not earn enough for private insurance.

1998

Poor people are twice as likely to suffer deteriorating health if they are treated by HMOs as compared to traditional fee-for-services arrangement; low-income Americans are more likely to be in poor health, have more disabling conditions, and have higher mortality rates than those with higher incomes.

A Boston Public Health Commission study finds that poverty and lack of access to health care increases death rates dramatically. Suits over patient deaths due to understaffing of nurses at medical facilities increases. About 70% of the under-65 population has private health insurance, a drop from 80% in 1980.

Majority of HMOs in California do not pay emergency room doctors for care of their patients; state takes no action, even when it is impossible for hospitals to keep specialists on emergency stand-by. Three emergency-care patients die after a Kaiser Permanente HMO facility cut costs by shutting its emergency room in one California county, and merging three of its hospitals into one, leaving just 24 intensive care beds for its 350,000 members.

Managed-care plans systematically deny billions of dollars in payments for approved services, illegally delay payments to hospitals and doctors for over a year, and retrospectively deny approval for services. Physicians increasingly are forced to borrow to make payroll, keep their offices open, and hire extra staff to deal with HMO paperwork.

Increase in suicides of HMO patients forces the American Psychological Association to sue managed-care plans that arbitrarily slash the annual number of out-patient sessions cited in contracts (Aetna U.S. Healthcare); terminate psychologists (who advocate more care for patient) "without cause" (MCC Behavioral Care); and demand that mental health practitioners accept drastic cuts in reimbursement rates or resign (a violation of their contracts).

1999

Medical errors are the leading causes of death and injury in America. Between 44,000 and 98,000 people die in hospitals every year due to preventable medical errors—far more than the number of Americans dying from breast cancer, highway accidents, or AIDS. Preventable deaths, permanent injuries, and unnecessary suffering are also rampant in nursing

homes, day-surgery and out-patient clinics, and retail pharmacies. Fatal medication errors alone ranked between the fourth and sixth leading cause of deaths in the United States in 1994-99.

Almost 1,000 state laws are passed in 48 states in attempts to protect patients, doctors, and hospitals from managed-care policies.

Despite basic medical capabilities, managed-care plans' denial or delay of diagnostic care or treatment, resulting in needless amputations, patient deaths, suicides, invasive cancers, and infections.

In some areas of California, only 30% of preschool children are immunized. In one *colona* in El Paso, Texas, 25% of all children under age seven have hepatitis A.

A California physician group cancels contracts with Aetna after citing a 47% rate drop in payments over the last four years.

2000

HMOs offer New York hospitals a "choice": Either take reimbursement rates that don't cover costs, or, drop out of the plan entirely. Other HMOs sign contracts to provide services for state prisons (where hepatitis C is prevalent and usually untreated), and "take the money (premiums) and run," leaving hospitals without payment of millions of dollars of care. Two-thirds of Massachusetts hospitals facing their 13th consecutive quarter in red ink (reimbursements do not cover the costs of care and HMOs refuse to pay for billions of dollars of services). Four out of five Pennsylvania hospitals surveyed cannot cover operating costs with patient revenues. 10,000 Michigan hospital jobs have been lost in 18 months, with an additional 7,000 jobs lost in related industries. Non-profit hospitals are forced to reduce/eliminate services and programs; some are closed.

Ignoring medical needs, Milliman & Robertson, the best known actuarial firm that publishes length of hospital stay guidelines used by the insurance industry as a basis to pay hospitals, sets target goals for length of hospital stay for children with bacterial meningitis of less than 4 days hospital care, when 13 days are usually needed; for complicated appendectomy (4 days, when 11 is the norm); for osteomyelitis (3 days when 11.7 is typical).

AIDS is officially declared by the U.S. government a national security threat.

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Nurses' Strike Is About Patient Care, Not Money

David Schildmeier is Director of Public Communications of the Massachusetts Nurses Association. More than 600 MNA nurses have been on strike since March 31 at St. Vincent Hospital in Worcester, against Tenet Healthcare Corp. and its managed care policy, mandating that nurses work two eight-hour shifts on demand. The MNA negotiated for more than two years for their first contract with Tenet, the nation's second-largest for-profit hospital chain, before deciding to strike. Schildmeier was interviewed on May 1, by Marianna Wertz.

EIR: We have just come out with a call for banning health maintenance organizations (HMOs) as priority legislation in this country, and I wanted to find out what was going on with the nurses' strike. Is there any negotiation going on now?

Schildmeier: No.

EIR: How is the strike holding out?

Schildmeier: Great. They're probably stronger now than they were the first week.

EIR: Is there any indication that Tenet is going to give in?

Schildmeier: Not as of yet, but that's what we're here for. They have said never, ever, ever will they budge on their position, but they're getting tremendous opposition. The head of the major HMO here—even though you're banning them, and I agree with you—has called upon them to settle the strike, because the care being provided by the replacement nurses is not good. The Department of Public Health is being held to task, to make sure that they monitor what's going on there a lot more carefully. We're hearing a lot of horror stories.

EIR: Can you tell me a few of the horror stories?

Schildmeier: Patients have been given the wrong medication. One woman was not given medication for 12 hours and then, when the scab nurse realized that she hadn't been medicated, gave her the medication intravenously, when it shouldn't have been given intravenously, and it sent her into arrest. Another patient with severe angina and heart problems came to the emergency room with severe chest pain, had to wait two hours, and later was given an overdose of morphine. She was supposed to be given 2-4 milligrams of morphine, and instead was given 24 milligrams, and ended up being in the ICU [intensive care unit] for a long time.

There is just story after story of patients being mis-medi-

cated, going without medication for hours, and we have heard reports of patients dying as a result of some mishaps, but we haven't been able to confirm that.

EIR: These scabs are being paid \$4,000 a week? That's a lot of money.

Schildmeier: It's a huge amount of money. They are just mercenaries. They're hired by this company [U.S. Nursing Corp., a Denver-based firm] to go all over the country and break strikes. There's nothing worse for someone to do. They're only here for the money. They're not qualified to be doing what they're doing. We have a report of a recovery room nurse circulating in an operating room who had never been in an OR before. That's frightening. It just goes on and on.

EIR: And the nurses are being asked to work as much as two shifts at a time?

Schildmeier: Absolutely.

EIR: Was St. Vincent taken over by managed care?

Schildmeier: It was formerly a not-for-profit Catholic hospital for many years. In 1997, it was purchased by Tenet Health Care, which isn't a managed care company necessarily. It's a for-profit, shareholder-owned health care company that owns about 112 hospitals. They also bought 33% interest in the controlling HMO in the marketplace, Fallon Community Health Plan, and are exerting tremendous influence on Fallon.

In fact, a week before the strike started, Fallon announced that it was cancelling its contract with the only other hospital in the community that patients can go to, so now that the strike has happened, and they have these replacement nurses, you have a facility in the community, the most dangerous facility, and that community health plan is only admitting patients to that facility. Doctors can't admit to the other hospital, which is not on strike and is adequately staffed. So that's very suspicious to us, and, in this whole situation, we're very concerned. It shows you the influence that this corporation is having on the community in health care.

Nobody in the community is supporting the hospital or Tenet, the corporation—no one. The entire political community, the civic community, everybody is rising up and supporting the nurses. The labor community has told us, we've never seen a strike so popular before.

But this is a corporation with deep pockets. The day we went on strike, it announced their quarterly earnings and announced profits of 23%.

EIR: This is what we call giving priority to "shareholder values," as opposed to human values.

Schildmeier: Right. That is what they are in business to do. Their primary mission is to increase shareholder value. That is what they are in business to do. And the way they do that is by providing health care. But if your primary value is rising profits, then you're going to make decisions about your profit,

you're going to deliver it cheaper and cheaper, and that's what's happened here. That's the core of the issue here; they want to staff this hospital with fewer nurses, and staff it by forcing nurses against their will to work double shifts.

EIR: This is going on all over the country.

Schildmeier: The issue of mandatory overtime: Wherever you have poorly staffed hospitals, you will have mandatory overtime. They go together.

EIR: Because it cuts costs not to have to hire nurses.

Schildmeier: Right. You only have mandatory overtime because you don't have enough nurses. We're not talking about mandatory overtime because a bus crashes on Route 95 and you get 30 patients in there that you didn't expect. Then, nurses always would be forced to stay longer. But, we're talking about when you post schedules four weeks out, or two weeks out, with holes in them, where there should be nurses scheduled, and they don't have nurses scheduled, especially now, when we're entering a nursing shortage. That means that, when those shifts come around, the nurse who just finished her shift is going to have to stay and fill that hole. That's the hospital's responsibility, not a nurse's responsibility.

If you have 60 shifts to fill, just for example, then you should have 60 nurses to fill those shifts. And you should have a backup system, so that if nurses take sick call or are on vacation, that those holes are filled. What hospitals are doing is not filling positions, and when those situations arise, and holes are created, they're not working to get those nurses in, because it costs more money, and they're making the nurses who already are working fill that obligation, placing the patients in jeopardy in the process.

EIR: So, the community is backing the nurses because it's their lives that are at stake?

Schildmeier: Absolutely, totally. They understand, that the issue the nurses are fighting for is their issue, because it's not about money; it's about patient care. They know it's either about staffing, or about having a nurse, against her will, working her 15th hour caring for their mother. Would you want it? I think the universal answer is, "No." That's stupid. Truck drivers have limits on what they can do. Pilots have limits. All kinds of industries have limits, and when they know that they're too tired to perform with heavy machinery or something, then they have rules to limit that. That's all the nurses are asking for, is protection. But they won't give that.

EIR: When Mr. LaRouche motivated the Right to High-Quality Health Care Act, which would ban HMOs, he said he thought that Americans should vote their Congressman out if he supports HMOs. He also said that what is going on in this country in health care today, is like that which happened in Nazi Germany. Do you agree with that?

Schildmeier: I hate equating anything with Nazi Germany,

just because it's a strong analogy to make. But what we have said, what our association and our organization have said, is that we believe in a universal, single-payer health-care system. Every industrialized nation in the world has it, except for us. In fact, we and South Africa used to be the only two industrialized nations that didn't have it. Now, South Africa does have a universal, single-payer system, I believe. We are the only nation that doesn't. So, that's what we believe. We believe in a single-payer health-care system, with guaranteed universal access and coverage for everybody, and taxpayer-supported, government-sponsored health care. That's what we believe is the only solution.

All the problems that we have faced as nurses arose when managed care began to dominate the industry. That's why we want to do away with managed care, at least as it's currently constituted, and come back with a single-payer health system. If they find out that there's a way to have the HMOs in a government-sponsored system, that can deliver safe, quality care, and that's the goal and mission, we're not opposed to that necessarily, but the current form of managed care is a failure and it's a travesty and it needs to be eliminated.

EIR: The 1973 enabling legislation was drafted by Sen. Edward Kennedy (D-Mass.). Then it was cut way down, and became essentially a pawn of the insurance companies.

Schildmeier: Right. Managed care, when it first began, if you look at Kaiser way back, it was a great concept. It does make sense. Basically, what it was designed to do is to put control on physicians and how they behave. But also, as a community service, to make sure that everybody gets care and has access to primary care. But that has nothing to do with what managed care has become. It has become a way to manage care by cutting back on care and cutting access to care, and that's not what health care is about.

You should pay for the access that people need and to structure your society so that people have access to health care as a preventative economic boon to the economy, because if you keep people healthy and provide them access to adequate care, especially on the front end, and prescription drugs, especially now, with the drugs that we have available, you can make a more productive society. But, you have to guarantee that you pay for that somehow, and not by cutting back on it.

EIR: Unless you adopt economic measures that allow for a growing economy, you can't provide adequate health care.

Schildmeier: Right.

EIR: That's the issue in this election, too.

Schildmeier: Yes.

EIR: So, this is a strike with no limit on it right now?

Schildmeier: We're willing to talk at any time. But, all the indications we're getting from this hospital are that they are trying to break the strike, and we are not going to break.

U.S. Families' Exposure to Stock Market at Unprecedented Level

by Richard Freeman

In 1989, U.S. families held 27.8% of their financial assets invested in stocks, already a very dangerous proposition, given the speculative bubble which the market had already become. However, by 1998, according to Federal Reserve Board figures, U.S. families had doubled their financial assets invested in stocks, to 53.9% of total financial assets. Given the increasing volatility of the artificially inflated U.S. stock market, those families have put themselves in an extraordinarily vulnerable situation.

Simultaneously, U.S. families disinvested, or kept their holdings flat, in the kinds of financial assets which represent some degree of stability: savings bonds, corporate bonds, certificates of deposit, and bank checking and savings accounts.

The change in the profile of family financial assets is an indication that a clinical, fantasy-ridden obsession, has gripped the American population. One is reminded of the individual, watching from the shore, as a boat is about to plunge over Niagara Falls; his response to impending catastrophe?

He swims out to the boat, to hop on board for the ride.

Table 1 shows the composition of U.S. family financial assets, in dollar terms. Between 1989 and 1998, U.S. families cut, by absolute amounts, the holdings of critical financial assets: Family holdings of certificates of deposit went from \$782 billion to \$595 billion, the holdings of savings bonds went from \$112 billion to \$92 billion, and holdings of bonds—mostly corporate, and state and municipal bonds—went from \$782 billion to \$585 billion. In the same interval, the level of family holdings of transaction accounts, which comprise primarily checking and savings accounts and certificates of deposit held at banks by individuals, and which are insured up to \$100,000 by the Federal Deposit Insurance Corp., rose, but only marginally, from \$1.46 trillion to \$1.56 trillion.

By contrast, the stock market dominated the U.S. family financial asset sheet. Between 1989 and 1998, U.S. family holdings of stocks more than tripled, from \$2.13 trillion to \$7.39 trillion. There are two principal reasons that the value

TABLE 1
Composition of U.S. Family Holdings of Financial Assets, 1989-98

(billions \$)

	1989	1992	1995	1998
Transaction Accounts (checking and savings accounts)	1,462	1,314	1,337	1,560
Certificates of Deposit	782	604	535	595
Savings Bonds	112	86	129	92
Bonds	782	633	594	585
Cash value of life insurance	456	451	693	872
Other*	1,925	1,884	2,427	2,615
Holdings of Stock, direct and indirect	2,125	2,528	3,809	7,388
Total Financial Assets	7,644	7,499	9,524	13,707

*the portion of retirement funds and mutual funds that are not invested in stocks, managed asset accounts, etc.

Sources: U.S. Federal Board of Governors, *Survey of Currency Finances*; EIR.

TABLE 2
Composition of U.S. Family Holdings of Financial Assets, 1989-98

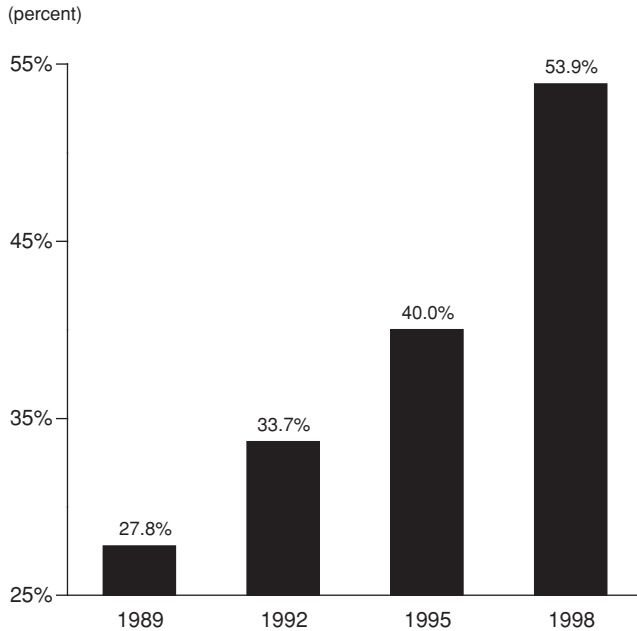
(percent)

	1989	1992	1995	1998
Transaction Accounts (checking and savings accounts)	19.1	17.5	14.0	11.4
Certificates of Deposit	10.2	8.1	5.6	4.3
Savings Bonds	1.5	1.2	1.4	0.7
Bonds	10.2	8.4	6.2	4.3
Cash value of life insurance	6.0	6.0	7.3	6.0
Other*	25.2	25.1	25.5	19.1
Holdings of Stock, direct and indirect	27.8	33.7	40.0	53.9
Total Financial Assets	100.0	100.0	100.0	100.0

*the portion of retirement funds and mutual funds that are not invested in stocks, managed asset accounts, etc.

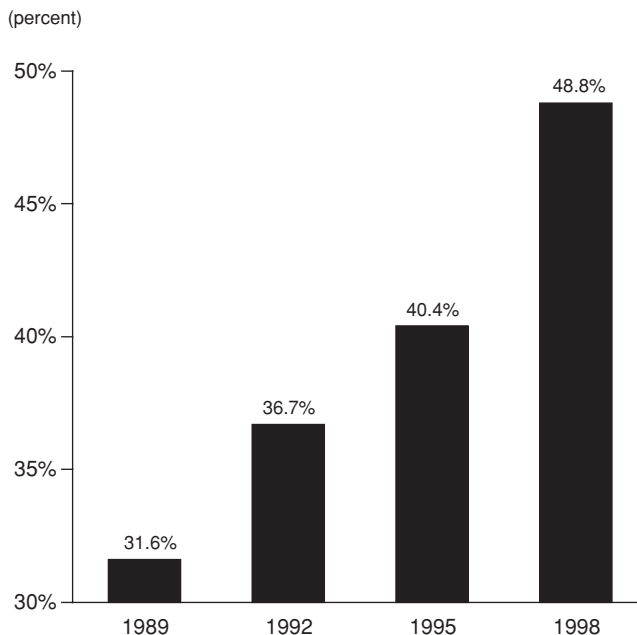
Sources: U.S. Federal Board of Governors, *Survey of Currency Finances*; EIR.

FIGURE 1
**Percent of U.S. Family Financial Assets
 Invested in Stocks, 1989-98**



Sources: U.S. Federal Board of Governors, *Survey of Currency Finances*; *EIR*.

FIGURE 2
**Percent of U.S. Families That Are
 Stock-Owners**



Sources: U.S. Federal Board of Governors, *Survey of Currency Finances*; *EIR*.

of a family's holding of stocks would increase. First, the value of the stock can appreciate. For example, if a family owns 100 shares of IBM, and the price of IBM rises from \$100 a share to \$150 a share, then the value of the family's stock holding would rise from \$10,000 to \$15,000. This happened to many stocks, and has contributed, in part, to the increase in the value of family stock holdings.

Hidden Margin Debt

Second, families have engaged in a stock-buying spree: In order to play the stock market, families have used their income, and, on numerous occasions, have dipped into their rent or mortgage money, and/or have borrowed from brokers, called margin loans. Between 1989 and 1998, the level of margin lending by brokers, called the official margin debt, rose from \$34.3 billion to \$141.0 billion. But, not satisfied with that, individuals borrowed on their credit cards, from home equity loan lines of credit, from their 401-K retirement plans, etc., to play the stock market. This is called the "hidden margin debt."

Raymond DeVoe, an economist with Legg Mason Wood Walker stockbrokers, who has worked on Wall Street since 1949, estimated that "the actual level of customers' margin could be two to three times the reported level." If the official margin debt at the end of 1998 was \$141.0 billion, then actual margin debt is \$282-423 billion. Thus, driven by the fantasy world of get-rich-quick schemes, families poured money into stocks.¹

Table 2 reports the same process in terms of percent. Between 1989 and 1998, of total family financial assets, the share of U.S. family holdings of most specific financial instruments fell, almost across the board. During this period, the share of American family financial assets that were held in transaction accounts (checking and savings accounts) fell from 19.1% to 11.4% of the total. But the share of family financial assets that were held in stocks grew from 27.8% to 53.9%. Never before in American history, have families held more than half of their financial assets in stocks! (**Figure 1** shows the upward movement.)²

1. Families hold an even larger amount of stocks than stated in this table. The Federal Reserve's *Survey of Consumer Finances* includes a hefty amount of family holding of stocks in pension plans, but it does not include the stock held in defined benefit pension plans, because they are held outside the family household. The *Survey* also does not include family holding of stock of non-publicly traded corporations. But since these two sources of stock holdings are not included as part of family financial assets, in terms of the Federal Reserve Board's *Survey of Consumer Finances*, they are not included in this table, for our purposes here.

2. Families' assets also include non-financial assets, such as homes, cars, businesses, etc. The value of U.S. family non-financial assets for respective years was: 1989, \$17.50 trillion; 1992, \$16.31 trillion; 1995, \$16.57 trillion; and 1998, \$20.05 trillion. The addition of family financial and non-financial assets yields family total assets. For respective years, the value of family total assets was: 1989, \$25.14 trillion; 1992, \$23.81 trillion; 1995, \$26.09 trillion; and 1998, \$33.76 trillion.

Increased Involvement in Stock Ownership

As the stock mania grew, more families jumped into stock-buying. **Figure 2** documents the percent of all U.S. families invested in the stock market. In 1989, either directly or indirectly, 31.6% of families owned stock. By 1998, this had risen to 48.8%.

During this period, two separate, but closely connected processes were going on simultaneously. First, the percent of all U.S. *families* owning stock, increased; second, the percent of all *financial assets* held by families that are invested in stocks, increased.

U.S. family stock ownership has reached an unprecedented level, and cannot be sustained. Built up with several layers of highly geared leverage, the stock market is inflated to a level at least five times its real value. It intersects a world financial system with \$300 trillion of unpayable financial obligations. Those paper values will soon cease to part of the landscape.

U.S. families, which built up their stock portfolios under the delusion that they were making themselves rich for decades to come, will find that trillions of dollars of stock values will evaporate. The dream of easy, eternal wealth will be shattered, replaced by the reality that the crash will have wiped out their financial and other assets.

'Chile-Model' Crazyies Besiege Moscow

by Rachel Douglas

Vladimir Putin, the newly elected President of Russia, will listen to all kinds of advice but take his own decisions. Putin has plenty of options to make an improvement in economic policy, which would require his *not* paying attention to the recommendations of the hordes of neo-liberal economists, both foreign and Russian, now swarming into Moscow. The imposition on Russia, during the 1990s, of the radical liberalism of the Chicago School of economics, of Friedrich von Hayek, Milton Friedman, and the Mont Pelerin Society, has already devastated Russia's physical economy and its population, but the chief international purveyors of that destructive philosophy are at it again. The last week of April saw the arrival in the Russian capital of:

- a group of five agitators for the "Chilean model," led by University of California Prof. Arnold Harberger, the Chicago School's senior case officer for Chile;
- José Pinera, the organizer of Chile's privatized pension funds, which lost billions in the 1997-98 stock market crash;
- Sir Roger Douglas, who, as Finance Minister in the Labour government of New Zealand, launched infrastructure takedown and privatization reforms there in 1984, which became infamous as "Rogernomics" as they ravaged the agriculture, industrial employment, health care, and social fabric of that Pacific nation.

The U.S. Agency for International Development funded the Harberger delegation on its trip to Moscow, according to a report in the Russian publication *Vedomosti*, monitored and reported by RFE/RL Newline on April 27. Shocking, insofar as that is the same USAID, which footed the bill for the infamous Harvard Institute for International Development operations in Moscow (wherein mutual funds were being run out of the back office of an outfit, advising the Russian government on how to organize Russian markets to permit such speculative investment entities), but not surprising! The State Department's USAID and its predecessor, the International Cooperation Administration (ICA), have been funding free-trade dogmas since the 1950s.

In 1956, the ICA co-launched the "Chile Project" with the University of Chicago and Chile's Catholic University. Harberger was involved from near the outset. Cynthia Rush reported in her review of *Pinochet's Economists: The Chicago School in Chile*, by Juan Gabriel Valdés (*EIR*, Feb. 9, 1996), that the project gained complete control over the Catholic University's economics department, in the name of Aus-

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trian or Chicago School theories, by 1964, and by 1970 had trained more than 100 Ibero-American economists in methods for dismembering the nation-state in the name of economic freedom.

Harberger was on the ground in Chile, during this period of training. After the 1973 coup against the Salvador Allende government, he was a frequent visitor to Chile, where he appeared on state-run television and in numerous public forums, promoting the policies of von Hayek, Ludwig von Mises, and the Mont Pelerin Society.

Models for Disaster

Every country victimized as a Mont Pelerin Society laboratory, has experienced an explosion of the national debt and the demolition of plant and equipment, labor power, and social services. The economic disasters, documented in *EIR*'s case-study files of neo-liberal economic destruction, are paraded in Moscow and elsewhere by the ideologues of privatization and deregulation, as success stories!

Thus, Russian neo-liberal economist Andrei Illarionov, now titled as Presidential adviser on economics, crooned over Sir Roger Douglas in an April 28 interview with *gazeta.ru*, "Social economists consider their programs [in New Zealand] to be exemplary in the history of reform. Their experience is of great value to us and we're taking heed." Illarionov, who in

1998 collaborated with former Finance Minister of Argentina Domingo Cavallo in an attempt to get Russia to surrender its sovereignty to a foreign-run currency board, now plays host to Piñera, the Chilean pension-fund privatizer.

Compare the *EIR* case studies. On July 21, 1995, we published "An Obituary for London's Chilean Economic Model," by Dennis Small and Cynthia Rush, which contrasted the ballooning of Chile's foreign debt by 600% between 1973 and 1993, with the stagnation and decline of its capabilities to produce. In the June 13, 1997 issue, *EIR* presented "The 'New Zealand Model': How Free Markets Destroy a Nation," the highlights of a study of Rogernomics carried out by the Citizens' Electoral Councils of Australia. It detailed Douglas's career as a privatizer, including his personal enrichment as a shareholder in Aetna Health, which raised health insurance premiums by 20% in the period when public health-care funding was being slashed in the reforms.

Looting Pensions

"We have to dispel the myth that our children will always do better than us," Harberger was quoted in the Sept. 12, 1996 *Wall Street Journal*.

One of the Chicago School's favorite *new* myths, is the success rate of privatized pension funds. With Harberger in Moscow in April were Richard Wedder and James Carter, two economists formerly with the Joint Economic Committee of the U.S. Congress, as well as Carlos Bologna, Finance Minister of Peru during 1991-93. Bologna promoted the privatization of the Peruvian social security system, then turned around and opened up his own private pension fund (AFP), to soak up the pension money.

Vedomosti reported that this USAID-funded group met with officials at the Russian Central Bank, before Putin received them on April 21.

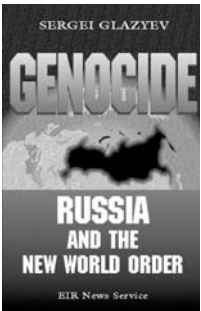
On April 27, they were followed by Piñera, whom Illarionov introduced at a press conference in Moscow as "the father of Chilean pension reform." *Polit.ru* reported that Piñera was "sharing his experience" at a seminar with officials of the Pension Fund of Russia, the Central Bank, and the Presidential Staff, touting the system of individual pension accounts, under privatized, but "government-regulated" management, as having "proven itself, and done very well in several other Latin American countries." Illarionov billed the invitation to Piñera as "a first step" toward finding a team, prepared to implement such a reform in Russia.

A short note in the April 24 *Business Week*, titled "Crunch Time in Russia," purports to summarize two variants of the policy papers, being presented to Putin by a team of liberal economists under German Gref. According to the report, there are "two different plans for rolling back government interference in the economy and eliminating barter. . . . The most radical approach envisions slashing state social spending by 50% within 10 years or less. That could involve privatizing everything from the pension system to medical care. . . . A

GENOCIDE


RUSSIA AND THE NEW WORLD ORDER

Russia in the 1990s: "The rate of annual population loss has been more than double the rate of loss during the period of Stalinist repression and mass famine in the first half of the 1930s . . . There has been nothing like this in the thousand-year history of Russia."
—Sergei Glazyev



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Economist Dr. Sergei Glazyev was Minister of Foreign Economic Relations in Boris Yeltsin's first cabinet, and was the only member of the government to resign in protest of the abolition of Parliament in 1993.

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second, more moderate plan involves slashing social spending by 25%, says a source close to the economic team.”

EIR has documented time and again, since a major exposé published at the end of 1995, how the privatization of the pension system in Chile was used to loot the country and its workers, even before the funds lost billions during the market turmoil of 1997-98. As of mid-1998, one-third of the \$33 billion in pension funds privatized in Chile was invested in the stock market, which had lost nearly 20% of its face value in the first half of that year. (The system’s supporters in the financial sector proposed to “protect” the pension money — by allowing it to be invested in *foreign* markets.) Meanwhile, 2 million working-age Chileans had come to have to pension provisions at all.

Insanity on Display

Illarionov took time out from his duties as host for foreign lobbyists, to participate on April 25 in a domestic enterprise: a press conference on the publication of Russian-born anti-nation-state crusader Ayn Rand’s works in Russian. The publishers and translators, Dmitri Kostygin and Yaroslav Remenchuk, announced a campaign to get the Ministry of Education to make Rand compulsory reading in Russian schools.

Rand, who followed Nietzsche in her hatred of St. Paul’s agapic Christianity and who advocated smashing the nation-state, supposedly in the name of individual freedom, is the heroine of the U.S. Federal Reserve’s Alan Greenspan—as Illarionov advertised in his own peculiar way. According to the *Moscow Times*, Illarionov cited opinion polls in the United States as placing Rand’s *Atlas Shrugged* as the second-most influential book after the Bible, and singled out her influence on Greenspan. “Greenspan has been acclaimed many times over as the genius behind America’s ‘New Economics’ and the economic boom of the ‘90s. He was a personal friend of Rand,” Illarionov said. “If people here are likewise influenced by her work, then I will be very glad.”

Illarionov raved on, “Every import tariff and every limit on foreign-exchange transactions is a blow to our consciousness. Every tax acts against our freedom.” The *Moscow Times* reported, “Illarionov called for hauling back state interference in the economy and said it was a myth to claim that liberal reforms had taken place in Russia over the last eight years.” He said, “If we really want fast economic growth, than sooner or later we have to cut down state spending to no more than 20% of GDP and cut back the tax base to the same level.”

Illarionov also took this occasion to pump up the so-called Chilean model, once again, as he “cited Chile’s economic plan under the dictatorship of Gen. Augusto Pinochet as an ideal example of good economic programming. He also criticized Putin’s economic think-tank for planning to write a 300-page economic program. ‘It’s better for programs to be short. One of the best examples is the program produced by Chile. It was 15 pages long and simply laid out principles

and the basis for the state’s relationship with society,’ he said. ‘1975 to 1990 was the golden period of Chilean economic reform, during which time Chile overtook the rest of Latin America.’ ”

Sapir Offers Plan To Reconstruct Europe

by Christine Bierre

Jacques Sapir, the leading French expert on Russia, and Director of Studies at the School of Advanced Studies in the Social Sciences, put forward an excellent proposal, in the tradition of Grand Designs, for the reconstruction of eastern and western European economies, in the Paris daily *Le Monde* on April 18.

Before elaborating an economic plan which would allow the nations of the Commonwealth of Independent States (CIS) and those of the Black Sea basin to reconstruct their economies in conjunction with the European Union (EU), Sapir attacks the Council of Europe for imposing sanctions on Russia and Ukraine, the former because of the war in Chechnya, the latter because of a referendum which could threaten parliamentary democracy in that country.

Despite the fact that the sanctions will have no effect whatsoever, “in order to condemn, you need a different moral stance than that of the European countries,” says Sapir, who points out that “the West more than tolerated the first Chechnya war (1994-96), . . . applauded the use of force and violence against the Russian Parliament in 1993,” and “covered up for the massive fraud committed during the 1993 constitutional referendum and the 1996 legislative elections.” Not only are sanctions a political mistake, he says, but to impose them without offering any alternative is “one of those mistakes which is worse than a crime.”

Behind this sudden indignation against Russia, Sapir sees “the work of a group of people who are delighted to rediscover an ‘evil empire’ to denounce.” This attitude is all the more convenient, he continues, because it allows such people to push into the background, “the legitimate and necessary debate concerning Western responsibility for the present evolution of those countries.” The policies imposed by the West on those countries result today in actions “which provoke our horror; we should have thought about it beforehand!”

Create a Payments Union

If we want to change the situation, “the evil must be attacked at its roots,” Sapir says. He proposes a well-thought-out economic plan to pull those countries out of crisis. “The economic depression is largely linked to the collapse of internal trade, following the dissolution of the U.S.S.R.,” he says.

Because they cannot compete, those countries have been unable to replace the internal trade, with overseas trade with more developed countries. "The contraction of trade with the former communist countries results largely from the absence of adequate systems of payment. It is possible to come out of this dead-end through a proposal which economically and politically could unblock the situation. Trade among the concerned countries must be favored through the creation, within the CIS, of a Payments Union, inspired by the experience of the European Union of payments which functioned with great success between 1948 and 1959."

Sapir elaborates: "A Payments Union means three things: It is a system which means making currencies convertible within certain periods of reference. Only final accounts would be settled in currencies or through credit lines. It is, secondly, a multilateral system of credit to develop trade, in exchange for a commitment to dismantle administrative and discriminatory barriers. It is, finally, a system of coordination and cooperation among central banks, in order to ensure fixed interest rates among member-states within periods of reference."

Sapir calls on the EU to contribute \$2-4 billion to this effort, which would be "the initial funds to feed the credit system, just as the United States did at the end of 1947." He proposes that the single European currency, the euro, be the reference currency for this entire effort, which could "re-

launch growth to levels estimated at 10 to 15%" of Gross National Product.

Politically, Sapir's proposals put Russian President-elect Vladimir Putin, who has made it widely known that he favors a privileged alliance with western Europe, on the spot. "The participation of the EU in a Payments Union, based on the CIS and the countries of the Black Sea basin, could be seen by the Russian authorities as the means to establish privileged relations with Europe, one of its widely stated objectives," states Sapir.

His proposals are also aimed at building a European alternative to the disastrous policies carried out by Britain and the United States in the last years, policies that neither George Bush nor Al Gore would change, if they became President. The creation of this Payments Union would not only reestablish western Europe's credibility vis-à-vis the eastern Europeans, but it would also give the EU "the means to get a handle on eastern European policies and face up to American attempts to impose its own vision of the economic and political organization of the European continent. For a comparatively small cost—the initial involvement would be 2 to 4 billion euros—the EU could become a motor force for the organization of the continent, and could build a partnership among equals with Russia."

Sapir's proposals intersect the fact that France will preside over the EU starting in July, and that that role "could be one of the main axes of the French Presidency."

As the financial markets go up and down like roller coasters, causing vertigo among all but the most insane speculators; as hyperinflation begins to loom, provoked by the central banks' massive liquidity pumping in an effort to save the system; and as physical economies are looted worldwide by financial capital, Sapir's proposals are highly interesting and, apart from the work of Lyndon LaRouche's collaborators, represent a rare voice of sanity in western Europe. His proposals open up a much-needed debate on the need to go back to the dirigistic methods which proved to be successful in Europe after World War II.

Toward a New Bretton Woods

Limited to Europe geographically, and limited in scope, the success of Sapir's project requires the type of broader reform of the global financial system proposed by LaRouche, for a New Bretton Woods conference. At this late stage of the financial crisis, the possibility that only part of the world could revive its physical economy without a general reorganization of the global financial system, is unrealistic. With a financial bubble of trillions of dollars parasitizing the world economy, no region of the world could enjoy autarkical development for long before the choice is posed, to either eliminate the bubble, or be destroyed with it.

Capital controls, and controls on speculation in general, have to be adopted internationally as well, to be of any use. Nothing else will stop speculators. Why would anybody in-

LAROCHE ON THE NEW BRETTON WOODS

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

It can not be reformed, it must be reorganized.

This must be done in the manner of a reorganization in bankruptcy, conducted under the authority not of international institutions, but of sovereign governments."

A 90-minute videotape with excerpts from a speech by Lyndon H. LaRouche, Jr. given on March 18, 1998.

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vest in long-term productive projects, if they can get much higher returns on speculation?

Finally, there is also the political angle of this fight. The policies outlined by Sapir imply a war against the financial powers which have taken over the world economy and are looting it to the bone, destroying humanity with it. There is no way that we will be able to sneak in a better system in any one part of the world, without defeating that financial oligarchy worldwide. The war launched by President Franklin Delano Roosevelt against Wall Street gives us an idea of what it will take to defeat the oligarchy. And today, just as in Roosevelt's time, a positive U.S. role is indispensable in order for global economic reorganization to succeed.

Real growth and stability in the economy will only be reestablished when the neo-liberal axioms adopted nearly 30 years ago are rejected, in favor of the approaches of Franklin Roosevelt, Charles de Gaulle, and Konrad Adenauer.

Drought Ravages India, Pakistan, Afghanistan

by Ramtanu Maitra

Intense summer heat and years of scanty rainfall have created a crisis-like situation in southern Afghanistan, the provinces of Baluchistan and Sindh in Pakistan, and at least five states in India. Reports indicate that more than 50 million people and large herds of cattle have been affected. Since the monsoon rains, if they come at all in their full glory, are still a month and a half away, the drought may pose serious economic and human problems to the struggling South Asian nations. Pakistan and Afghanistan have sought international aid, and Pakistan has also deployed Army personnel to conduct relief work.

The drought in Afghanistan and Pakistan struck following eight years of scarce rainfall in the sparsely populated, desert-like land, an almost 100,000-square-kilometer area north of the Tropic of Cancer. Because the population is small and nomadic for the most part, the crisis, if food for the people and fodder for the cattle are delivered, will remain manageable. Nonetheless, a large number of cattle, though tolerant to dry conditions, have already vanished, and many families have begun migrating northwards, waiting for less harsh climatic conditions.

India Is Worst-Hit

In India, the situation is more serious, because the areas affected are well-developed, residentially and commercially. Although the intensity of dryness in the five affected states is less than that in Afghanistan and Sindh, the people are less

adjusted to such harsh conditions. Among the states affected are Gujarat and Rajasthan, two states that form the Great Indian Desert. Two other states, Maharashtra and Andhra Pradesh, are located partly in the rain shadow of monsoons. Also affected is the state of Orissa in the east. In India alone, about 50 million people have been affected, while cattle are dying in the hundreds.

The drought has hit areas that are highly vulnerable to erratic rainfall. During the last two monsoons, this area, with the exception of Orissa, got much less than its expected annual average of 16-30 inches of precipitation. There was no rain last winter, and it was no surprise that the drought has shown up in the area, which experiences, throughout the months of April and May, temperatures hovering around 112°F or more. The real danger now is of yet another monsoon failure in the area. In that case, a massive human tragedy may occur.

If concrete measures are not implemented to overcome the water shortage of Rajasthan and parts of Gujarat, Madhya Pradesh, Maharashtra, and Andhra Pradesh, such disasters will revisit the area time and again. The complex system of monsoon winds, orientation of mountain ranges, variability of rainfall, and erratic cyclones in the Indian Ocean and the Arabian Sea, lead to excessively low rainfall regions and pockets of rainshadow areas, which are not well defined. Saurashtra, a prosperous part of Gujarat, is now encountering a severe drought, but will start receiving water from the \$5 billion Narmada River Valley Development Project, beginning next year.

As of now, Rajasthan and Gujarat are the most affected states. Twenty-eight out of 32 districts of Rajasthan are drought-stricken. Some observers claim that this is the worst drought that Rajasthan has faced in the last 100 years. In Andhra Pradesh, 18 out of 23 districts have been declared as drought-hit — affecting 18,000 villages. There are allegations that the district administrators violated the guidelines set forth by the National Remote Sensing Agency (NRSA) and have aggravated the situation. Based upon NRSA's findings over the years, the state government had barred the boring of deep tube wells in certain areas. But the administrators, in the absence of any remedial policy that would ensure water to the people, ignored the guideline, and allowed the wells to be bored. This has lowered the groundwater table in those areas, causing the tube wells to run dry.

Orissa, located on India's east coast, is hardly recovered from the cyclone that killed thousands and made hundreds of thousands homeless last fall. Now, people of the state are finding out that the cyclone did more damage than what was visible to the naked eye. It made existing water tables brackish and saline in places. Today, in these places, freshwater is not available even at a depth of 1,500 feet.

Whose Fault?

While warning signs for the drought were all over the place, neither the national government in New Delhi nor the

concerned state governments paid them much heed. As a result, as the news of mass death among cattle for lack of fodder, and reports of dry wells and ponds began to appear in the newspapers, New Delhi still had no formulated plan to tackle the crisis. The parliamentary opposition accused the Bharatiya Janata Party (BJP)-led coalition government of inept handling of the crisis, and called it a “man-made” drought. It is “man-made,” to the extent that the government ignored warnings of severe water shortage this summer.

Dr. R. Rajagopal, a water expert, pointed out correctly that droughts are not unforeseen events—cattle don’t start dying in ten days. What is necessary, is to read the warning signals accurately and get prepared. India is reasonably well-stocked with food grains, but that isn’t true for water. The government denied responsibility, and blamed the inadequate rains. However, a high-level government official and a leading hydrologist admitted that building more large reservoirs in these drought-prone areas would have provided water to the people and for irrigation.

In the coming weeks, New Delhi will pour in food grain and send water trains to the water-short areas. That is going to ease the situation temporarily, but will do little to resolve the long-term problem. If the initial reaction is an indicator, authorities in New Delhi and the affected states are barking up the wrong tree. Rajasthan’s Chief Minister Ashok Gehlot has ordered expeditious boring of thousands of deep tube wells in his state. No doubt tube wells will fight the emergency in the short term, but it is simply a populist measure, and will only aggravate problems in the long run.

According to experts, politicians and mandarins in the rain-fed areas have found wealth in boring deep tube wells. In an area where much more water is pumped out than the amount that trickles into the groundwater system, boring of more tube wells always leads to falling water tables and to wells drying up—exactly the problem that the people of the drought-affected area are facing now. Moreover, rich farmers, who have sunk a number of tube wells in their land, are pumping out to raise at least three crops a year. This has led to further depletion of the water table. At the time of crisis, these mistakes have been magnified and are easy to see. And yet, the only measure the authorities have recommended, is to bore more deep tube wells.

The tube well culture has had another adverse effect. Historically, people, although much less in aggregate number than they are today, collected water and replenished the water table to maintain something of a water balance. With the advent of the tube well, the culture to harvest rainwater and replenish the groundwater table has been forgotten. As a result, all rivers, wells, streams, rivulets, and traditional tanks around the temples, have either dried up or are in the process of drying up, causing a mortal threat to the people and the cattle. In Rajasthan, the groundwater table is steadily declining at a rate of three to four inches annually. The situation is indeed grim, since rainwater harvesting and other groundwater replenishing measures take years to implement fully.

Robert Schuman’s Message for Today

On May 9, 1950, France’s Robert Schuman, then Foreign Minister, issued an important declaration, following meetings with West German Chancellor Konrad Adenauer. The two men were key architects of the post-World War II process of European integration and peaceful development. The Declaration was written by Schuman in collaboration with France’s Jean Monnet, an important architect of European integration, who had extensively collaborated with President Franklin D.

A Europe of Peace

The world needs peace, because peace means life, culture, and development.

Western Europe, Central Europe, Eastern Europe, and now Southeastern Europe have had enough wars. Peace must be spread.

On May 9, 1950, Robert Schuman opted for peace. He did so, he had the courage to do so, in the name of a higher spirituality: his faith in the Gospel, his faith in “peace to men of good will,” his faith in the equality and equal respectability of all men.

This spiritual source of the European Union must be emphasized, if we are to understand it, keep it alive and extend it.

We must also have the courage, as Robert Schuman did, to assert our willpower. History is not changed by half-measures and stalling when threats or difficulties arise.

Europe is a great continent which should not feel small or dependent, even on security issues, on the great nation over the Atlantic.

We must succeed in uniting all of Europe from Iceland to Russia. Then peace and development for all can be ensured.

It is urgent to avoid sliding into a confrontation that Europeans alone would bear the cost of. The independent will of Europe must be made clear.

All European capitals have a shared cultural heritage, have built together a civilization that the entire world visits. There is no reason why we should continue to fight, and we should not fall into the game of power politics that aims at dominating and not serving the people.

Our response must be to return to the ideal sources of the European Union, those which meant that the worldwide vision of bringing together humanity actually started to be realized in the very place where division had plunged

Roosevelt, to mobilize for victory in World War II. The Declaration was very much influenced by Roosevelt's economic and social policies in the United States.

The "Schuman Declaration" was an appeal for the conciliation of the core European countries, especially former enemies France and Germany, on the basis of heavy industry development, scientific and technological progress, and the strengthening of the nascent European Coal and Steel Community, the latter forming the basis for the European Economic Community. The statement called for "equal progress of living standards of manpower" throughout Europe. Schuman's special concern, was to make sure that West Germany would be brought into co-development with other Western European countries, and not looted after the war.

Furthermore, the Declaration was written behind the back

of the British, and was seen as a challenge to British interests.

Today, 50 years later, the anniversary of the Declaration is *not* being commemorated to any extent in Schuman's France, nor by the European Union. For the occasion, Bernard Zamaron, director of the branch of the Centre Robert Schuman pour L'Europe (Robert Schuman Center for Europe) in Luxembourg, has submitted two appeals, dated April 11, for publication in *EIR*, in which he calls for the reinvigoration of today's societies, by re-emphasizing the ideas and policies of Schuman. The Robert Schuman Center is based in Metz, France, Schuman's birthplace. It was founded in the 1970s.

Zamaron, on behalf of his Luxembourg center, has endorsed the Presidential campaign of Lyndon LaRouche in the United States, and has also endorsed the recently formed Ad Hoc Committee for a New Bretton Woods.

the planet into the destructive catastrophe of two world wars.

Europe still has the major, historically unique role of uniting humanity through the service it has rendered—the example of reconciliation, economic aid, and cultural sharing.

"What we do is not only done for our nations, we do it while looking far beyond our borders, thinking of what all humanity expects from us." This is what Robert Schuman said to Konrad Adenauer during his first state visit to Bonn in January 1950.

Today, all Europeans have the opportunity to come together, united by a common will for tremendous political and civilizational success for the peoples of the world.

—Bernard Zamaron

Human Rights, Humanity's Rights

Is the self-satisfied Western World, that on the basis of its wealth and power preaches its morals to other peoples, honest?

Of course, the West has initiated great technical progress; it is also gradually laying the basis of worldwide solidarity, in order to lessen conflicts among peoples and the consequences of natural catastrophes.

Nevertheless, considering what it has received over the past 2000 years, should it not render even more "talents" and better humanize its empire, because:

- What can come of "sanctions" that leave dictators in power and kill peoples, including thousands of innocent civilians?
- What good is a military strategy that, in order to force a government into submission, proceeds to destroy the civil infrastructure of a country and ruin its population, while leaving its army virtually intact?
- What is with a "free market" that lets our banks accumulate billions of dollars looted by potentates from their

populations or "transferred" by a socialist economy that "liberalizes" by impoverishing the population?

- What is the purpose of International Monetary Fund structural adjustment policies that are strangling populations in order to guarantee debt payments and unprotected trade between two unequal partners?
- What is the effect, in rich countries, of the concentration of economic power (and therefore vital power) in less and less hands, while the ranks of the poor increase?
- Have we gained dignity and stability when a productive man is nothing more than a lackey to be used or dismissed as dictated by the highest profits?
- To sustain exponential growth and wild consumption, do we have the right to raze thousand-year-old forests, to poison the oceans, eliminate species, change temperatures, and alter the atmospheric protection of a planet that belongs to all of humanity, present and future?

The West, clad in its moral toga, should think hard about the deficiencies and the arrogance of so many elements of its world government.

In the euphoria of innovation and speculation, of growth and power, are we not preparing backlashes?

Civilizations die rich, as history teaches us, having been invaded by the "barbarians" they had excluded, ignored, or underestimated.

Humanity is one. The first human right is the right to life. The second is the right to dignity. "All my life, I lived like an animal; thanks to you, I die a man," is what one poor Bengali said to Mother Teresa.

We cannot serve both God and Mammon, man and money. What is the importance, in our expanding civilization today, of the one or the other?

Human rights! Yes! But do we serve man, all men as brothers and sisters, with all the means at our disposal?

Perhaps there is still time, together with them, to do much more, a little less evil and much more good.

—Bernard Zamaron

Business Briefs

Labor

Aerospace Industry, NASA Need Engineers

The U.S. aerospace and defense industrial sector, the Department of Energy's nuclear weapons labs, and the National Aeronautics and Space Administration are all scrambling to find qualified, experienced engineers, but are losing them to competition from the dot-com "new economy," *Aviation Week* magazine reported in its April 24 issue.

Managers of the Rockwell company report that the shortage of engineers has "slowed the pace" of work and caused them to "stretch out some schedules." Some firms report that they force their engineers to work at 120% of capacity to make up for the shortage, which "directly translates into burnout." NASA Administrator Dan Goldin has lamented the fact that, now that the space agency can finally hire people after a long freeze, it is not finding the people it needs. And, the National Research Council, with Air Force funding, is now conducting a study to see if the aerospace industry will have the capability to design new weapons systems in the future.

The larger problem has been the decade-plus decline in enrollment in undergraduate and graduate engineering programs. The number of scientists and engineers in the aerospace industry peaked in the mid-1980s, and has declined by about half since 1986. The number of engineers in the aerospace industry as a percent of all industries has fallen from its high of about 28% in the mid-1960s, to a little more than 5% last year.

Biological Holocaust

Heroin, AIDS Spread Rapidly in Russia

Increases in the number of heroin addicts and AIDS cases in Russia in 1999 were dramatic, according to several reports. Symptomatic of the trend was an April 24 *New York Times* story from Irkutsk, Siberia. This town of 650,000 had only 200 reported HIV cases since 1991; but now it has 5,000 new HIV

cases, and more than 8,500 heroin addicts. The UN AIDS representative there says that the second wave of infection, through sexual transmission, will soon come to Irkutsk, where every third or fourth male between the ages of 18 and 30 is a heroin addict.

Among those who come to one drug-rehabilitation clinic, 30% of the addicts are HIV-infected. The head of the clinic says that they no longer have alcoholics or opium addicts, just heroin addicts. One is a 23-year-old woman who was formerly a swimming champion. A man who was formerly fifth in his law class, has been addicted for nine years and is now a petty criminal. He says that heroin appeared in Irkutsk 18 months ago, and all the opium addicts immediately switched over to it.

Fifty- and 100-ruble "checks" of heroin are sold brazenly by street dealers, news stands, and bread kiosks, and at open-air drug marts. The heroin arrives from Afghanistan, by way of Tajikistan and Novosibirsk.

In the country, 40% of prostitutes are said to be HIV-infected.

One Irkutsk addict who was a former top law student says, "The generation of the 1970s is dying. The generation of the '80s is already dead—not all, not 100%. But 50% are killing themselves before their natural deaths."

Finance

ASEAN Defends Pension Funds vs. Privatization

The Association of Southeast Asian Nations (ASEAN) Social Security Association attacked a World Bank proposal to allow private fund managers to handle workers' pension funds and other social security programs, at its annual meeting in Jimbaran, Bali. The delegations warned on April 25 that the proposal violates human rights, and is too risky, because of the absence of financial and legal guarantees that all funds collected from workers and their employers would be well managed.

Awaloedin Djamin, chairman of the Association of Social Security Programs in Indonesia, said, "The proposal won't work. . . . The donor countries of international finan-

cial institutions will eye huge amounts of money collected under the program in ASEAN countries . . . and we won't let the World Bank and the IMF [International Monetary Fund] meddle with our internal affairs." He added that ASEAN member-countries' constitutions "stipulate an obligation to provide their people social protection."

Malaysia's Tan Sri bin Mohammed said that his country has lost confidence in these international financial institutions, and that Malaysia would not invest its workers' funds in the risky international market.

Health

Obasanjo: Malaria Curb Hinges on Debt Relief

Nigerian President Olusegun Obasanjo, speaking at a one-day African Summit on "Roll Back Malaria," held in Nigeria on April 25, said that the increase in malaria "provides a strong case for the forgiveness of all African debts." Although debt cancellation might not be an instant panacea, he said that "the stranglehold of debt obligations on African developmental priorities was such that no realistic anti-malaria efforts, or indeed any development strategy, was conceivable with these debts hanging around Africa's neck."

Obasanjo blamed neglect by the international community as the cause of the rising problem of malaria in Africa. He said that Africans had mustered their scarce resources to battle the disease in a rare demonstration of unity of purpose. Today, he said, malaria and HIV-AIDS "have combined to form a lethal partnership that threatens the very existence of our societies. . . . Malaria traps the people of Africa in poverty. It stops adults from earning a living and children from going to school. Each year families spend the equivalent of several months' earnings on malaria treatment and prevention."

Malaria claims 3,000 lives each day and is responsible for one out of every four childhood deaths in Africa. Yet, as Obasanjo emphasized, "Malaria is preventable, treatable, and curable." The World Health Organiza-

THE 'PRETORIA Declaration,' calling for "a new international political and economic order" in which "the negative effects of globalization, especially on developing nations, should be reduced and restricted," was signed by Chinese President Jiang Zemin and South African President Thabo Mbeki on April 25, during Jiang's state visit there.

CHINA has the world's second-worst tuberculosis rate after India; TB kills 250,000 people each year, and threatens economic growth, because most patients are of working age, Vice Health Minister Yin Dakui told the March 25 *China Daily*. China has 6 million infected, about 2 million of whom are contagious.

INDIAN Home Minister L.K. Advani indicated on April 23 that trade links with China could be opened in the eastern sector, and that the issue would be taken up at the upcoming talks between the two countries.

POVERTY rose 10% since the global financial crisis broke out in Asia in 1997-98, the Asian Development Bank reported in its "Asian Development Outlook 2000," released in April. About 900 million people in Asia live on less than \$1 a day, or "about twice as many poor people as in the rest of the developing world combined," the report stated. Almost 2 billion live on less than \$2 per day.

JAPAN'S number of unemployed hit a postwar record 3.49 million (4.9%) in March, the government said on April 28. The number of unemployed rose 220,000, "because many companies are not hiring new college graduates as they implement restructuring plans," a Management and Coordination Agency official said.

GEORGE SOROS'S Quantum Fund has lost 22% for the year. "I screwed up," manager Stanley Druckenmiller told the *New York Times*. "We thought it was the eighth inning, and it was the ninth," he said, admitting that he didn't think the Nasdaq would drop 33% in 15 days.

tion, which co-sponsored the summit, released a report on a new study showing that malaria slowed economic growth in Africa by 1.3% each year.

Obasanjo called on African nations to implement a plan of action aimed at bringing the disease under control within ten years. "For example, we could aim to have every African at risk sleeping under insecticide-treated nets within a year," he said, and put in every African home a malaria first-aid kit with equipment for simple diagnostic tests and affordable drugs for early treatment, if the drug industry would give its support.

Investment

Japan Threatened To Ban Goldman Sachs

U.S. investment banking giant Goldman Sachs was almost banned from operations in Japanese government shares on April 21, after it brought the Dutch Internet company World Online public in Tokyo in March, and it was revealed that its chairman, Nina Brink, sold most of her 9.5% stake before the market opened. Goldman Sachs could be barred from running the next \$13 billion Ministry of Finance sale of Nippon Telegraph and Telephone Corp., if its World Online scam is shown to be "inappropriate," a Ministry official told the Nikkei news agency on April 21. Investors have demanded damages against World Online, Goldman Sachs, and the other bank involved, ABN Amro.

The Ministry also wanted Goldman Sachs to clarify its handling of two other share offers: a sale of PetroChina shares in April, which sold poorly "despite heavy support from Goldman," Nikkei said, which is not ethical for the underwriter to do; and, Goldman's advice to Dresdner Bank in its aborted merger with Deutsche Bank.

Hours after the Ministry said that it was displeased, Goldman Sachs had mobilized a phalanx of U.S. diplomats, including former Vice President and Ambassador to Japan Walter Mondale and former Senate Majority Leader and former Ambassador to Japan Mike Mansfield, to personally phone the Ministry to protest. Both were hired by Gold-

man as "senior Japan advisers" in 1998.

"The advisers delivered," Agence France Presse noted on April 25. Four days later, a statement from the Ministry (which has given Goldman more than \$23 billion of business in the past two years), said it wasn't excluding any bank from competing for its business.

Water Management

ADB Calls for 'Blue Revolution' for Asia

The Asian Development Bank called for a "blue revolution" to ease Asian water problems, in its 1999 Annual Report. "The hope for the future lies in doing for water productivity what the Green Revolution did for crop productivity. This 'blue revolution,' as it has been termed by various scientists and water planners, would dramatically improve the efficiency of freshwater use, particularly in agriculture," the report states.

Asia is home to two-thirds of the world's poor, and it has "the lowest per capita availability" of freshwater resources in the world. The lowest is in Pakistan—1,800 cubic meters per capita a year—but China's annual freshwater resources could also fall this low already by 2005, and India's even lower, to 1,500 cubic meters, as populations expand.

Conflict among the Central Asian States may break out over water as a looming scarcity threatens food supplies, the report warns. In 1992, Uzbekistan, Kazakstan, Kyrgyzstan, Tajikistan, and Turkmenistan formed a commission on water-sharing. "However, more than 70 water-related flash points have been identified, mainly in Africa, the Middle East, and Latin America," the ADB official told Agence France Presse. Bangladesh, Cambodia, Kazakstan, Pakistan, Tajikistan, Thailand, Uzbekistan, and Vietnam depend on international rivers for more than 30% of the water they consume. Four of them—Uzbekistan, Bangladesh, Cambodia, and Vietnam—rely on external water sources for 65% of their present water requirements. A projected increase in world population from 6 billion to 8 billion by 2025 would add further pressure on water resources.

China Needs Protectionism and the ideas of Friedrich List

by Jonathan Tennenbaum

Collision! The Globalization Trap and China's Real Choice

by Han Deqiang

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The prospect of China entering the World Trade Organization (WTO), brought closer by the November 1999 “break-through” in trade negotiations with the United States, has unleashed an increasingly bitter controversy within China, on the entire future direction of the nation’s economic and foreign policy. This debate is not only important for China, but also touches directly on a universal issue of our time: Will the sovereign nation-state survive, as an indispensable instrument of human progress? Or will the oligarchical attempt to crush the nation-states, and to impose a worldwide imperial system in the name of “free-trade globalization,” plunge mankind into a new dark age? China has up to now retained a significant degree of economic sovereignty and independence; while most other nations, particularly developing nations, have long since fallen under the dictates of the International Monetary Fund (IMF) and other international financial institutions controlled from London City and Wall Street. The heated debates over WTO membership, show that the situation in China has arrived at a critical juncture.

At one extreme of the Chinese debate are advocates of a “shock-therapy”-style radical liberalization of China’s economy, who see WTO entry as a key means for sweeping away the remaining vestiges of the dirigist “command economy” of the pre-1979 period, forcing inefficient state-owned enter-

prises out of business, and integrating China quickly into the globalized, world market economy.

At the opposite extreme are voices denouncing the WTO agreement with the United States as *mai guo*—“selling out the country.” The expression “*mai guo*” immediately calls up the historical memory of the infamous “unequal treaties,” which China’s failing Qing Dynasty concluded with Britain and other Western powers beginning 1842, opening up China to wholesale looting by those powers and cementing China’s miserable status of a “semi-feudal, semi-colony” for a century. In the view of these nationalist critics, the WTO agreement with the United States is tantamount to a surrender of China’s sovereignty, and opens the door to forces that are trying to split and destroy China through a combination of economic, political, and military pressures. They warn that the further dropping of tariff barriers, and other liberalization measures demanded by the WTO agreement, will devastate China’s agricultural and industrial producers, creating a social crisis involving hundreds of millions of people and finally resulting in the virtual takeover of China’s economy by foreign capital.

During almost a decade and a half of negotiations on WTO entry (and before that, its predecessor, the General Agreement on Tariffs and Trade), the Chinese government has tried to keep an in-between position. On the one hand, the government maintains that WTO entry is a logical continuation of China’s economic “reform and opening-up process,” providing new opportunities to expand China’s trade and foreign investment, while stimulating, through increased competition, the reform and modernization of China’s enterprises. On the other hand, the Chinese government has demanded, in negotiations with the United States and others, that China’s integration into the global economy must occur in a gradual way, taking account



Soviet experts discussing machine-tool operations with Chinese in the 1950s. During the 1950s, China was able, in part with the help of the Soviet Union, to establish its own industrial base in machine-tools and other capital-goods industries.

of China's vital interests and "concrete conditions." In recent years the Chinese government, contrary to liberal free-market doctrine, has continued to practice a considerable degree of state intervention into the domestic economy, for example by dirigistically channeling resources into large-scale infrastructure construction. Chinese President Jiang Zemin has repeatedly emphasized that the present form of globalization, occurring in the context of an "unjust world economic order," has caused enormous suffering in developing countries around the world. The Chinese government has accordingly given verbal support to the idea of creating a new, just and equitable economic and financial system. At the same time, however, Jiang declares that globalization is an "objective historical trend," which China cannot remain aloof from.

Now, after the November "breakthrough" in the U.S.-Chinese trade agreement, the prospect of near-term WTO entry has drawn closer, and the debate in China about the *negative* effects of further trade liberalization has heated up considerably.

Without going here into the details of the agreement, it provides generally for a drastic reduction in China's protective tariffs in agriculture and industry, and a very significant opening up of China to operations of foreign banking and

insurance companies, as well as in telecommunications and other strategic areas. Although these measures do not go into effect immediately, but are to be implemented progressively over several years following China's entry into the WTO, they will mean a final, decisive break from the strongly protectionist, national-economic orientation of China's economic policy for nearly a half-century following 1949.

At the same time, there is no assurance that China, in exchange for painful and risky concessions on the liberalization of its economy, will actually get fair access to the kinds of advanced Western technology which could make a qualitative difference for its own future economic development. On the contrary, the U.S. continues to maintain extremely tight restrictions on machine-tool and other advanced technology exports to China, while cooperative ventures in aerospace and other high-tech areas are crippled or even shut down on account of the orchestrated anti-China hysteria in the U.S. Congress.

During visits to China last year, this author often posed the question to Chinese scholars and officials: "Given the enormous internal difficulties which a further reduction of tariff protection and other economic liberalization measures will create for China, why are you so eager to join the WTO?" I never received a really satisfactory answer. Apart from fact that the Central government had made the decision that China should enter, the main reason given was essentially *political*: WTO entry meant the final end to decades of painful isolation of China from the "world community." The WTO is presently the only important international organization of which China is still not a member, and many Chinese have regarded the long delay in entering the WTO, due to unacceptable conditions demanded from China by U.S. trade negotiators, as a slap in the face and insult to China's position in the world.

But such considerations, however weighty they might be from a subjective standpoint, hardly suffice to justify a decision of such potentially devastating effects for the internal stability of China. Evidently, the Chinese government's agreement with the United States is a "rotten compromise," made under heavy domestic and external pressure.

Of decisive importance, naturally, has been the pressure exerted via the United States, including from an ill-advised President Clinton himself, who seems to regard China's WTO entry as a crowning accomplishment of his Presidency's

China policy. The Chinese government, desirous of good or, at least, liveable relations with the United States, has been faced with the choice between two evils: On the one side, risking a direct confrontation and possible war with the United States, in case the open enemies of China (as typified by the so-called Taiwan Lobby in the U.S. Congress) get the upper hand in U.S. policy. On the other side, the fact, that the kind of radical economic liberalization policies, that Clinton and other supposed “friends” of China have been insisting upon as the basis for “good relations” with the United States—but which would inevitably lead to the economic and political destabilization of the country—are potentially no less a threat to China’s survival in the long-term, than if an actual war were to occur between the two countries!

In addition to direct pressure from the United States and an increasingly British-dominated European Union, one cannot overlook the existence of a powerful “free-trade” lobby within China itself, concentrated in the export-oriented coastal provinces and influential Hong Kong- and expatriate-linked financial interests. (The extent of direct British influence, via former colony and “free-trade” haven Hong Kong, should never be underestimated.) Moreover, the Ford Foundation, World Bank, and other Western funding institutions have had notable success in cultivating the younger generation of Chinese academic economists. Thereby, the influence of Western liberal economic doctrines has become very strong in the Chinese academic world, as also among the rising, new private business and financial circles on the mainland, who aspire to the wealth and lifestyle of their counterparts in Singapore, Hong Kong, and the West. To these people, the liberalization of the national and world economy, up to the point of virtually unrestricted free trade, appears as a natural, inevitable process. The highly protectionist, nearly autarkical economic policies practiced by China until 1979, have come to be regarded almost with shame, as symbols of backwardness, that were best forgotten as soon as possible. But in doing so, the Chinese risk naively running from one extreme to the other—just as occurred in Eastern Europe and the former Soviet Union.

The only comprehensive alternative to this dilemma, has been offered by Lyndon LaRouche: The prospect of a *fundamental change* in U.S. policies, toward support for protectionist policies of national-economic development around the world, in the context of a “New Bretton Woods” reorganization of the world economic and financial system and joint cooperation on the Eurasian Land-Bridge and other large-scale infrastructure projects. For this reason, whether or not this is acknowledged by the various sides in this matter, the fate of U.S.-China relations—at least in terms of any positive perspectives for the future—is closely tied to the political fate of LaRouche and his movement in the United States.

In the meantime, there have been remarkable developments from the opponents of “globalization” inside China. Breaking from what would be seen in the West as typical manifestations of xenophobia and Maoist rhetoric, books and

articles have recently appeared in the China, drawing attention to the fact that the original rise of the United States, Germany, France, Japan, and other industrial nations to strong economic powers, was made possible by protectionist nation-building policies which are *the exact opposite* of the “free-trade globalization” model being preached today. In the search for a way to maintain China’s independence and sovereignty in the face of “globalization,” patriotic Chinese scholars are turning to the works of Friedrich List and other representatives of what was known in the 19th century as an “American System” of protectionist national economy.

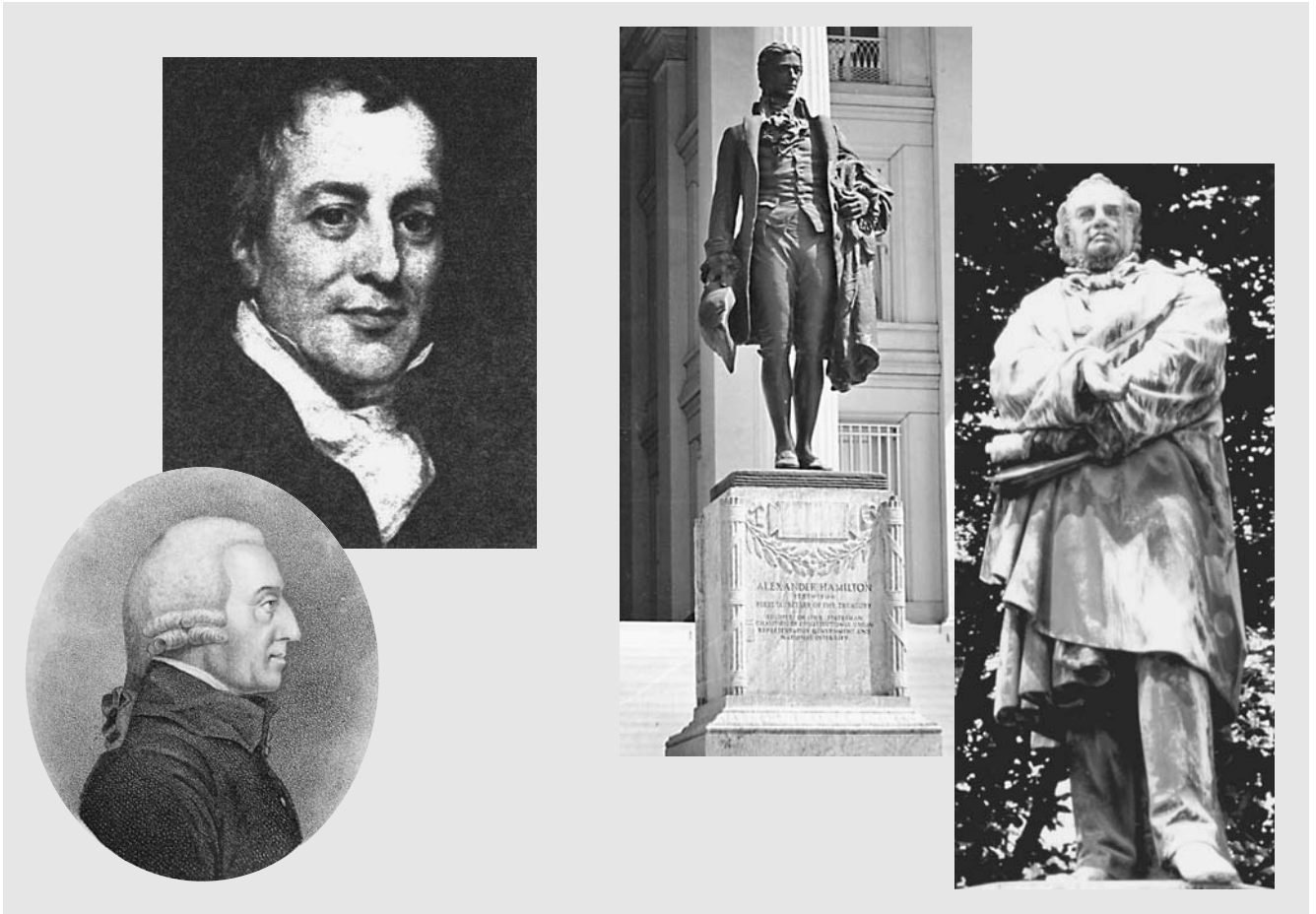
An outstanding expression of this tendency, is a book, published in China at the beginning of this year, entitled *Collision! The Globalization Trap and China’s Real Choice*. The author Han Deqiang, a young economist at Beijing’s Aerospace University, constitutes a devastating attack on “free-trade globalization,” both from the standpoint of its threatened effects on China’s economy, and in terms of the theoretical arguments, put forward by Chinese and foreign “authorities” in favor of globalization and WTO entry.

As a Chinese patriot, Han has harsh words about the United States. He sees the naive pro-American sentiment among many people in China, which is not based on real knowledge and is fraught with fantasies about the supposed marvels of the “free market,” as a deadly threat to his country. At the same time—and this is the central irony of the book—it is exactly the 19th-century struggle of the young United States against imperial Great Britain, which Han emphasizes as the historical example from which Chinese patriots should draw lessons today! Central to that struggle, Han emphasizes, has been the epic battle between the British free-trade doctrine, as typified by Adam Smith’s theory of the “invisible hand,” on the one side, and the protectionist system of national economy, of Alexander Hamilton and Friedrich List, on the other. From this standpoint, he uses Friedrich List and U.S. history to refute the fallacies of Adam Smith, David Ricardo, and their modern-day apologists, such as MIT’s Paul Krugman.

To a large extent, the book can be read as a plea for applying original “American System” economic principles in China. But the implication of his argument goes beyond this. According to Han, the world is presently on the verge of a new “Great Depression.” The collapse of the gigantic bubble on the world financial markets, will bring the present period of virtual hegemony of free-trade ideology to an end, and hasten in a new “high tide” of protectionist policies worldwide.

Han Deqiang’s book is clearly of considerable interest, not only for Chinese readers, but for a much broader international audience which would not ordinarily have access to such writings. With this in view, what follows is a presentation of some of the book’s main ideas, with the help of excerpts from the Chinese original, and with some comments and explanations interpolated by me.

(The reader should be cautioned, that the translations be-



Author Han Deqiang exposes the threat posed to China by British System economists Adam Smith (lower left) and David Ricardo (upper left) and their “market romanticism”: “In order to invade and cut up China into pieces,” he writes, free trade interests must “first anesthetize China by a magical doctrine.” The economic policies of Alexander Hamilton (second from right) and Friedrich List (right), the American System economists, on the other hand, built great nations, and can be a model for China today.

low are unauthorized and only intended to give a rough sense of the original. In order to render the summary account more readable, I have changed the order of some of the excerpts.)

Has China Fallen into a Trap?

At the outset, Han Deqiang describes the spread of “market romanticism” in China, blaming Chinese economists and mass media for spreading false expectations among the population, concerning what really will happen after entry into the WTO. Han cites typical articles which present a “grand vision” of how WTO entry will “make every consumer into a king”: Besides improving access to coveted foreign products, the Chinese public has been told that entry into the WTO, by forcing Chinese producers to compete with each other and with foreign producers on the domestic market, will reduce the prices of goods and increase their quality. Once “backward protectionism” is eliminated, Chinese households will enjoy a far greater selection of consumer goods, better prices, and better services.

“This may all true, and might become reality quickly after

entering the WTO,” says Han to his Chinese readers, “but you were not told how, at the same time, Chinese people are going to earn their living.” Chinese consumers are also producers, Han argues; if they lose their jobs, how will they be able to buy the cheap goods that WTO advocates are promising to them?

For example: “With American wheat, soya, cotton, beef, chicken, etc. entering the domestic market, 900 million rural Chinese people will suffer untold hardships.” Indeed, under condition of so-called “free competition” with cheap food exports from the United States and elsewhere, Chinese farmers would be hopelessly at a disadvantage. In China, the amount of cultivatable land per capita, is an order of magnitude less than in the United States, where land is plentiful and energy is cheap. The average technological level of Chinese farming is vastly inferior to the United States, and the cost of production significantly higher. In China, subsistence farming is still widespread, with many farmers still working tiny plots of land. Only about 35% of the total agricultural produce is distributed via the market, and much of the rural sector is

totally unfamiliar with modern market conditions. There are large discrepancies in the natural and social conditions, and consequently in the cost of agricultural production, between different regions in China. How, under such conditions, could Chinese agriculture possibly withstand the onslaught of U.S. and other foreign food exports? Without government intervention to protect domestic producers and to compensate for regional discrepancies, untold millions of rural Chinese could lose their livelihood, and be forced to emigrate into the cities to look for work.

But how will China's cities look, after foreign manufactures have flooded the markets? Han takes issue with overconfident statements of some Chinese entrepreneurs and officials, who claim that Chinese industry can quickly be prepared to face cut-throat international competition after WTO entry: "Even though [the competitive strengths of] China's banking, insurance, automobile, communications, chemical industry, textiles and agriculture are still very weak, and even though these sectors have a fundamental importance to the Chinese economy, and although they could become completely controlled by foreign companies, China with a thick head still wants free-market competition, calling itself a fervent disciple of free-market economy."

A well-known case is the Chinese automobile industry, which has been dominated by small producers who have no possible chance of surviving a further opening of the market to foreign companies. "Granted, China's auto manufacturing is inefficient, with more than 100 enterprises producing cars—but don't forget the employment effect of those enterprises," writes Han. "The question is, who will replace them? Will it be domestic, large automobile manufacturing groups, or will the whole domestic auto branch be collapsed? And what will happen with all the orders for machinery, electrical equipment, etc., which still provide much employment, which automobile production generates, and which make the auto sector a 'pillar sector' of the economy?"

In a special chapter going through the Chinese industry in detail, sector-by-sector, Han shows that the situation in the auto industry—often cited abroad as one of the "big losers" in a Chinese entry into the WTO—is *by no means an exception*. In *nearly all* significant sectors the competitive potential of China's domestic producers is extremely weak. Submitting the Chinese domestic market to "world market competition" would mean a wholesale destruction of domestic producers.

In fact, under the WTO agreements China will still be permitted a certain, albeit greatly reduced degree of protectionism, especially in an initial transition period. But even the limited reduction of tariff barriers and lifting of other forms of protection, implemented over the last ten years in the context of the market-oriented reforms, has led to a significant weakening of China's domestic producers and the "capturing" of many domestic markets by foreign interests.

An extreme example is non-alcoholic beverages, where the giant American companies Coca-Cola and Pepsi-Cola, operating through joint ventures, and exploiting their vast



A "worker" under free trade in Honduras. The North American Free Trade Agreement created 2 million more unemployed in Mexico in two years, warns author Han Deqiang. "Because of the enormous army of unemployed, Mexican and foreign companies could push down wages, greatly reducing the living standard of Mexican workers. There are cheaper goods to be purchased, but they have no money in their pockets."

advantages in technology, aggressive marketing, and overwhelming financial strength, now control over 90% of the Chinese market. The last, nationally significant group of domestic producers is faced with the choice of either going together with the "two Colas" in joint ventures, or going out of business.

Far more serious, from a strategic standpoint, is the grim situation in much of the Chinese machine tool- and industrial equipment-manufacturing sectors. These sectors, Han emphasizes, form the heart and core of any nation's industrial base. "What is it worth," he asks, "for China to be a great producer of textile and clothing, if it imports its textile machinery? What good is it for China to be the world's largest producer of television sets, if the production lines are imported? What good is it for China to produce as much electricity as Europe and the U.S., if it imports its electricity-generating equipment?"

The older generation of Chinese leaders had paid close attention to building up the machine-tool and related sectors; but, owing to the fact that key Chinese capital-goods sectors had to be built up from almost nothing, they still remain backward, compared to the advanced industrial nations. With the opening-up policy, imported machinery and industrial equip-

ment poured into China, accounting for two-thirds of the yearly capital-equipment expenditures in Chinese industry between 1990 and 1996. Orders to domestic suppliers of industrial equipment fell, and profit margins collapsed. Faced with shrinking profit margins and the increasing short-term difficulties, the domestic producers could hardly maintain the research and development activities necessary to keep up with the international level of technology. As a result, many strategic sectors of Chinese industry, which were formerly supplied practically 100% by domestic capital-goods producers, have become strongly dependent on imports of foreign equipment. For example, according to statistics cited by Han, the Chinese petrochemical industry is now 80% dependent on foreign equipment; the domestic markets for numerically controlled machine-tools, textile machinery, large-scale infrastructure construction machinery, and other high-technology machinery and equipment are dominated as much as 70% or more by foreign imports.

To a reader familiar with economic policy discussions in China, Han's presentation raises a notable paradox. The very same sorts of evidence, which Han cites as proof of an ongoing *destruction* of China's domestic producers, would be seen by many proponents of liberal reforms, as proof of the *opposite*: Namely, that the strategy, to use foreign investment, high-technology imports and the transfer of know-how through joint ventures and other cooperation, in order to modernize China's economy, has been a *remarkable success!* This paradoxical situation deserves a brief explanation.

Imports of advanced production equipment and know-how have surely played a major role in the extraordinary growth of China's industrial output over the last 20 years, as well as improvements in the quality of many products. (See our overview on China's physical economy, "What You Should Know About China's Economy," *EIR*, June 19, 1998.) It is also true, that, generally speaking, China has made much better use of foreign investment than nearly all other developing countries.

On the other hand, it is not hard to discern a dangerous *one-sidedness* behind the apparent success of China's foreign investment strategy. A revealing indication of this is the *high import dependence of China's exports*. It is estimated, that the imported content of products, exported from China, makes up on the average about 60% of the export value. In other words, China must import \$600 of equipment, semi-finished goods, and materials, in order to produce \$1,000 of export goods! In many cases of export products, mainly the relatively labor-intensive assembly operations and manufacture of low-technology components are located in China, while the really high-technology items and production equipment are supplied from abroad. Although a considerable portion of foreign investment, especially that coming from Europe, Japan, and the U.S.A., has gone into setting up modern, capital-intensive industrial plants, these typically involve the import of *entire production lines*, based on highly specialized technologies for which there is no equivalent equipment on the Chinese

market. Most of this advanced production technology remains essentially under the control of the foreign investor, and substantial amounts of spare parts and replacement equipment must be imported in order to keep production going.

One could say, perhaps with some exaggeration, that the luxurious growth of China's foreign investment-fuelled industrial boom of the last 20 years is like the growth of a rain forest: The development is mostly limited to a relatively thin "top-soil" with a rapid turnover, but without deep-going roots underneath. The lack of "profound roots" is the inadequate development of China's own capital-goods-producing sectors, and the domestic scientific research and development capabilities upon which the vitality of those sectors is based.

From this author's standpoint, there is nothing wrong per se with a large-scale import of high-technology capital goods into China, as a *support* for modernizing China's industrial and infrastructural base—as long as such import is organized and regulated according to rigorous criteria of physical economy. Highest priority must be given to strengthening, not weakening, China's own capital-goods-producing sectors. The goal must be to develop China's own "full-set" scientific-industrial capability: The capability to generate new scientific discoveries; to transform those discoveries into new families of technologies (typically through the design of new types of machine-tools and related instruments of production); and to propagate the new technologies efficiently into the entire productive base of the economy.

To accomplish that, requires a high degree of dirigism and protectionism, and can absolutely not be accomplished under a free-trade policy. Otherwise, the effect of imports will be exactly the opposite, namely, to disrupt or even suppress the organic development of a "full-set" national scientific and industrial capability, with disastrous consequences for China's long-term future. Unfortunately, the author's own observations in China tend to concur with Han's warnings, that the latter is actually occurring. Han blames this in large part on the influence of false economic principles such as Ricardo's "theory of comparative advantage," lately warmed up by such "international authorities" as Krugman, and which have unfortunately found their way into the Chinese policy-making process.

The Employment Issue

Before turning to these questions of principle, Han emphasizes the relationship between the pattern of foreign investment, the difficulties of state-owned industry, and the unemployment crisis which is hitting China with ever-increasing severity:

"Important is to note, that although the 1990s saw rapid growth of GDP, this did not lead to more employment. Many people have noted this paradox: Why is the macroeconomic situation good, but the microeconomic situation bad? . . . As a result there are people who doubt the reliability of the official statistics. But this can be understood immediately in terms of the effect of foreign investment. . . .



“Should China’s working people, who are losing their jobs or are already unemployed, see themselves as hopelessly backward, and regard themselves as a stumbling-block to progress?” asks Han Deqiang. “No! We may be backward, but we are still human beings. . . . A civilized society must put human beings at the center, respect life and honor the human being, not the law of ‘the stronger eats the weaker’ from the animal realm.”

“In the 1990s, the 500 largest multinational companies came into China in a big way, with their capital-intensive high-tech investment, so that by 1996, companies with foreign investment controlled and even monopolized several sectors. . . . Naturally, foreign-investment companies contributed some employment, but due to their high capital-intensity, they could reduce employment in the countries of origin, but not increase the possibilities for Chinese workers.”

In fact, Han argues, by supplanting the traditional domestic producers, operating with more labor-intensive technology, the foreign-investment joint ventures are eliminating far more jobs than they are creating. At the same time, the influx of foreign capital created major distortions in the structure of credit flows:

“Unfortunately, after 1992, attracting foreign capital became a fanaticism, everyone opened the door wide to give foreign investment preferential treatment. Only those who could get this money were regarded as successful. This craze led to an enormous waste of capital. . . . For the government and media, the amount of multinational company investment and penetration into China became the measure of success of the opening-up policy.”

According to Han, this craze for foreign investment, and the sharp increase in competition, is a major cause of the crisis of the state-owned industry, including the famous problem of “triangular debts” which plagues the Chinese banking system. In the struggle to survive under increasingly hostile conditions, state-owned enterprises have become caught in a spiral of deflationary price wars, unemployment, and ballooning debt.

With entry into the WTO, the collapse of traditional domestic enterprises, under the pressure of foreign capital and foreign goods, will greatly accelerate. Han warns, “If we don’t see this reality, and think Chinese enterprises are already prepared and have the capability to struggle and can jump into the heart of ‘globalization,’ then we are certainly running head-on into the arms of death.”

He continues: “This is no idle theorizing, but is concretely what has happened to many countries around the world. Before Mexico entered the [North American Free Trade Agreement] NAFTA in 1995, not only did the Mexican public believe that Mexicans would be able to buy dollars more cheaply, but also that Mexican goods would find unlimited entry into the North American market, and this would lead to an increase in employment. However, the Mexicans were wrong; by 1996, Mexican unemployment had reached 49%, in two years there were 2 million additional unemployed. What is more, these two years were what the London *Financial Times* called ‘a period of rapid economic recovery.’ Why did this happen? The real reason is extremely simple: Mexican textile exports increased rapidly, but U.S. multinational companies pushed out and destroyed a large number of Mexican companies . . . so that the number of new unemployed greatly exceeded the number of new employed. Because of the enormous army of unemployed, Mexican and foreign companies could push down wages, greatly reducing the living standard of Mexican workers. There are cheaper goods to be purchased, but they have no money in their pockets.”

“In reality,” continues Han, “this is an old story in Chinese history. After the end of the Resistance War against Japan,

the U.S. and the KMT signed a ‘Treaty on Friendship and Trade.’ . . . At first glance this was a friendly and equitable agreement, helping China to integrate into the world market. But in reality there was no comparison between the competitive powers of the two sides. . . . China was invaded by U.S. goods having prices one-third or less of the domestic prices, and Chinese national producers went bankrupt one after the other. From the last half of 1946 until 1947, more than 27,000 factories in Shanghai, Tianjin, Chongqing, Hankou, Guangzhou, etc., were closed, and up to the beginning of 1948 the number of factories closed in Tianjin reached 70-80%. . . . This ‘Friendship and Trade Treaty’ accelerated the fall of the KMT government.”

One would hope that people in Washington and elsewhere would draw the appropriate historical lessons!

The Immorality of ‘Free-Market Competition’

“Many friends ask me: If the competitiveness of Chinese enterprises is so low, then why can’t we consider *not* entering the WTO? What is the reason why the news media and Chinese scholars, and even entrepreneurs are so excited about entering the WTO? This is exactly the question I have asked myself all the time.”

Han notes a widespread suspicion, among patriotic-minded people in China, that the news media and scholars favoring free trade, are being paid to serve the interest of multinational companies. While this may be true in some cases, Han says, the more significant factor is the influence of liberal economic ideas such as Adam Smith’s doctrine of the “invisible hand” on people’s *thinking*.

At one point Han describes this with a drastic metaphor: “The effect of Western [liberal free market] economics is . . . in order to invade and cut up China into pieces, to first anesthetize China by a magical doctrine. Naturally, to be fair, the anesthetizing effect of Western economics has only reached the central nervous system, and from the central nervous system to the whole body was only possible through the efforts of some Chinese economists and their friends in the mass media. Under this narcosis, the executioner has become a surgeon, and the butcher’s knife has become the surgeon’s knife on the operating table.”

In order to fight this “mental anesthesia,” Han Deqiang devotes an entire chapter to a dissection and critique of what he calls “market romanticism . . . the belief that the market can solve all problems,” which he traces back to the British economists Adam Smith and David Ricardo. An essential aspect of “market romanticism” is to regard “free-market competition” as practically the source of all good in the economy, and even as a basic moral principle.

Against this, Han declares: “Economic competition is fundamentally brutal and double-sided. Huge corporations wipe out thousands of small and medium-size corporations. But, today, Chinese economists and media try to make competition into something ‘really good.’ [According to them] even

the losers benefit. Some people are even bold and self-assured enough to promote a policy of mercilessly destroying the ‘backward’ sections of society. . . . The slogan is ‘what is backward should be destroyed.’ ”

Han protests passionately against such an application of Darwinist thinking to economics, which he sees as a direct threat to civilization itself: “‘Destroy the backward’ is a law of the animal world, but it should not be a law of the human race. Don’t we recognize that we are a civilized society? A civilized society must put human beings at the center, respect life and honor the human being, but not honor the law of ‘the strongest eats the weaker’ from the animal realm. One cannot legalize the application of ‘the strongest eats the weaker’ for the human race. . . . If we were to accept this, then what about justice, what about truth, what about human rights, what about freedom, what about civilization? The history of human society, is the history struggle between civilization and barbarism, the test of strength between truth and the might of the stronger, the struggle between the freedom of the majority and the freedom of a small minority. It is exactly by resisting the principle of ‘getting strong by feeding on the weak’ that human civilization has progressed.

“Secondly, the principle that ‘everything backward should be eliminated’ means to be indifferent to human life and human rights. One could regard any people as ‘an obstacle to progress’ of technology and society, thus legitimizing the elimination of Indians in America, or the elimination of Chinese by the Japanese, which were all justified by the logic that ‘the advanced destroys the backward.’

“Thirdly, at present the Chinese economy is really backward compared to the developed countries. Does this mean that China’s state-owned industries should be eliminated? Given that much of China’s industry and agriculture are labor-intensive, and lack technology, this would mean that all of this should be eliminated, and only capital-intensive factories set up by foreign multinationals would remain. Then China’s independence would be eliminated, China would be finished. . . .

“Should China’s working people, who are losing their jobs or are already unemployed, see themselves as hopelessly backward, and regard themselves as a stumbling-block to progress? Should people, just at the sound of being cursed as ‘backward,’ withdraw from competition, and allow the multinational companies to take over? Should we accept our own elimination as the result of reform?

“No! We may be backward, but we are still human beings, we still must exist, we still want to develop from being weak to becoming strong. If the economists who are spreading ‘free-market’ ideology, make Chinese people think that the accomplishments of 50 years of struggle are just backwardness and should be eliminated, and if the Chinese people’s accomplishment in having raised their living standards (since 1949) is regarded as a vested interest to be abolished, then what kind of future do we have?”

The main point Han makes against the liberal principle of “free competition,” is that—contrary to the myth of the “invisible hand”—unbridled competition inevitably leads to making the stronger stronger and the weaker weaker, creating “a condition of continual warfare, where men are pitted against men. Although wealth is increased, poverty is increased, the danger of war grows and death hangs over people’s heads. The human race is turned more and more into an animal world of ‘each man being a beast to other men.’ Therefore, the so-called invisible hand is, in fact, . . . defending the rule of the stronger. For this reason, Adam Smith’s founding of orthodox Western economics is, in its essence, not science, but only the religion of market economy.”

Unfortunately, writes Han, “since the reform and opening up, China has, in reality, accepted the ‘invisible hand’ logic of market competition to carry out the reform of economic structure. . . . People have dropped their vigilance against the negative effects of the logic of competition, forgetting China’s weak position in international competition.

“. . . Over the last ten years, more and more young students have been nurtured in school and university lecture halls on market economy, being trained to admire free competition, trying to see the world through the colored glasses of Western economics. More important, the national government also has more and more expressed and unlimited support for free market competition, to the point that the news media are little by little peddling Adam Smith’s doctrines.”

Friedrich List versus ‘Market Romanticism’

Han repeatedly emphasizes that Adam Smith was the originator of “market romanticism.” Quoting from Smith’s famous *Wealth of Nations*, Han focusses attention on Smith’s theory of the “invisible hand,” which asserts that the maximum good for society as a whole is realized, when each person in society pursues only his or her individual interests, *without any regard to the common good!* To demolish this key premise of “market romanticism,” Han poses to his readers the question: Whose interests does the “invisible hand” serve?

“It is hard for Chinese people to understand, when British merchants, pursuing their own interests in selling opium to China, how the invisible hand was promoting the general welfare. . . . Africans have a hard time imagining, how the Europeans, following each one’s personal interests in selling Africans to the American plantations, were promoting the general welfare in Africa. European working people, in the time of Adam Smith, had trouble understanding, how their being forced to work 19 hours a day in dark, unventilated, noisy factories, was promoting the general welfare. Thus, we are absolutely justified in being suspicious about the ‘invisible hand,’ and asking, whose interest it represents. In reality, we know, that Adam Smith wrote *The Wealth of Nations* with financial support from the East India Company. . . .

“Through the explanations of *Wealth of Nations*, the crimes of the East India Company in Asia became godlike acts

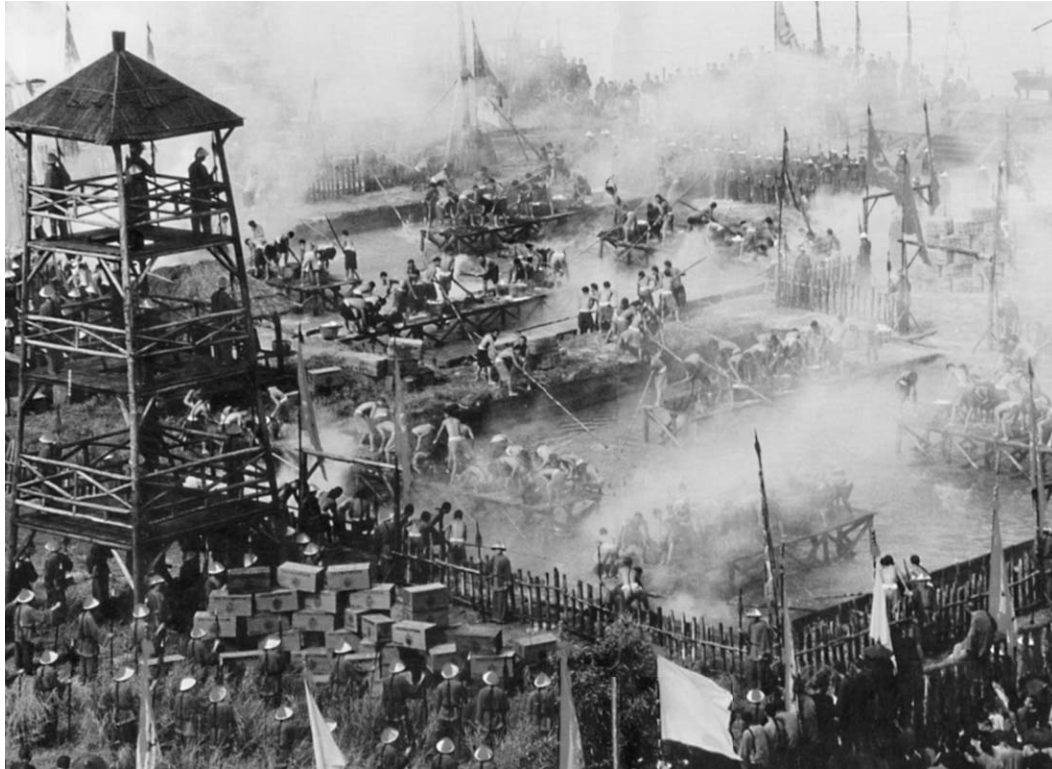
of promoting the general welfare, and the cruel oppression of that nation’s own workers by the factory owners was also just the owners’ carrying out their historical task of promoting the general welfare! Under the ‘invisible hand’ theory, the members of the fat-bellied upper class could feel at ease about the morals of their despicable and shameless behavior. For this reason, no doubt, after the publication of the *Wealth of Nations*, Adam Smith became a favorite of the British merchants and government officials. . . .

“Nevertheless, at the beginning of the 19th century, the German economist Friedrich List already pointed out the mutual antagonism between national economy and Adam Smith’s free-market laissez-faire ideology.”

Han considers the work of Friedrich List as crucial to China today. Han includes a detailed topic-by-topic summary of the content of List’s classic, *The National System of Political Economy*, originally published in 1841. Han writes: “It was exactly under the conditions of the British free-trade assault [against Germany], that Friedrich List woke up to the dangerous nature of Adam Smith and Ricardo. Looking at this from the standpoint of developing Germany, he put forward the diametrically opposed concept of national economy, raised a cry of warning calling for trade protection, calling for the founding of the German Tariff Union, and creating the theoretical foundation for Germany’s rise to economic power.”

Han describes the historical situation of Germany in the period leading up to List’s composition of *The National System of Political Economy*, drawing a strong parallel to China’s situation today. Despite the initial successes of List and his collaborators in launching the industrialization of Germany—successes which included the establishment of the German Tariff Union in 1834 and the construction of the first German railroad in 1835—German manufacturing was still backward compared to England. Consequently, England was in a position to crush Germany’s fledgling industry, by flooding the country with cheap goods. But this British economic warfare could only function, to the extent the Germans could be discouraged or prevented from erecting tariff barriers to protect the domestic market for German manufactures. Hence the key to Britain’s economic warfare against Germany (and other nations), was to spread Adam Smith’s doctrine of free trade and economic liberalism. Han quotes at length from List’s characterization of how the British used Adam Smith’s theories, and points out that the ideology behind the present-day “globalization” policy, is practically a carbon copy of what List describes as British “globalism” of the 19th century!

“List made a powerful criticism of Smith in two decisive issues. Firstly, that so long as there exist nations, and not just a single world entity, the nations must consider how to develop themselves. . . . Second, List recognized that the development of productive forces is more important than static wealth, attacking the strategic crucial point in the methodol-



A scene from the movie, "The Opium Wars." "It is hard for Chinese people to understand, when British merchants, pursuing their own interests in selling opium to China, how the invisible hand was promoting the general welfare," writes author Han Deqiang. "We are absolutely justified in being suspicious about the 'invisible hand,' and asking, whose interest it represents."

ogy of Smith and Ricardo: The sources of wealth are not the same thing as wealth."

Han summarizes, with the help of original quotes, List's conception of labor power and his argument for a national-economic policy oriented toward the long-term development of a nation's *productive forces*, rather than considerations of momentary advantage. Han notes, that the rise of the United States, Germany, and France to industrial power in the 19th century, was due to the fact that, while their industry was initially less developed than in Britain, these countries followed List's concept of national economy rather than "naively following Adam Smith." Having become powerful in this way, however, these very same nations, "in order to stop any new world competitive opponent entering the paradise of the developed countries, are imitating the behavior of Britain, even promoting the dogma of Adam Smith, while quietly hiding their own experience—the teaching of List on national economy. For this reason, present-day economists have, without making any noise, simply removed List—one of the most prominent economists of the 19th century—and his works from the temple of economics."

According to Han, the exclusion of List from the economic policy discussion in China has been a major factor in the spread of "market romanticism": "Once the logic of free market competition has entered people's minds—concerning this point, the liberals can thank the media, otherwise List's national economy would certainly have come and challenged Adam Smith—the entry into WTO, which embodies that

logic, has very naturally become the goddess in people's eyes."

Besides Adam Smith's "invisible hand" and the doctrine of market competition, Han singles out another pillar of "market romanticism," which has greatly influenced China's acceptance of the WTO agreement: This is the "theory of comparative advantage," put forward by Adam Smith's follower, the British economist David Ricardo. Ricardo argued, that under conditions of worldwide free trade, each nation can and should concentrate its investment and labor in those areas of economic activity where the given country enjoys the greatest advantages in terms of resources, natural conditions, quality and cost of labor and so forth. In this way, free trade would lead to an optimum *international division of labor*, with each product being produced in the optimal location. In such a free trade paradise, each nation benefits not only from its own "comparative advantage," but also from importing at the lowest price those goods which are more efficiently produced elsewhere.

Actually, Adam Smith already applied this principle in his *Wealth of Nations*, when—exactly on the eve of the American Revolution—he admonished the American colonies to concentrate only on agricultural production, exploiting the "comparative advantage" of plentiful land, and to import all necessary manufactured goods from Britain. Smith sternly warned the American colonies against establishing their own industry! If Smith and Ricardo were alive today, they would no doubt congratulate China on the tremendous "comparative

advantage” of *cheap labor*, and advise China to drop most of its agriculture, and import its food from the United States and other countries where cultivatable land is more plentiful.

Demolishing Paul Krugman

Friedrich List already refuted the Smith-Ricardo theory of “comparative advantage” nearly two centuries ago, Han points out. Yet today, so-called “authoritative” economists like MIT’s Paul Krugman continue to preach the dogma of “comparative advantage” to China and other developing countries, simply ignoring List’s work.

Han makes a special example out of Krugman, whose work has been widely published in Chinese and who is regarded as an authority. Quoting from Krugman’s writings and counterposing them directly to those of List, Han shows how Krugman again and again evades the crucial issue raised by List, namely, the primacy of *development of the productive forces* of a nation. Instead, Krugman simply repeats what Han calls “the fundamental methodological error of Smith and Ricardo,” which was located in their false, static conception of wealth. After quoting a passage where Krugman brushes aside the objections to the theory of “comparative advantage,” Han points out:

“What Krugman calls the ‘absurd error’ is exactly List’s main standpoint. But Krugman’s criticism simply reiterates the static model of Ricardo, ignoring the dynamic model which List developed two centuries ago, when List pointed to the harm that the free trade does to a country with underdeveloped productive forces. . . . Krugman claims, that underdeveloped countries just have to have a low enough wage level, then they could enjoy a comparative advantage in international trade. This means, that the developed countries can have a comparative advantage at a very high level of wages, and the developing countries can have a comparative advantage at very low wages, thus giving both sides a mutual advantage in free trade. I don’t know if Krugman understands what ‘very low wage levels’ means. Being Chinese, I know that a very low wage level signifies a miserable life. . . . After the Asian financial crisis, wages in Southeast Asia decreased dramatically, which should have given them a new comparative advantage, and for Mr. Krugman this supposedly shows the superiority of free trade: But for the countries in Southeast Asia it meant throwing back living standards by 20 years.”

Rather than providing an advantage, the exploitation of “cheap labor” in China and other countries in the context of free trade, actually does damage to all sides:

“[Krugman] has not addressed the problem, that importing cheap goods from foreign countries can damage the domestic productive forces and create unemployment. For backward countries, buying cheaply priced goods produced by countries with a high productivity means that the domestic high-value-added production can never be developed; for the developed countries, buying cheaply priced goods produced with low wages in backward countries, means that the labor employed in the low-value-added domestic production will

be thrown out of work. This is a reality that is known to everyone.”

(Indeed, part of the high political price that Beijing pays for the U.S.-China WTO agreement, is the growing anti-China sentiment inside the U.S. labor movement, where the fear of losing jobs due to cheap imports from China, has made it very easy to induce working Americans and trade union officials, who might otherwise be friendly to China, to side with the right-wing anti-China lobby.)

Han notes that Krugman exploits the same trick as Adam Smith, using the activity of a small-scale trader as supposed paradigm for economic activity. Hence, Krugman “is fundamentally not looking at the question from the standpoint of the producer, and even more not from the standpoint of the long-term development of a nation. From the standpoint of science, Krugman has simply avoided the challenge of List’s national economy, and is obviously not honest. Should we worship this kind of ‘authority’ on international trade?”

Finally, Han quotes a passage in which Krugman brushes aside accusations, that the present international economic order, and particularly the exploitation of cheap labor in developing countries, aggravates the poverty in those nations. On the contrary, concludes Krugman, referring particularly to the situation in Central America: “If those countries were to reject the opportunities to export and trade, then they would fall into a situation of even greater poverty.”

Han comments: “This is not gentlemanly and cultivated, scholarly explanation, but an undisguised threat. What he is really saying is, . . . if you refuse to accept exploitation, you will get nothing to eat. . . . The deeper meaning is, that if you are thinking of getting out of the world capitalist system, refusing to trade with us, then you will become more poor.”

The Lessons of Chinese and U.S. History

“Aha, we begin to think,” continues Han, asking his Chinese audience to reflect on Krugman’s bullying. “It was exactly after 1949, that the U.S.A. and the whole West were ridiculing China. But [Secretary of State Dean] Acheson miscalculated. The New China, which detached itself from the West, not only did not fall into greater poverty, but rapidly healed the damage of the war, cured the inflation, restored the national economy, and began a large-scale industrial development. . . . Under the conditions of total isolation from the Western world, the life expectancy in China was raised in 30 years from 35 years to nearly 70 years, China exploded atomic and hydrogen bombs, sent satellites into space, created intercontinental ballistic missiles. In this period, the total value of agriculture and industrial production increased on an average by 7.6% per year, an entirely independent industrial base was established from scratch, a huge army of scientists and teachers was created, which provided the material basis for the following 20 years of reform and opening.

“Krugman forgot, that after the end of the American Independence War, Britain still continued to threaten the United

List: How British Free Trade Destroys Nations

One hundred and seventy years ago, the British free-trade school of Adam Smith was scientifically torn to shreds by German-American economist Friedrich List, who proved its fraudulent nature beyond a shadow of a doubt. The warnings he issued then, are just as valid today — not only for China and the United States, but for all nations.

In his 1827 letters to Philadelphia's Charles J. Ingersoll (published in *Friedrich List: Outlines of American Political Economy*), List announces his aim as, not just to protect the manufacturers of Pennsylvania, but "to lay the axe to the root of the tree, by declaring the system of Adam Smith and Co. to be erroneous — by declaring war against it on the part of the American System."

Addressing widespread ignorance on the subject of political economy, List writes:

"I remember an anecdote of a physician, who, finding his patient consulting a medical work about his disease, admonished him to take care not to die of an error in print. So, sir, I would admonish the people of these United States who rely on the celebrated system of Smith, to take care not to die of a *beau ideal*. Indeed, sir, it would sound almost like sarcasm, if in after ages, an historian should commemorate the decline of this country in the following terms:

"They were a great people, they were in every respect in the way to become the first people on earth; but they

became weak and died, trusting in the infallibility — not of a Pope nor of a King — but of two books imported into the country, one written by a Scotchman [Smith], the other by a Frenchman [Jean Baptiste Say] — books, the general failure of which was shortly afterwards acknowledged by every individual.' "

The fraudulent nature of Smith's system, writes List, begins with the very title of his book: *Wealth of Nations*. In fact, the book disregards nations altogether; it deals with the economy from the standpoint of the individual entrepreneur, and of the human race as it would be if it were *not* separated into nations. If the whole world were one nation, free trade would be fine. An Englishman would as readily emigrate to Hungary as a New Jerseyman today emigrates to Missouri. No nation would have reason to fear from any other. Such a state of affairs might be desirable, says List, "but, sir, it is not the state of the actual world."

In the real world, as List shows, free trade is a weapon used by the British oligarchy against its political opponents. The essence of the British system is to dominate others, "even at the expense of the lives of the citizens, to keep the world and especially her colonies in a state of infancy and vassalage"; the American national economy, on the other hand, aspires only to become *independent*.

The contest between these systems, List writes, may not be decided for several centuries. In the end, history will censure those who ruin their own nations by adopting English free trade, just as "it laughs at Esau for having sold his primogenitive birthright for a mess of pottage rather than to rely on his own power for procuring the means of existence."

States, and this threat was so real, that in U.S. history the period from 1781 to 1789 is called 'the crisis period.' At that time, England, using its enormous advantage in trade and manufactures, did two things. First, Britain implemented a severe ban on U.S. exports, including prohibiting U.S. goods from entering the Indian subcontinent: secondly, Britain dumped great quantities of cheap goods into the U.S. . . . The export of tobacco, rice, indigo and other agriculture products collapsed, trade and shipping fell back, ship construction stopped. One after the other, traders and farmers went bankrupt, the chain of mutual liabilities broke, creating a severe social crisis, in many places there were uprisings of farmers. But the American people did not, for these reasons, return to the bosom of England, but instead transformed the confederation government into a Federal government, strengthened the financial and banking system, strengthened the power of the central government, using the force of the nation to contend with England. And finally, through many tribulations, making trade protectionism the national policy, developing a power-

ful independent industrial system: Only through this process could Krugman get a place to put his foot."

The analogy between the situation of the young United States after the War of Independence, and the situation of the New China, both after 1949 and today, is a recurring theme in Han Deqiang's book. Following the extensive summary of List's *National System of Political Economy*, Han includes a further, detailed appendix on "The Lessons of the Rise of the United States for China — A Discussion of the Struggle between Protectionism and Free Trade in the History of the United States." This appendix goes through the zig-zag history of the fight to develop the United States' national economy during the 19th century, in the face of unrelenting economic, political, and even direct military warfare against the young nation by Great Britain. The outline goes into the factional situation in the former colonies, stressing that it was only under the psychological impact of Britain's repeated assaults, that American patriots could gather sufficient political support to realize the policies of Alexander Hamilton for a

protectionist national economy, a strong Federal government, and the development policies outlined in Hamilton's *Report to Congress on the Subject of Manufactures*. Han devotes considerable attention to the process leading into the U.S. Civil War, including the conflict over slavery and free trade, as a continuation of the War of Independence. The Civil War was both an internal war and an external war against Britain, Han emphasizes, documenting Britain's role as de facto chief military ally and supply base of the Confederacy. It was the victory of the Union in this war, Han stresses, which made possible the rise of the United States to the world's number-one industrial power by the end of the 19th century.

No More Rotten Compromises

Han's book is a call for China to drop all "rotten compromises," and implement a rigorous policy of protectionist national-economic development in line with List's "American System." Besides simply protecting domestic producers, China must concentrate resources on building up key, strategic industrial sectors and strengthening its national advanced-technology base, orienting its growth toward the needs of providing useful employment to the population and making efficient use of the nation's resources. Han cites as examples from the Chinese discussion, the build-up of small- and medium-sized industries supplying machinery and equipment for the development of agriculture; creation of efficient public transport systems (as opposed to a wasteful overemphasis on personal automobiles); the development of the Western areas of China through infrastructure projects, etc.

Han notes that the problem of corruption must be dealt with effectively in order for a policy of state-financed large-scale infrastructure projects to have the desired effect. Besides this, he criticizes the Keynesian notion of "stimulating internal demand," often cited in China to justify the infrastructure investments, but which in itself hardly provides a competent basis for economic policy-making.

Underlining the necessity for rigor in economic policy, Han devotes a chapter of his book to criticizing the wishy-washy position of so-called "market realists," who favor a certain degree of protectionism for technical reasons, while in reality fully embracing the axioms of Adam Smith and Ricardo's British system. A typical "market realist" professes his admiration for free trade, but admits that, unfortunately, the ideal of pure free trade cannot be realized in the present real world. In the same general category are the typical neo-Keynesians, influential in center-left circles in many countries, who often appear as the "alternative" to the hard-core IMF and Chicago School monetarist policies. These neo-Keynesians measure state investment and intervention into the economy, while in reality opposing the kind of sovereign nation-state development policies advocated by Hamilton and List. Han singles out for extensive criticism the Argentine economist and United Nations official Raúl Prebisch (1909-86), whose *desarollista* ("development")

school had a big influence on development policy in Ibero-American and other so-called Third World countries. Han particularly criticizes Prebisch's famous theory of "the center and the periphery," which on the surface appears to fully champion the cause of the so-called developing countries, but, in reality, as Han puts it, "is the crystallization of the life-long experience of a true adherent of liberalism." Prebisch is well-known to LaRouche's collaborators as a British agent, who notably fought against the establishment of Hamiltonian-style national banking systems in the Ibero-American countries, in favor of British-style independent central banking.

As far as Keynesianism itself is concerned, Han has the following to say: "Only during the great depression, when ruling circles had lost control over the economy, and the 'market was not working properly,' there was a certain recognition of the reasons for state intervention. However, Keynesianism is not really a rejection of market romanticism, but rather a limited correction, combining the market mechanism with government macroeconomic adjustment according to the method 'one step back, two steps forward,' affirming the core role of the market, and in essence maintaining Adam Smith's 'invisible hand.' "

Can Protectionism Still Be Revived?

Han devotes an entire chapter to this question, refuting the widespread myth, that protectionism is an outdated "relic of the 19th century." On the contrary, Han argues, firstly, that the United States, while currently championing free trade around the world, in reality employs substantial protectionist measures to defend its markets at home, while reserving its right to unilaterally implement even stronger measures as it sees fit. The infamous "Super-301" clause is only one case in point. In this respect, Han points out, U.S. policy mimicks the typical two-faced policy of the British in the 19th century: protectionism for Britain and free trade for everybody else! Moreover, in spite of globalization, Japan and the European Union also continue to practice a very substantial degree of protectionism. So protectionist methods are by no means a mere relic of the past.

Second, and more importantly, Han points out that the world is on the verge of new Great Depression. He reviews in some detail the highlights of the long-term process which has led to the present gigantic financial bubble on the world markets, and notes that the expectation of a crash with ensuing new depression, is now shared by numerous American and other Western economists.

Han points out, that if we look at the last 200 years' history of the industrial revolution, including the history of the United States, we find an alternation between periods where protectionism predominated, and those where free trade took the upper hand. But, he emphasizes, in this back-and-forth, the periods of free trade were relatively brief. At the point of crises and depressions, the United States, Germany, France,

and other industrial nations repeatedly went back to methods of protectionist national economy. In fact, the world is already on the way toward a “new high tide of protectionism.” In this situation China should cast away naive illusions, pay attention to the reality of what is happening, and stop making concessions to a system which is already collapsing.

China-U.S. relations

As we already noted, Han Deqiang has harsh words about the United States, which, turning against its own best traditions, has made itself a world champion of British-style, neo-imperial globalization policies. To that extent, the United States has also made itself a real adversary of China, and the Chinese people should realize this clearly, Han admonishes. As a passionate Chinese patriot, he sees the problem from the standpoint of a China “on the receiving end” of those destructive policies. While repeatedly pointing to the historical struggle of the early U.S. against the British Empire, as a lesson for China today, Han does not emphasize the *continuing* struggle to eliminate British policies and British influence *inside* the United States—a struggle presently being led by Lyndon LaRouche and his movement.

With that, admittedly very crucial limitation, Han poses the question: How could there be a “strategic partnership” between China and the United States, in a situation where

the U.S. government, including Clinton himself, is trying to impose upon China policies of globalization and economic liberalization, which, if adopted, would mean the total destruction of China as a sovereign nation? Is it not ridiculous that China should sacrifice its own survival, in the naive wish to “be good friends” with the United States? Besides, Han notes, the United States has traditionally tended “to bully its friends while respecting its adversaries.” Would not China gain greater respect from the United States, if it rigorously drew the line against “globalization,” and insisted on pursuing a sovereign and independent, protectionist national-economic development policy?

Han does not advise a confrontation with the United States, but, rather, suggests that such a rigorous policy course by China would actually lay the only possible basis for “real progress” in relations between the two countries. In the meantime, China should pursue a foreign policy of cooperating with those nations and tendencies around the world, which are opposed to the kind of “unipolar” world order, the rule of a tiny minority over the globe, which Zbigniew Brzezinski, George Bush, and others stand for. The natural allies of China would include above all Russia, developing nations, nations of continental Europe etc.; and also, at least the *perspective* of a growing resistance to those policies, within the United States itself.

The Education of the Chinese Citizen

In the final section, Han notes that some people think the situation in China, as a result of the spread of liberal ideology, has become hopeless, and that corruption and egotism have already spread beyond the point of return. But, he points out, these problems are not a matter of “human nature,” but a function of the social environment. Corruption is the result of failure of people to understand the relationship between their own long-term interests and the interests of society as a whole. That, in turn, has much to do with a failure of education. Han quotes a statement by Deng Xiaoping, in which the late Chinese leader regrets the inadequate attention to the education of the population as citizens. Deng explained, “I mean political education, not simply school education and education of the youth; I mean the lack of education of the citizen . . . concerning what kind of country China is, what kind of country it should become. This kind of education has been too little, this is the biggest mistake we have made.” In this spirit, Han Deqiang closes his book by calling for launching an open and wide-ranging public discussion in China on fundamental policy issues, including the issues raised in his book. Such a discussion is key to combatting corruption and strengthening the government and the party, Han writes. He notes the reaction in China to the shock of the bombing of the Chinese Embassy in Belgrade, which not only unleashed a wave of patriotic feeling, but also caused many people to think more seriously about the future of their country and their own personal role in the world.

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Debacles of Britain's Blair Undermine Gore, 'Third Way'

by Mark Burdman

On May 4, British Prime Minister Tony Blair suffered his worst humiliations since the landslide victory of May 1, 1997 that put him in power. Ken Livingstone, the man whom Blair denounced as "a disaster," and who ran as an independent after Blair's Labour machine brutally rigged the party's candidate-selection contest against him, scored a decisive victory as the first-ever elected Mayor of London, while Blair's own candidate, Frank Dobson, came in a miserable third, behind Conservative Steven Norris.

At the same time, Blair's Labour suffered big losses in more than 150 local council elections across the United Kingdom, losing well more than 500 council seats overall. On the eve of the elections, a Labour Party-linked source had told *EIR*, that "anything more than 350 seats lost would be a big disaster for Blair."

The results have consequences both domestically and internationally. May 4 represents an inflection point, in the emergence of forces in Britain that can accelerate the destruction of the evil Blair government. Livingstone became a rallying point, for trade unionists, industrialists, and others, who are disgusted with the demolition of the physical economy, under Blair and his government. While the government builds up the financial and services sector and other centerpieces of the utopian, post-industrial "New Economy," and pours money into such absurd boondoggles as the Millennium Dome, the remaining sectors of British industry that survived the Margaret Thatcher years—auto, shipbuilding, clothing manufacture, and rail transport, for example—are being wiped out. The much-vaunted National Health Service is in crisis. Reliable estimates, are that approximately 300,000 manufacturing jobs have been lost in Britain, in the three years that "Labour" Prime Minister Blair has been in power!

Internationally, the demolition of Blair will be alarming to those who have jumped on his neo-fascist, post-industrial "Third Way" bandwagon. There are some on the European

continent who could soon pay dearly, most significantly German Chancellor Gerhard Schröder, who, aside from a short flirtation with "national economic" policies of protectionism and support for industry late last year, has steadfastly adhered to the Blairite agenda, including signing a joint policy declaration with Blair on the "Third Way."

The 'Third Way Down'

But the greatest damage is likely to be done to U.S. Vice President Al Gore, and to his candidacy for the Democratic Party nomination for President. On May 5, Democratic Presidential pre-candidate Lyndon LaRouche issued a statement from Wiesbaden, Germany, entitled, "Bad News for Al Gore from London," in which he declared: "In three words, the pattern of British election results can be plainly read as 'Third Way Down.' Yesterday's results do not yet represent a collapse of Tony Blair's government, but they do reflect the fact that the so-called 'Third Way' is crumbling, not only in the United Kingdom, but wherever Blair's Third Way is represented world-wide."

LaRouche asserted: "If this world-wide trend were to persist, as is now most likely, by early Summer the U.S.'s Democratic Party, faced with an inevitable Republican landslide against Gore in the November elections, will soon be working to effect Vice President Gore's withdrawal from the nomination, in order to salvage as much as it can for the November Congressional elections, and perhaps choose an alternate candidate who could rally the voters to defeat Bush's Republicans in the national election. Gore, if he continues to run, will evoke the same net result as President Jimmy Carter's dimly failed, 1980 re-election bid, and the 1988 Michael Dukakis candidacy."

He stressed: "The bottom line, both in London and in the U.S., is, as Clinton campaign adviser James Carville once said of the 1992 general election, 'It's the economy, stupid!'"

Just as it was the collapsing British economy, combined with Blair's thuggish indifference to reality, which caused the 'Third Way' cause to crumble in yesterday's elections, so the issues of the real economy and Gore's thuggish campaign tactics are greasing the skids under 'Third Way' fanatic Gore's support in the U.S.A. What greased the skids under the 'Third Way' in England, is the contrast between the Blair-Gore hype of the so-called 'new economy,' as contrasted with the collapse of both the 'information economy' bubble and the physical economy on which more than 80% of the U.S. family households, in particular, depend for their very existence. In the United Kingdom, the key symptoms were the combination of the threat to the ruined railway network and the municipal public transit systems, and a plummeting of the economy as a whole into a 'Third World' condition, through the virtual extinction of anything resembling real industry."

LaRouche concluded: "The latest results from London are likely to mark an end to the career of the 'Third Way International' in every country around the world. One can almost hear Al Gore saying now, 'Blair who? Never heard of him.'"

'An Absolutely Vile Campaign'

As British influentials have stressed in discussions with this correspondent, the London vote was less an explosion of support for Livingstone, than it was a massive rejection of Blairism. Livingstone has to be viewed as a mixed figure. He has, for years, been associated with some of the odder elements of Britain's radical-left spectrum, and has spoken out in favor of such measures as drug legalization.

However, he has also elaborated some unpleasant truths. In mid-April, he charged, in an interview with the publication *New Musical Express*, that International Monetary Fund, World Bank, and World Trade Organization policies are "appalling." He proclaimed that "all over the world, people die unnecessarily, because of the international financial system. . . . In any year since 1981, between 15 and 20 million people have died unnecessarily from the debt burden, because Third World governments have to cut back on clean water and health problems. Every year, the international financial system kills more people than World War II. But at least Hitler was mad, you know."

This drew violent reactions from the British media and political class, who raved that Livingstone would be "lethal for London," particularly because of that city's role as the prime international financial (i.e., speculation) center.

In the days leading up to May 4, there was a violent defamation campaign against him in some of the media, especially in Sir Rupert Murdoch's *Times* newspapers. The daily London *Times* and the *Sunday Times* dredged up alleged business misdoings by Livingstone, publicized attacks on him by last-minute defectors from his campaign staff, and ran "exposés" with such titles as "To Know Ken Is To Loathe Him."

On May 1, another tactic was tried. Various "May Day 2000" demonstrations were staged, some of which led to anar-

chist violence. No sooner had the violence ended, than all Livingstone's opponents, led by Blair poodle Frank Dobson, rushed to attack Livingstone, citing an interview he had given in February, supporting "direct action." Dobson said that the London events, and Livingstone's earlier comments, "show just how irresponsible he is. . . . We have three days to save London from the nightmare that would be Livingstone."

This demagogy was made all the more pointless, as Livingstone himself roundly denounced the demonstrators as "mindless thugs" and "idiots," and declared his full support for what the police did to "put an end to the activity of these violent hooligans." On April 10, when he and Dobson appeared before an audience of London police officers, Livingstone received a standing ovation, while Dobson was hissed and booed.

As he voted on May 4, Livingstone charged that he had been the target of an "absolutely vile campaign, from start to finish."

Indeed, London voters were enraged at the way the original candidate-selection process within the Labour Party was run. Clearly, Livingstone won the vote. But, through what LaRouche, in his May 5 statement, characterized as "Mussolini-like" methods, Livingstone was denied victory. London School of Economics Prof. Patrick Dunleavy stressed that voters were "shocked, horrified, and turned off" by the candidate-selection *modus operandi*. "It's nothing short of a scandal," he said.

Several British sources have likened the way Livingstone was treated then, to the way the Democratic Party-Al Gore apparatus has treated LaRouche in the United States. But, as LaRouche says, Gore will now be forced to learn some lessons, fast, from what has happened to his buddy Blair.

'Our Industry Is Dying'

A key factor of the campaign in Britain, is that it has been the catalyst for bringing real, fundamental issues to the fore. Livingstone is closely affiliated with the traditional "Old Labour" constituencies, particularly centered in and around Britain's trade unions. In London, he received massive support from the transport, firefighters, police, and other unions, largely because of his absolute opposition to Blair's planned Margaret Thatcher-modelled "privatization" of London's subway, the Underground, or Tube. Privatization has already caused disaster to Britain's rail network, highlighted by a growing pattern of deadly accidents.

The unions, joined by various groups within British industry, are becoming increasingly enraged, in reaction to the collapse of British manufacturing under Blair. As one highly informed British figure told *EIR* on May 4, "The deindustrialization of Britain under Blair is worse than it was under Margaret Thatcher. At least she claimed to have some strategy for modernizing Britain, while Blair and his bunch are doing it for its own sake."

The "tripwire" has been the threatened closure of the Rover plant at Longbridge, near Birmingham, which has been

owned by the German BMW automobile giant. BMW has been attempting to sell the plant, but deals have fallen through. If no buyer is found, and the Blair government refuses to follow traditional Labour policy and bail out the plant, no less than 60,000 jobs—the combined figure of Rover workers as such, and firms that supply the Rover plant—could be at risk. A British influential told *EIR* on May 4, that if Blair now refuses to save Rover, “this will be, politically, a huge nail in his coffin.”

Across party lines, voices are being raised, attacking Blair on this issue. On May 3, former Conservative Party Deputy Prime Minister Michael Heseltine, in a commentary in the London *Times* entitled “Wake Up Blair, Our Industry Is Dying,” referred to the likely imminent closure of the BMW-Rover auto plant at Longbridge, and to the threatened closure of the Ford plant at Dagenham, as “the tip of an iceberg which is heading towards British manufacturers.” He wrote, “It seems that barely a day passes, without an announcement by yet another inward investor or prominent industrialist, that they are looking to lay off workers, slim down production, or move abroad.”

Heseltine wrote that it is not just the auto industry that is being slaughtered, but also, in the area of clothing manufacture, 40,000 jobs have been lost in the past year alone. Heseltine called this phenomenon “carnage,” and blamed it on the

Blair government’s obsession with supporting the “new” service-based industry, and phasing out the “old” manufacturing base. The attitude is that “the former will triumph over the latter, . . . in a fanfare of websites and stock options.” This is all dead wrong, Heseltine charged, and is undermining Britain’s “national interest.”

From within the Labour Party, former Industry Minister Anthony Wedgwood Benn told the *Wall Street Journal-Europe* on May 3 that the Blair government had abandoned all notion of an “industrial policy,” in its pursuit of the Blairite “Third Way.” Said Benn: “We have to start with the question of whether the maintenance of a manufacturing industry in Britain is in the national interest or not. We have to decide—are we going to accept that Britain is to become a third-rank country?” If Blair refuses to intervene, to save plants like the Rover one in Longbridge, he will simply be admitting that he has become “a guardian of global capitalism,” and, then, “people are entitled to ask, ‘What the hell did we elect you for? Why don’t you do something?’ ”

A senior Labour-linked source told *EIR* on May 3, that the collapse of manufacturing touches the most sensitive nerves in Britain today, and that everything is being done by Blair and his ministers to make the matter “not discussable.” However, the dam is bursting, and discussion and ferment are everywhere, over this problem.

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New Leadership for a Time of Crisis: Australia's Curtin Labor Alliance

by Allen Douglas

Over the weekend of April 29-30, one hundred and ten Australian citizens gathered in Perth, the capital of the state of Western Australia, to form a new political party, the Curtin Labor Alliance (CLA). Founded as a statewide organization in Western Australia, the new party has great potential to spread nationwide, and is dedicated to concluding the unfinished business of Australian history: conducting a political revolution against the British Crown and the City of London — what the old Labor Party of wartime Prime Minister John Curtin called “the Money Power.”

The conference was co-sponsored by the associates of Lyndon LaRouche in Australia, the Citizens Electoral Council (CEC), and the Executive of the Municipal Employees Union of Western Australia (MEU); prominent members of Perth's Islamic and Chinese communities also attended.

The first day was opened by CEC Executive member Noelene Isherwood, who introduced the Chairman of the CLA, Adrian Bennett, who is the Secretary of the MEU for Western Australia, and a former Labor member of the federal parliament under the government of Prime Minister Gough Whitlam (1972-75), which government was sacked by the Queen. Bennett welcomed the audience, and identified the historic nature of this founding conference, noting that the CLA would not only field a slate of candidates in the upcoming state election, expected later this year, but would also contest the federal elections scheduled for late 2001. Moreover, he predicted, “This new party will change the course of this nation in the very near future.”

The U.S.-Australia Alliance

Noting that both major parties in Australia, Labor and the ruling Liberal/National Party Coalition, are controlled by the “financial oligarchy,” and that the world is facing a near-term global financial collapse, Bennett warned, “Our nation is no less threatened with extinction today,” than it was in the face of a Japanese invasion in the early days of World War II. The oligarchy's policies of globalization threaten all nation-states, as they do Australia, he said, and thus, once again, Australia “must therefore look to allies abroad, and to a global strategy to defeat this powerful enemy.”

After calling for the reestablishment of the wartime alliance between John Curtin and the America of President

Franklin Roosevelt and Gen. Douglas MacArthur, “an America which Australians have not seen much of in recent decades,” Bennett introduced Lyndon LaRouche, “the world's leading economist,” of whom “the global financial oligarchy is terrified, because he not only forecast the present global financial crisis over three decades ago, but he has designed a solution to it, known as the New Bretton Woods international monetary system.” LaRouche and his associates, explained Bennett, were framed up and thrown in prison by the global oligarchy, just as Australia's union organizers were thrown in jail during the 1890s depression, and even killed, “for simply organizing for a better life for working people.” Such jail sentences, he said, were “a badge of honor, a testament to the unshakable courage and commitment of LaRouche and his associates.”

LaRouche's Keynote

In a 43-minute videotape made especially for the occasion (excerpts will be broadcast by his Presidential campaign on public television in the remaining U.S. primary states), LaRouche gave an historical account of what led up to the current disastrous condition of the global financial system, noting that, following the crash of the Nasdaq and Dow Jones indices on Friday, April 14, Federal Reserve Chairman Alan Greenspan and Wall Street “organized the biggest bailout in history, the most hyperinflationary bailout of markets which has ever occurred in world history, at least in known history.”

LaRouche recounted how the international monetary system has deteriorated, from the 1960s through until today, in no small measure due to the hideous Trilateral Commission-controlled U.S. Presidency of Jimmy Carter. Referencing his own forecasts of financial collapse originally made decades ago, LaRouche said, “We're now at the point, where one day, soon, you will see on a world scale, perhaps in one country at a time, perhaps in several countries at first, a phenomenon which engineers would recognize as that of an earth dam beginning to disintegrate, and then suddenly disintegrating, flooding the entire area.” Unless the U.S. population responds to competent leadership, he concluded, as it had to FDR's leadership in the wake of the bombing of Pearl Harbor on Dec. 7, 1941, the policies of globalization have brought us “to the point that the whole civilization would go into a new



Adrian Bennett, chairman of the new Curtin Labor Alliance, addresses the conference in Perth, Australia. "This new party will change the course of this nation in the very near future," he predicted.

dark age for a period of decades, a generation or more, as happened in the Fourteenth Century, the last time a general attempt to globalize European civilization had been attempted."

LaRouche's remarks set the tone for the entire conference, including the presentation which immediately followed, a strategic briefing by his longtime associate, *EIR* Counterintelligence Editor Jeffrey Steinberg, who elaborated on LaRouche's New Bretton Woods proposal. Following Steinberg's speech, the first official act of the conference, was to pass two resolutions, the first of which called for the CLA to send a delegation to the federal capital of Canberra, "as soon as possible," to start lobbying the Coalition government, as well as the Labor Party opposition, to adopt the New Bretton Woods proposal, and the second, was the call for an Ad Hoc Committee for a New Bretton Woods, which the LaRouche movement is circulating internationally. Both resolutions were passed unanimously.

The General Welfare

During the two-day conference, several speakers harkened back to the struggle of Australia's labor movement against the City of London-centered "Money Power," to provide lessons for what must be done today. Particularly cited, were the heroic battles waged in the 1890s by William Guthrie Spence, founder of the most powerful union in Australian history, the Australian Workers Union; by Labor Party leader and later Prime Minister John Curtin, in the 1930s and 1940s; and by Labor Prime Minister Whitlam during 1972-75, until he was sacked by the Queen's official representative and lapped in Australia, Governor General Sir John Kerr.

Gary Wood, the State Secretary of the Mining Division

of the Construction, Forestry, Mining, and Energy Union (CFMEU), one of Australia's largest, described Spence's outlook and activities in his presentation, "A Renaissance for Labor: 'New Unionism.'" After British banks pulled out most of their capital from Australia in 1890, precipitating a deep depression, and a crushing assault by Australia's employers against the young trade union movement, Spence led the shift from "Old Unionism," which adhered to a narrow concern with working conditions, pay rates, etc., to "New Unionism," a much broader, nobler fight for the nation as a whole, motivated by "the principle of love for one's fellows," as Spence put it, in a relentless fight for the "Common Good."

However, it was not merely the "Money Power" which oppressed working people, Spence said, but the people themselves: "If any body of persons in Australia is to blame for the evils of our social system, it is the working classes. . . . Let each remember that man had failed before because each carelessly left to some other the work of the Common Good. We must reverse that. Each must take his or her share."

Many working people did "take their share," and entered the political arena and contested parliamentary elections. By 1899, Australians had elected the "first labor government in the world," in the state of Queensland, and by the eve of World War I, controlled the federal government and five of the six state parliaments—an astounding result for a party (the Australian Labor Party) founded just in the early 1890s, and composed of "mere working people." Therefore, said Wood, "In the words of W.G. Spence, 'Let us Agitate, Educate and Organize,' " and "thereby elect some true-blue labor men and women to parliament, in order to save our nation, and to set an example for the world in these perilous times."

The heroic figure of John Curtin came to life again, in

presentations by CEC Executive members Noelene Isherwood and Robert Barwick. Isherwood recounted Curtin's dramatic break with the British Empire, and his decision to ally with the United States, in a statement issued on Dec. 27, 1941, only two months after he had been elected Prime Minister. This decision was particularly courageous, given the rampant Anglophilia which then infected Australia, which has not much abated, even today. Curtin fought British Prime Minister Winston Churchill tooth and nail, in order to bring Australia's battle-hardened 7th and 9th Divisions back from the Middle East and North Africa, to defend an otherwise defenseless Australia, which was facing a Japanese invasion.

Barwick recounted a side of Curtin which the oligarchy has been particularly keen to cover up: Throughout his career, beginning as a protégé of Member of Parliament Frank Anstey, the foremost Labor Party warrior against the "Money Power" for the first third of the 20th Century, and who wrote a book with that name, Curtin was entirely dedicated to national banking, and related government programs to develop the vast continent of Australia.

In his speech, "The Whitlam Era: Labor's Last Gasp," Adrian Bennett, who, as a Labor Member of Parliament in the Whitlam government, was privy to Labor's inner counsels, outlined Whitlam's bold plans to "buy back the farm," to take back control over the country's large deposits of raw materials from the mainly British multinationals, such as Rio Tinto, which were exporting them for a pittance. Whitlam had also planned a series of great infrastructure projects across the continent, and in particular intended to develop the still highly underdeveloped northern part of Australia. "The City of London would only lend us money at 16%," Bennett explained, which was "far too high for infrastructure, so we looked to the Arab petrodollars, which we could get for 2%." However, he said, London and its press outlets in Australia mounted a campaign, on phony "corruption" charges, against Whitlam's attempt to secure this credit. This set the stage for the Queen to sack him. "It was always the British," he emphasized, "who were carrying out a war against us."

Once Whitlam was dumped, the Australian Labor Party (ALP) which came back to power in 1983 under Prime Minister Bob Hawke and Treasurer (and later Prime Minister) Paul Keating, was an "anti-Labor Party," utterly controlled by the financial oligarchy, and dedicated to globalization.

'Politics as Classical Tragedy'

Perhaps the most polemical presentations, were by *EIR's* Michele Steinberg and Noelene Isherwood, on "Politics as Classical Tragedy," and "The Tragedy of Australian Political History," respectively. The two presentations flowed as one, as Steinberg established the purpose of great Classical art, as it began with the playwright Aeschylus and the Greeks, through Shakespeare and Friedrich Schiller, to solve the psychological and political problems necessary to build nations. Steinberg particularly stressed the case of Shakespeare's Hamlet, whose fear-ridden refusal to change his axioms of

thinking, as exemplified in his famous "To be, or not to be" soliloquy, not only doomed himself, but his nation.

With this groundwork established, Isherwood drove home the "Hamlet problem" in the case of two Australians, whom previous presentations had otherwise proven to be great leaders: W.G. Spence, and Gough Whitlam. In Spence's case, he was scared that Australia would be defenseless if it broke from Britain and established a sovereign republic, and, additionally, that imported Asian labor would undercut Australian living standards. Spence therefore chose to organize Labor around a racist policy of "White Australia." These two fears led to an inexorable political conclusion, of "loyalty to race rather than to government," which "abolished any talk of either republicanism or independence," as Spence himself explained in his book, *Australia's Awakening: Thirty Years in the Life of an Australian Agitator*. Many others in the Labor movement were fierce republicans; had Spence chosen to join them, it is most likely that Australia would have declared its sovereign independence, rather than submitting to "federation under the Crown," as it did in 1901, which meant rule by the Queen's all-powerful Governor General. This fear-induced decision by Spence came back to haunt Australia, in its 60,000 dead during World War I, and in Governor General Kerr's sacking of Whitlam in 1975, among other examples.

As for Whitlam, many who were in and around the federal government at the time, realized that Kerr, whom Whitlam himself had appointed, was playing a treacherous double-game, and undermining his government. However, Whitlam chose to blind himself to this, because he would otherwise have had to move decisively, to sack Kerr, as he could have done under the Australian constitution, before Kerr sacked him. The legacy of Whitlam's Hamlet problems, in turn, was seen vividly in the crushed, transformed Labor Party which came to power under Hawke and Keating during 1983-96. These so-called Labor governments spit upon the very national banking, protectionist tradition upon which the early Labor Party was founded, and were the first to introduce the policies of globalization and privatization, since continued under the Coalition, which have destroyed much of Australia's economy.

The third example of Hamlet, Isherwood explained, is the labor movement of today. Although most of the trade unions are thoroughly disgusted with the globalist policies of "their" Labor Party, which policies have collapsed trade union membership to less than half of what it was when Hawke and Keating took over, they, too, are acting like Hamlet, in refusing to take their 1.3 million members who are affiliated with the ALP, and their \$22 million a year in dues, and found a real Labor Party. And, as CEC Labor Coordinator and CLA Secretary Andrew Fox conclusively demonstrated in his presentation, the Hawke/Keating leadership of the Labor Party had in fact conspired with the Australian Council of Trade Unions, under just-retired Secretary Bill Kelty, to crush the unions. Thus, concluded Fox, the Curtin Labor Alliance has been founded.

A Farmer-Labor Alliance

One of the most crucial dynamics of the conference, was the exchange among union members, who are largely urban, and members of the CEC, most of whom are from the rural sector. The Australian establishment has long promoted bitter antagonism between unions and farmers, as in the charge led in 1997 by the radical pro-free trade, blueblood-controlled National Farmers Federation, which attempted to destroy the Maritime Union of Australia, by providing money and other aid to replace striking dockworkers.

One union member, reflecting on this long-standing enmity, asked, "Why do we need these bloody farmers, anyway? They are always attacking us." During the discussion, one CEC member passionately recounted all the inventions which Australians had made, and stressed the enormous potential of the country, if only farmers and workers would unite. "I have been a farmer for almost 50 years, and all my life I have been brainwashed against unionists," he said, with evident emotion. Many union members went up to him afterwards, and shook his hand and thanked him. Both farmers and union members were acutely aware, as several said explicitly, how important—and how extremely unusual—it was, that they were agreeing on policy matters, and on political action to achieve those policies.

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Will Wall Street Pick Mexico's President?

by Carlos Cota Meza

On April 25, the first widely advertised debate among the six candidates for the Mexican Presidency was nationally broadcast on radio and television, under the ridiculous title "Ninety Minutes of Democracy." The elections are slated to be held on July 2 of this year. As expected, not one of the candidates bothered to address reality in the slightest. The result of such a rhetorical exercise was that each one of the candidates concluded that he had bested his rivals, and had emerged victorious before the Mexican electorate.

However, the reality was otherwise. For example, the debate occurred just 15 days after the international financial system's most recent eruption, with the ruinous collapse of stock exchanges across the globe, and especially in the United States, where \$2.1 trillion in speculative paper values disappeared in a matter of hours. Five days before the debate, the Mexican government had been forced to declare 12 of the country's states "disaster zones," victims of a drought that has gone on for eight consecutive years. In these states, the devastation is now affecting water supplies for human consumption, after already ravaging supplies for agriculture and livestock.

And on the very day of the debate, President Bill Clinton put his signature to a non-binding resolution of the U.S. Congress, which reaffirmed the State Department's policy of intervention into the internal affairs of Peru. The resolution warned President Alberto Fujimori that the United States reserves the right to recognize or reject the "constitutionality" and "validity" of that Andean country's election process.

We mention these three developments because, in the final phase of the Mexican Presidential campaign and its sequel, they will make themselves felt like a freight train running head-on into the country's national political life.

A Glimpse of Reality

As a result of the ongoing stock market crisis, a "recessive attack" is already being forecast for the United States—collapse of the real estate market, mass layoffs, and an evaporation of the paper profits to which a select sector of Americans have grown accustomed. This "recession" will directly affect the Mexican economy, especially since the so-called recovery from "the December 1994 error" was purportedly achieved "thanks to the sustained economic expansion of the United States," as the Mexican government officially insists. None

of the Presidential candidates referred to this, and worse still, haven't the slightest idea what to do about it.

Regarding the human, economic, and ecological disaster going on in the 12 afflicted Mexican states, the only viable alternative is to undertake construction of major water infrastructure projects, as have been detailed in the document "How To Create More Than a Million Jobs a Year," published by the Ibero-American Solidarity Movement (MSIA). These projects had been referred to by PRI Presidential candidate Francisco Labastida Ochoa, before the debate, in two separate televised interviews. In response, the ruling party candidate was treated to an irate speech by leftist ecologist Julia Caravias, who heads the government's Environment Ministry, on how the disaster was due to "global warming," and that nothing can be done, except for Mexicans to prepare themselves with government aid programs for the even more difficult times ahead. If nothing else, this incident confirms that candidate Labastida also has political enemies inside the Ernesto Zedillo government.

The blatant interference of the U.S. government in Peru's internal affairs, must be seen as a foretaste of what could occur in Mexico as well. Indeed, the Vicente Fox candidacy of the National Action Party (PAN) and its Alliance for Change, is a key element in this interventionist strategy, which seeks to impose docile governments in the region, in the context of a policy of oligarchic financial reorganization. The same non-government organizations (NGOs) linked to the "Project Democracy" apparatus of George Bush and Oliver North, which are today trying to overthrow Fujimori in Peru and replace him with former World Bank employee Alejandro Toledo, are already moving to impose Fox in Mexico—whether Mexican voters like it or not.

The 'Minor' Candidates

In analyzing the origin and political history of the six Mexican Presidential candidates, we find ourselves faced not with a variety of serious political options, but rather by representatives of a profound crisis afflicting the whole Mexican political system.

Of the three minor candidates, one is Porfirio Muñoz Ledo, who together with Cuauhtémoc Cárdenas, led a split in the ruling Revolutionary Institutional Party (PRI) during the 1988 Presidential campaign, when George Bush imposed Carlos Salinas de Gortari as President of Mexico. Now a rival to Cárdenas, candidate Muñoz Ledo proposes to create a new republic, in which "Mexican Presidentialism" will disappear—precisely what the oligarchy has in mind, anyway.

Another of the "minor" candidates is the ignorant and perverse politician Manuel Camacho Solís, a creature of Carlos Salinas and capable of the most abominable treason. Camacho's participation in the creation of the Zapatista National Liberation Army (EZLN), as well as the dangerous instability which followed the 1994 assassination of PRI Presidential



The front-runner in the Mexican Presidential elections, PRI candidate Francisco Labastida Ochoa.

candidate Luis Donaldo Colosio, has never been adequately clarified, and still lends itself to a great deal of speculation. He has already been denounced by the PRI's Labastida as one of Fox's "employees."

The third minor candidate is Gilberto Rincón Gallardo. A former leader of the Mexican Communist Party, he took part in the dissolution of that party—and two others as well, the Mexican Socialist Party (PMS) and the Unified Socialist Party of Mexico (PSUM)—to create the Party of the Democratic Revolution (PRD), together with others, including Cárdenas and Muñoz Ledo. He split from them, and now heads the Social Democratic Party (PDM), which, he claims, seeks a "minority but dignified" position.

The three combined do not add up to one viable candidate.

The 'Major' Contenders

The other three, so-called "major" candidates, are Cuauhtémoc Cárdenas, Vicente Fox, and Francisco Labastida. Cárdenas is trying for the Presidency for a third time, after having won the governorship of the Federal District in 1997, as a PRD candidate. Cárdenas split from the PRI in 1988 when, he claims, he won the Presidential elections but lacked the political strength to defend his victory against Salinas

de Gortari.

Strangely enough, Cárdenas has now become a potential tie-breaker of sorts in the polarization that can be seen between the PAN's Vicente Fox, a shameless interventionist tool of powerful foreign political and economic interests, and PRI candidate Labastida Ochoa, universally recognized as the candidate to beat, both by forces abroad and at home, including within the Zedillo government. For Fox, despite all his triumphalist propaganda about how he has "already won," the only way he will take the Presidency against Labastida, is if Cárdenas decides to throw his support to him—just as occurred in Peru, when all the opposition candidates proclaimed their support for Toledo. Thus, Fox's insistent and humiliating wooing of the PRD candidate.

It would be a useless exercise to discuss here the majority of the "issues" that were raised by the candidates at their debate, except to note that the moments in which reality intervened were few and far between.

Dirty Laundry

Of interest is the fact that, contrary to expectation, Labastida went after Fox, indicating that "part of his family business is tied up in the Fobaproa affair." As is well known in Mexico, Fobaproa is the hugely corrupt government machinery that was set into motion as a salvage operation for bankrupt commercial banks and associated businesses, carried out by the Zedillo government at the expense of the national treasury. This operation was then sanctified as law, through a PRI-PAN alliance in the Chamber of Deputies.

Weeks before the debate, the PRI candidate had attacked Fox for the same thing, and incredibly enough, it was the Zedillo government which answered by issuing a "respectful" call to the candidates not to politicize the economic programs "which have provided us with macroeconomic stability," according to Finance Secretary Miguel Angel Gurría.

Apparently, candidate Labastida was making an effort to distance himself from the International Monetary Fund economic policy pursued by President Zedillo, and here is where lie the major points of dispute between the President and the ruling party candidate.

Another atypical moment of the debate occurred when Labastida scolded Fox for the vulgar insults he has used against him. "Everyone has to assume responsibility for what he does and says. That is why I tell you today, . . . now that we are face to face, that if you don't have the character to face this, how are you going to deal with the country's problems, how are you going to deal with the problems of the drug trade, how are you going to combat the problems of organized crime, and how are you going to defend our country from the interests of the United States?"

What is important here, is not the fact that Fox was left with nothing to say in response, but that for the first time in the 18 years of the last three Mexican administrations, an important politician such as the PRI candidate for the Presi-

dency, recognized that Mexico needs to be defended "from the interests of the United States."

Labastida also conducted a direct polemic with Fox during the period of the debate allotted to presenting the candidates' economic proposals. Without giving it undue political weight, note should nonetheless be taken of the fact that Labastida at no point referred to "globalism," or to the existing free trade agreements, or to those that the Zedillo administration would like to sign with every nation of the world.

In any case, if Labastida is going to attack Fox directly, he is going to need to use the information in the document "Fox-ism, the Terminal Phase of Salinas," published by the MSIA. The MSIA pamphlet has already been distributed by the thousands throughout Mexico, and its charges have yet to be denied by the PAN candidate.

The Peru Blueprint

The other important aspect of the debate is what has been called the "debate of the debate," that is, the commentaries by the "political analysts" and "experts" following the candidates' exchange. Particularly striking were the adamant defenders of Fox, who argued that he had "won the debate," and was therefore going to win the July 12 elections, because that's what all the polls indicate. The polls were similarly manipulated in Peru, to give the illusion of a Toledo victory, when in fact he had lost.

Of particular significance are the commentaries of Jorge Castañeda, Jr., a dissident member of a longtime PRI family whose father, of the same name, reached the peak of his political career as Foreign Minister in the José López Portillo government. Castañeda, Jr. specializes in weaving a network of relations with narco-terrorist groups in Ibero-America, while simultaneously forging a mysterious friendship with various American think-tanks. Castañeda followed Cárdenas out of the PRI in 1988, and was allied with him until just the past few months, when he appeared as an adviser to the Fox campaign.

Another of Castañeda, Jr.'s ilk is Adolfo Aguilar Zinser, known previously as the "spoiled pet" of former President Luis Echeverría Alvarez. Aguilar also followed Cárdenas out of the PRI, became both a senator and federal deputy, and now operates very much like Castañeda, Jr.

Both have undertaken to promote the line that if Labastida expects to have an "internationally believable" electoral victory in July, he will have to best Fox by a margin of 10% or more of the vote, while Fox need only win by 5% or less. If this does not happen, they insist, Mexico will end up facing a Peru-style scenario, in which the "international community" will have to punish the victor.

In compliance with this interventionist scenario, Fox is doing his best to present himself as another Alejandro Toledo. Two days before the debate, Fox told Reuters that "it will not be enough to win in the polls," but rather "to wrench power" from the party that has ruled for the past 71 years.

Bush-British Loonies Plot New Confrontations

by Our Special Correspondent

Extremist elements within the British-American-Commonwealth transatlantic policy structure, closely linked to the George W. Bush Presidential campaign in the United States and to the highest levels of the British Foreign and Commonwealth Office establishment, have set in motion several new strategic confrontations with Russia, and perhaps with other countries as well. This occurred during the April 28-30 annual gathering of the Washington-based New Atlantic Initiative (NAI), in Bratislava, the capital of Slovakia.

In our April 28 issue, *EIR* published a preview of the Bratislava meeting, documenting the NAI's role, since its establishment in May 1996 in Prague, as an instrument of strategists and politicians associated with former British Prime Minister Margaret Thatcher and former U.S. Secretary of State Henry Kissinger, to counter the new strategic and economic arrangements promised by development of the Eurasian Land-Bridge. The NAI is, in effect, coordinated out of the American Enterprise Institute (AEI) think-tank in Washington, where the NAI's Executive Director, Jeffrey Gedmin, is stationed. AEI's personnel are, in most cases, close to the Bush-for-President camp, and many of AEI's policies — ultra-“free market,” “free trade,” unrestrained speculation, “expansion of NATO,” and so on — are those of the Bush crowd.

We warned that the NAI meeting “could be a detonator, for very unpleasant things to come,” as it was taking place in the midst of an already-fraught situation in central and eastern Europe. In view of what transpired in Bratislava, this warning should be taken very seriously.

A NATO ‘Big Bang’

According to an individual tied to the U.S. State Department and to the British Foreign Office who was at the NAI meeting, “A top priority of the conference, was to get Slovakia into NATO. The NAI organizers themselves were quite open about this. After the Slovakian Prime Minister [Mikulas Dzurinda] made his speech receiving us, the formal NAI reply, as was obviously pre-planned, was that we have to make sure, that Slovakia is put on the ‘fast track’ for NATO entry.”

Our source noted that a former senior Foreign Office figure, Dame Pauline Neville-Jones, said that “NATO should be enlarged by a ‘big bang’ approach. That is, instead of stretching out the matter of NATO entry, country by country, and over considerable periods of time, all the relevant countries in Europe should all be brought in, at once, and all together —

including the Baltic states.”

Neville-Jones represents the highest levels of the Foreign Office, and of the Thatcher foreign policy advisory machine. During the mid-1990s, she was Foreign Office Political Director and Deputy Undersecretary of State, and served, during 1993-94, in the government of Thatcher's successor, John Major, as chairman of the Joint Intelligence Committee of the Cabinet Office, an extremely important position that coordinates intelligence operations and other official matters. She had had her first big rise during Thatcher's rule, when she was appointed head of the Foreign Office Planning Staff, a post she occupied until 1987. Today, she has a senior position with London's National Westminster Bank; also at a senior level at NatWest, is former Thatcher-Major-era Foreign Secretary Douglas Hurd.

Her “big bang” NATO-expansion policy, while not supported by all attendees, was seconded by the NAI organizers, such as John O'Sullivan, NAI founder and Thatcher protégé, who has most recently been with William F. Buckley's *National Review* magazine in Washington. It was also supported by Richard Perle, Reagan-Bush-era Assistant Secretary of Defense and presently an AEI Resident Fellow.

Neville-Jones and her supporters acknowledged that the “big bang” strategy would “enrage the Russians.” But, even though there is “a lot of unease” about Russia, they insisted that, in the end, there is nothing much the Russians could do to counter NATO expansion, since the Russians are, these days, very much “off-balance,” and heavily dependent on “world trade and finance.”

A Russian military strategist warned *EIR* that “this kind of talk is all very dangerous. Russia might be off-balance, but it is militarily a nuclear power, and there is nothing more dangerous, than an off-balance nuclear power. East-West relations are becoming very dangerous, even without direct Western provocations, given the mood of nationalistic resurgence and other factors in Russia. But when these Western provocations of the New Atlantic Initiative crowd are added in, it becomes a really bad thing.”

Neville-Jones et al.'s push for the Baltic nations to be brought into NATO is especially provocative. Russia's relations with the Baltic countries, particularly with Latvia, are rapidly deteriorating. Inside the Clinton Administration, Secretary of State Madeleine Albright is known to support the Baltic nations' rapid entry into NATO. Albright's mentor is former U.S. National Security Adviser Zbigniew Brzezinski, whose son Ian, a senior U.S. Senate staffer, spoke on “The New NATO” at the NAI meet.

As is their usual mode, the British are playing a diplomatic double game. In Bratislava, senior Foreign Office figure Robert Cooper, who is now Prime Minister Tony Blair's foreign policy adviser, was cautious toward Russia, backing off from advising confrontationist policies, and defending Blair's current policy of cultivating relations with Russian President Vladimir Putin.

London Headquarters Established To Overthrow Zimbabwe's Mugabe

by Dean Andromidas

The Anglo-American policy elite has established a new London-based headquarters committed to overthrowing the government of Zimbabwe President Robert Mugabe. The Zimbabwe Democracy Trust (ZDT), an international group, publicly launched on May 3, aims at ensuring that “democratic elections” are held in Zimbabwe. But in the ZDT’s lexicon, “democratic” merely means “anything required to topple Mugabe.”

EIR has learned that, in April, the ZDT arranged for the visit to London and Washington of Morgan Tsvangirai, head of the Movement for Democratic Change (MDC), the leading opposition party in Zimbabwe (see *EIR*, April 21). In London, Tsvangirai met with British Foreign Secretary Robin Cook, as well as a bevy of powerful business leaders, from whom he hoped to solicit political and financial support. In Washington, he met with Assistant Secretary of State for Africa Susan Rice, and had dinner with Deputy National Security Adviser James Steinberg.

Days after Tsvangirai left Washington, Vice President Al Gore threw his support squarely behind the anti-Mugabe crusade. He was quoted in the *Boston Globe* and the German daily *Frankfurter Allgemeine Zeitung* on May 3, declaring, “I think it’s disgraceful. I think it’s horrifying.” He claimed that the United States has done “everything” to stabilize Zimbabwe and influence President Mugabe to “stop this disgraceful encouragement of racial violence.”

At the same time, military contingency plans are being drafted by the British Joint Staff for the possible evacuation of nearly 20,000 people who hold British passports. According to press reports, this “humanitarian” operation would include Britain’s two aircraft carriers and their squadrons of Harrier jump jets, and the deployment of several thousand troops, including from the Special Air Services and Special Boat Services. A headquarters for the operation has been established in neighboring Botswana, where an undisclosed number of British troops have been deployed. More alarming are reports that the Defense Ministry has gathered a contingent of British soldiers and officers, mostly from the SAS and SBS, who were born in Zimbabwe, and deployed them back into the country on “extended leave,” under the cover of reconnoitering possible “escape routes” for British nationals.

The patrons of the ZDT comprise a rogues’ gallery of people who have been overseeing the genocidal policies re-

sponsible for the current catastrophic economic and political conditions in Africa, including the wars that have engulfed the continent for the last two decades (see below).

These patrons include Dr. Chester Crocker, former U.S. Assistant Secretary of State for African Affairs during the Reagan and Bush administrations; Baroness Lynda Chalker of Wallasey, who has been leading the attack on the government of Sudan, and is the primary backer of professional insurgent for hire John Garang, head of the Sudanese People’s Liberation Army (SPLA). Also, Lord David Steel, former leader of the British Liberal Party and business partner with Tony Buckingham, the founder of the infamous Anglo-South African mercenary firm, Executive Outcomes. Another member is Lady Soames, daughter of Winston Churchill.

Public relations are being handled by Bell Pottinger, the firm of Lord Timothy Bell, who was former British Prime Minister Margaret Thatcher’s media adviser. The firm’s more recent clients have included Augusto Pinochet, during the latter’s recent legal embarrassment in Great Britain. Bell also worked for Prince Philip’s World Wildlife Fund (WWF, since renamed internationally as the World Wide Fund for Nature).

If one wants to donate money to the ZDT, one is instructed to send it to a trust managed by Maitland & Co. The latter is the trust subsidiary of the South African law firm of Webber Wentzel and Bowens, who are the lawyers for Anglo American, the world’s largest mining company which dominates the South African economy. Founded in 1868, the law firm has been representing Anglo American since its beginning.

Lord Bell’s connection to the WWF is significant. Several of the ZDT trustees are drawn from the highest levels of the WWF and British conservationist movement. *EIR*’s Special Report, “The True Story Behind the Fall of the House of Windsor,” detailed the role of the WWF as a cover for political-intelligence operations targetting national political forces throughout Africa.

The Spearhead for a Broader Operation

The role of this political grouping, which includes figures drawn from the old Bush-Thatcher policy circles and old Anglo-American Africa hands, confirms that the targetting of Zimbabwe is actually the spearhead of an operation aimed at crushing any political resistance to the genocidal policies of the multinational financial institutions in southern Africa. If

these forces succeed in throwing Zimbabwe into a bloody civil war, the genocidal conflicts that have engulfed Central Africa will spread throughout southern Africa as well.

The MDC should take this warning as seriously as does the government it wishes to overthrow. Although the ZDT publicly supports the opposition, *EIR* has learned that these circles see MDC leader Tsvangirai as incapable of leading the country, and they have no intention of bringing a viable regime to power, one that would turn Zimbabwe into what the ZDT calls "the jewel of Africa." Quite the contrary, this grouping aims at the same type of natural resources and land grabs that have devastated other parts of Africa.

According to its website, the ZDT expects to garner support for a group of notables who signed a letter appearing in the April 14 London *Times*, calling for free elections in Zimbabwe (see below). The signatories include the above-cited ZDT patrons, as well as Lord Peter Carrington, former NATO General Secretary and partner in Kissinger Associates; Evelyn de Rothschild, of the infamous banking family; and Lord Renwick, former Ambassador to the United States and South Africa.

The regional intent of this policy is underscored by the role of a kindred organization in South Africa that seeks the overthrow of Mugabe, the Helen Suzman Foundation. This Foundation is responsible for a study which alleges that President Mugabe enjoys less than a 35% approval rating. The Foundation, and its founder, Helen Suzman, are part of the Liberal International, and is linked to the Democratic Party of South Africa. Suzman, a Dame Commander of the British Empire, achieved great fame for her anti-apartheid stance in the 1960s and '70s. She also signed the letter to the *Times*, as did Tony Leon, the leader of the South African Democratic Party. Now in opposition, the Democratic Party has been the leading critic of the African National Congress-led government, accusing it of corruption and anti-constitutionalism, and hitting at any policy that deviates from neo-liberal economic policies. It is also one of the leading groups pressuring South African President Thabo Mbeki to do the Anglo-Americans' bidding and take a hard line against Mugabe. This is something the South African President, along with other southern African leaders, has refused to do. It has been reported that the Zimbabwe farm squatters enjoy a 54% approval rating in South Africa.

In addition to Suzman, the Foundation's patrons include Lord Steel, who is also a patron of the ZDT, and Lord Renwick.

The Tobacco Companies

Interfacing this nest are the Anglo-American tobacco companies. Zimbabwe is the world's third-largest tobacco exporter, and therefore, the tobacco companies are playing a leading role in this destabilization. Although the media blame Mugabe's "thugs" for the collapse of tobacco exports, the reality is that the commercial farmers have stayed away from the market for two reasons: first, because they expect that the

Zimbabwe dollar will be devalued (which the government does not want to do); and second, because of the incredibly low prices being offered by the international tobacco buyers, which are well below the cost of production. In Zimbabwe, prices start at \$1.80 a kilogram, which costs \$2.10 to produce. In Malawi, where many Zimbabwean commercial farmers are bringing their crop, the price being offered is 10¢ a kilogram, one-twentieth the cost of production.

The two most important tobacco buyers are British American Tobacco (BAT) and the Virginia-based Universal Corp., which is the main supplier of Philip Morris.

BAT, the second-largest cigarette manufacturer in the world, stands at the apex of the British corporate empire. Its former chairman was Earl Cairns, who is the current chairman of the Commonwealth Development Corp., now CDC Capital Partners, which, as *EIR* has outlined (see *EIR*, April 21), was part of the land grab in southern African. BAT recently merged with Rothmans, the cigarette firm owned by the Compagnie Financière Richemont, the corporate empire of the South African Jacob Ruppert. Ruppert is a co-founder of the WWF and the Peace Parks Foundation, which seeks to create huge transnational nature parks throughout Africa. Lord Renwick is a director of the Compagnie Financière Richemont.

Universal Corp. is the largest tobacco merchant in the world, and the largest buyer of tobacco in Zimbabwe. Among its directors is George Bush's Secretary of State Lawrence

The Way Out of The Crisis



A 90-minute video of highlights from *EIR*'s April 21, 1999 seminar in Bonn, Germany.

Lyndon LaRouche was the keynote speaker, in a dialogue with distinguished international panelists: **Wilhelm Hankel**, professor of economics and a former banker from Germany; **Stanislav Menshikov**, a Russian economist and journalist; Schiller Institute founder **Helga Zepp-LaRouche** from Germany; **Devendra Kaushik**, professor of Central Asian Studies from India; **Qian Jing**, international affairs analyst from China; **Natalya Vitrenko**, economist and parliamentarian from Ukraine.



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Eagleburger, who is supporting the MDC through his directorship in the International Republican Institute (*EIR*, April 21). Margaret Thatcher is on the Universal's international advisory board.

In 1993, Universal bought a tobacco merchant, Casalee, founded by former Rhodesian Jan Bredenkamp in 1976. During the white-minority regime of Ian Smith, when Rhodesia was the target of UN sanctions, Bredenkamp reportedly traded Rhodesian tobacco for the weapons that the Smith regime needed to suppress the liberation movement, including Mugabe's Zimbabwe Africa National Union. After the establishment of Zimbabwe, Bredenkamp reportedly became one of the biggest arms dealers in the world, supplying both Iraq and Iran in their 1980-88 war. He was also a close confidant of Thatcher, has extensive interests throughout central and southern Africa, and is believed to still be a major arms dealer for the region.

Documentation

Patrons of the ZDT

Dr. Chester Crocker: Currently the James R. Schlesinger Professor for Strategic Studies at Georgetown University in Washington, D.C., Crocker was Assistant Secretary of State for African Affairs in the administrations of both Presidents Ronald Reagan and Bush. Crocker sits on the Board of Directors of Minorco SA, the Luxembourg-based holding company of the Oppenheimer family's mining giant, Anglo American. Crocker is also director of ASA Ltd., a New York Stock Exchange-listed investment fund which concentrates on investing in gold mines in Africa, and the Modern Africa Growth Investment Company LLP, another investment fund linked to, among others, Citigroup, Microsoft, and Soros Associates.

Lord David Steel: Former leader of the British Liberal Party, and former president of the Liberal International, Lord Steel is a member of the House of Lords and the Scottish Parliament. As chairman of the Anti-Apartheid Movement, Lord Steel is business partners with Tony Buckingham, the founder of Executive Outcomes.

Sir Malcom Rifkind: He is a former British Secretary of Defense and Secretary of Foreign and Commonwealth Affairs in the Conservative government of John Major, and a member of the Queen's Bodyguard for Scotland.

Baroness Lynda Chalker of Wallasey: Former Minister of State for Overseas Development, Chalker has been leading a bloody crusade against Sudan for the last decade. Her Christian Solidarity International has been the main supplier of the SPLA of John Garang, who has been waging a civil war in southern Sudan. In the United States, Chalker is close to the circles of former President Bush.

Lord Taylor of Warwick: Former cricket player and the first black member of the House of Lords, Taylor is a member of the joint South African-British Parliamentary group and a

member of the Conservative Party.

Sir Richard Luce: Governor of Gibraltar and a member of the Conservative Party, Luce is an old Africa hand, having served in the civil service, and has conducted business in Kenya.

Lady Soames: Daughter of Winston Churchill, Lady Soames's late husband, Lord Soames, a leading member of the Conservative Party, was Governor General of Southern Rhodesia during 1979-80, and oversaw the transfer of power to black majority rule. Lady Soames is a patron of the Zimbabwe Trust, an organization that builds community support for so-called nature conservancies in Zimbabwe.

The Helen Suzman Foundation

In addition to Lord Steel and Helen Suzman, its patrons include:

Graf Otto von Lambsdorf: Chairman of the German Free Democratic Party (part of the Liberal International), former Economics Minister of Germany, and president of the Friedrich Naumann Foundation.

Lord Renwick of Clifton: Former Ambassador to South Africa and the United States. Lord Renwick, in addition to being chairman of the Robert Fleming merchant bank, is an adviser to the Hakluyt Foundation, the British equivalent of Kissinger Associates, in which he is also a partner. He is also a director of Compagnie Financière Richeumont, a multinational cigarette company controlled by South Africa's Jacob Rupprecht, one of the co-founders of the WWF and founder and chief financier of the Peace Parks Foundation.

The Letter to the Times

The signators of the open letter to the London Times calling for free elections in Zimbabwe, in addition to Baroness Chalker, Chester Crocker, Richard Luce, Lord Renwick, Malcolm Rifkind, Lady Soames, and Helen Suzman, include:

Lord Peter Carrington: The initiator of the letter, Carrington was former NATO Secretary General and Cabinet minister in various British Conservative governments. He is a partner in Kissinger Associates. As Secretary of State for Foreign and Commonwealth Affairs (1979-82), he, along with Lord Soames, oversaw the transfer to black majority rule in Southern Rhodesia.

R.A.C. Byatt: A career Diplomatic Service officer, Byatt is an old Africa hand, having served in Rhodesia. He later became British High Commissioner to Zimbabwe, and Ambassador to Morocco. He is a trustee of Beit Trust, which was founded by Otto Beit, one of imperialist Cecil Rhodes' closest associates.

Evelyn de Rothschild: A scion of the infamous banking family and currently chairman of N.M. Rothschild.

Douglas Hurd: Former Secretary of State for Foreign and Commonwealth Affairs in the Conservative government under John Major. Hurd was nicknamed "Hitler Hurd" by his classmates at private school, because of certain personal traits he shared with the Nazi dictator.

International Intelligence

EIR Mourns Death of Dr. Giuliano Preparata

Italian physicist Giuliano Preparata passed away, the last week of April, after a year-long battle with cancer. Preparata, a professor of Theoretical Physics at the State University of Milan and member of the Scientific Advisory Board of the LaRouche-associated publication, *21st Century Science & Technology*, was a pioneer in the effort to develop and explain the phenomenon of cold fusion. After years of being ostracized by the scientific establishment, he had finally obtained funding for a two-year effort to develop a viable cold fusion generator. Preparata hoped to potentially wield the development of cold fusion against colonialism and the control of natural resources by oligarchical cartels.

On April 4, 1998, he organized a meeting of a group of scientists with Lyndon LaRouche in Rome, in which he emphasized the importance of LaRouche's scientific method (see "LaRouche Meets with Italian 'Cold Fusion' Scientists," *EIR*, May 1, 1998).

Since that time, Preparata had given some lively presentations at the Physics Department in Milan, describing how the scientific establishment could not see past its own formalism, when it was confronted with a new phenomenon. In April 1999, he spoke at a large student meeting against the war in Kosovo, together with LaRouche associate Paolo Raimondi, in which he challenged students to go beyond what they are fed by the academic authorities, and search for the truth.

Indonesian Military To End Dual Function

The Indonesian Armed Forces (TNI) has agreed to end its dual function within civilian, as well as military affairs, known as *dwi-fungsi*, according to the April 22 *Jakarta Post*. In a two-day leadership conference of 146 top brass, Adm. A.S. Widodo, Commander of the TNI, said that the military's socio-political function had been abused in the last three decades.

The TNI has already ruled that any mili-

tary man who wishes to retain a political position must resign his military commission. The TNI will continue to help the police (recently separated from the TNI) to deal with terrorism or rebellions. Indonesian President Abdurrahman Wahid, who addressed the conference, said, "Let us be cautious not to have anti-TNI sentiments, because as an institution, the country will always need TNI."

Britain's Cook Stirs Up Trouble in ASEAN

British Foreign Secretary Robin Cook visited refugee camps in Thailand near the Myanmar border, according to the April 20 issue of Bangkok's *The Nation*. Cook's side trip is part of his effort to subvert relations between the Association of Southeast Asian Nations (ASEAN) and the European Union, which have been icy, since ASEAN refuses to buckle under to EU demands that Myanmar, because of alleged human rights abuses, be excluded from their joint meetings. The EU has called for renewal of the meetings, implying a willingness to accept Myanmar's participation.

In Thailand, Cook travelled to the Karen refugee camps on the border, professing that he was "shocked that any government would have behaved so brutally as to drive out such friendly, gentle people." Karen separatists, which include drug runners, have been fighting the Yangon government for years. Cook, wrote *The Nation*, "stressed that Britain and Europe's hawkish policy toward the ruling junta in Rangoon [Yangon] would remain intact and might even become more severe."

India, Uzbekistan Sign Major Security Pact

Uzbekistan President Islam Karimov, during a visit to India, and Indian Prime Minister A.B. Vajpayee, concerned about the serious challenge posed to regional and national security, signed a joint declaration of principles. *The Hindu* reported on May 2. The declaration was signed as both New Delhi and Tashkent are increasingly feeling the urgency of putting up a joint front to counter the threat of destabilization to Central and

South Asia from Taliban-dominated Afghanistan.

Sources pointed out that Uzbekistan, which shares a border with the other Central Asian states—Kazakhstan, Tajikistan, Turkmenistan, and Kyrgyzstan—is aware that it is the fulcrum for the security of Central Asia. According to *The Hindu*, Uzbekistan is threatened by the Taliban, who are now sitting in the northern Afghan city of Mazar-e-Sharif. Reports indicate that a United Uzbek Opposition has been formed in Kandahar, Afghanistan. This opposition is likely to be joined by the Taliban. Kandahar is close to the Pakistani border, whence arms and manpower can be supplied from Pakistan's garrison town of Quetta. President Karimov said: "Afghanistan has become a hotbed and training ground of international terrorism. Such activities are completely unacceptable to us. We cannot accept the policies of certain countries supporting the Taliban."

Russia, also anxious to keep the insurgency in the Caucasus insulated from radical forces in Central Asia, is engaging the Central Asians in a major military and diplomatic exercise. Similarly, China, sensing the rise of extremism in its western province of Xinjiang, has launched a major cooperative initiative along with Russia, to work with the Central Asian nations.

Sri Lanka Is Put on War Footing

Sri Lanka President Chandrika Kumaratunga and her entire Cabinet, in an emergency meeting on May 2, agreed that the war against the separatist Liberation Tigers of Tamil Eelam, should achieve victory as soon as possible, by mustering the nation's entire energy. The Cabinet decided that all expenditure for nonessential development will be temporarily suspended for three months. If necessary, such funds will be entirely directed to the war effort. The Cabinet has also decided to allow the Army to arrest, question, or detain anyone it considers a security threat.

At the same time, the Cabinet decided to continue to seek a solution to the ethnic problem, which has pitted the minority Tamils against the Sinhals.

The Classical Revolution in Jewish Liturgical Music

by Steven P. Meyer

The Musical Tradition of the Jewish Reform Congregation in Berlin

Hermann Schildberger, Music Director
Tel Aviv: The Feher Jewish Music Center of the
Nahum Goldmann Museum of the Jewish
Diaspora, 1998
2 CDs, with liner notes, \$39.98

The *Musical Tradition of the Jewish Reform Congregation in Berlin*, is a fitting testimonial to the European Jews who perished in the Holocaust. The two CDs contain a portion of a recording, made in 1928-30, of prayers largely from the works of Cantor Salomon Sulzer of Vienna and choirmaster Louis Lewandowski of Berlin, who had revolutionized the music of the Jewish liturgy by composing in the Classical mode. Also included are Jewish prayers set to religious pieces of Beethoven, Schumann, Schubert, and Handel by Dr. Herman Schildberger, the Congregation's music director. In the recordings, Dr. Schildberger conducts some of Europe's most promising young Lieder and opera soloists, who are accompanied by a professional choir of some 100 people and two organs.

Few copies of the original records were ever pressed or distributed to the synagogues, hospitals, and homes for the elderly, for which they were intended. Instead, the financial crisis and Hitler's rise to power smashed the project. Through providence, Dr. Schildberger (1899-1974), was able to smuggle the master disks past German border guards when he fled his country in 1939. Schildberger emigrated to Australia, but, it was only six years ago that the recordings surfaced, when Rabbi John Levi of Australia presented them and their history

to the Goldmann Museum. Although the disks were damaged by the German border guards, the Feher Jewish Music Center has been able to enhance them through state-of-the-art recording equipment.

The Feher Jewish Music Center issued this recording in 1998 with the assistance of many individuals and organizations: Financial contributors included the Ministry for Arts and Science of the State of Hesse, Wiesbaden, Germany, and the Ministry of Foreign Affairs of the Federal Republic of Germany, through its General Consulate in Melbourne, Australia.

A history of the recordings is presented in the liner notes by Rabbi Levi and Prof. George L. Mosse, Professor Emeritus of History, University of Wisconsin-Madison and Hebrew University, Jerusalem. Professor Mosse's father, Hans Lachmann-Mosse (1885-1944), was the moving force behind the recording project which accompanied a new liturgy.

Hans Lachmann-Mosse owned the Rudolf Mosse publishing house in Berlin and the influential *Berliner Tageblatt* newspaper. He was a major patron of the Berlin Philharmonic, which included providing tuxedos for the entire orchestra. His son recalls that dinner table discussions at home revolved almost exclusively around music and art, and that, every year until 1933, his family spent the New Year's holiday with Maestro Wilhelm Furtwängler.

The Reform Congregation of Berlin was also an important part of the Lachmann-Mosse family life. Hans Lachmann-Mosse was the chairman of the commission on liturgy which oversaw the writing of a new liturgy, while Dr. Schildberger, the Congregation's music director, was responsible for selecting and supervising the music. Lachmann-Mosse financed the entire project.

The Tradition of Moses Mendelssohn

The final, revised liturgy for the recording project was steeped in the ideas of the great philosopher and Orthodox Jew, Moses Mendelssohn, much of which can be found in his writing *Jerusalem* (1783). According to Professor Mosse, the liturgy “did not speak about angels, sacrifices, the physical resurrection of the dead or the imminent arrival of the Messiah. God was the supreme Deity. All human beings could praise God. The Torah was given to humanity. The Children of Israel were chosen by destiny to bring the prophetic vision of Torah [the Five Books of Moses, or the Pentateuch] to the world.”

Schildberger was trained in Berlin, where he received a doctorate in music at the age of 20. He became the music director of a festival in Upper Silesia, and served as guest conductor for the Berlin Symphony. To accompany the new liturgy, he chose largely from the Classical compositions of Lewandowski and Sulzer, and integrated pieces from the religious works of the Classical masters: J.S. Bach, Schubert, Haydn, Beethoven, Felix Mendelssohn, Bruckner, and Handel.

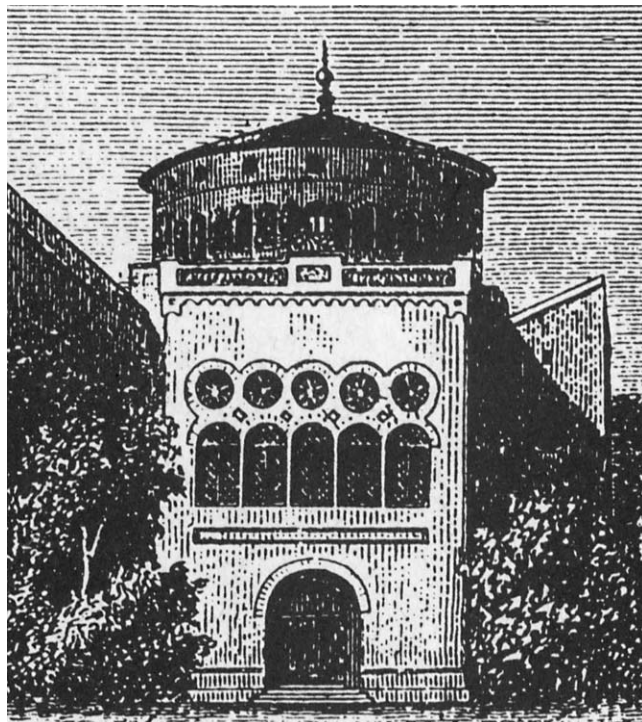
He also chose Classical secular compositions which were to be played to enhance the appropriate mood of the prayer service. Among these, were Bach’s Air on a G String and sections of the Brandenburg Concerti, the Sinfonia from Handel’s *Messiah*, the Andante from Haydn’s “Emperor” Quartet (the theme is familiar to many as the German national anthem), and the slow movements of Felix Mendelssohn’s and Brahms’s violin concerti.

The text for many of the traditional prayers remained in Hebrew, while others were set to German. In its entirety, it was a continuation of the revolution in musical prayer, which began with Bach’s weekly cantatas and continued with Sulzer’s and Lewandowski’s settings; and I believe that there is nothing that meets its greatness of purpose or intended potential effect to this day.

Lachmann-Mosse and Schildberger’s efforts represented a continuation, a great tradition in the Jewish community, which began in the modern period with the renaissance thinker Moses Mendelssohn (1729-86). Known throughout the world as the “Socrates of Berlin,” Mendelssohn sought to develop Classical music and make it available to the general population, explicitly for the qualities inherent in it: the uplifting of man’s soul, and its capacity to foster Reason.

‘Divine Musical Art’

Moses Mendelssohn was trained in Classical music and how to play the clavier by Johann Philip Kirnberger (1721-83), one of J.S. Bach’s (1685-1750) most gifted and devoted students. A selfless individual, Kirnberger devoted his life to teaching Bach’s method of composition and method of playing the clavier, and spent the final years of his life working to have many of Bach’s works published for the first time. He wrote two important works on Bach’s method



The facade of the Johannisstrasse Reform synagogue in Berlin.

for students, which he felt was necessary to carry on his master’s work, because Bach had never written on musical theory.

Mendelssohn treated the art of Classical music, on which he published “Divine Musical Art” in his philosophical treatise *On the Sentiments* (1755), to be most important for the development of the mind. He thoroughly enjoyed attending Classical concerts, and authored a piece on how best to construct a well-tempered clavier (1761).

Sara Itzig Levy (1761-1854), the daughter of Mendelssohn’s close collaborator and early patron, Daniel Itzig, the scion of the Berlin Jewish community, was the only student of Wilhelm Friedemann Bach (1710-1784), J.S. Bach’s eldest son, for the ten years that he lived in Berlin. Her study with him, and her exceptional mastery of both the clavier and Bach’s musical ideas, gave her the unique capability of performing the compositions of Bach and his sons, as they were intended by their composers, which Bach’s first biographer, J.S. Forkel, emphasized had been sorely lacking at Bach’s death.

Beginning in the 1780s, Levy hosted a weekly music salon in her home, at which she performed exclusively the compositions of the Bach family. These performances continued for decades. She played an historic role in the development of Classical music and Classical culture, for she provided Berlin and representatives of the international community an opportunity to hear and understand J.S. Bach, during the decades



From left, Hermann Schildberger, Hans Lachmann-Mosse, and Ilse Schildberger, with members of the Reform Community, listen to the newly pressed recordings of the liturgy. Note the open Torah scroll on the table.

when he was either attacked or ignored. Much of Bach's music had not yet been published, and there were few public performances of his work. Her playing and repertoire became so renowned, that Haydn and Mozart came to hear her.

Levy commissioned many of Carl Philipp Emanuel Bach's most difficult late works, and at his death, she provided financial assistance to his widow. She also was the patron of her teacher, Wilhelm Friedemann Bach. She maintained an immense music library of works of all the Bachs and their collaborators, and she performed publicly at the Berlin Singakademie, which was exceptional for a woman in that time.

Her great-nephew Felix Mendelssohn (1809-47), whose mother, Lea Itzig Solomon, had also been trained by Johann Philipp Kirnberger, attended Sara Levy's salon when he was a young boy. It was this intimate relationship to Bach's music which provided young Felix with the inspiration to perform Bach's *St. Matthew Passion* at the Berlin Singakademie in 1829, which launched the great public revival of Bach's music.

Sara Levy's sisters, Fanny von Arnstein (1758-1818) and Cäcilie Eskeles (1760-1836), who considered themselves to be philosophical associates (*maskilim*) of Moses Mendelssohn, also played crucial roles in promoting Classical music where they lived, in Vienna. Both were patrons of Beethoven and intimate friends with his closest collaborators. Fanny von Arnstein started a music society, whose orchestra of amateur musicians played before large audiences of the general public, which was revolutionary. Beethoven chose this orchestra to premier his historic Ninth Symphony. That premier, in Vienna, was intended as a political defense of all the great Classical music, from Bach through Beethoven, which was under savage attack by the Romantics.

Classical Revolution in Liturgy

Both the Arnstein and Eskeles families were patrons of the Vienna Synagogue, whose young Cantor Salomon Sulzer (1804-90) was trained in composition by Beethoven's collaborators. Sulzer, whose magnificent voice was known throughout Europe, was a close friend of Franz Schubert. He mastered and performed Schubert's Lieder, whence began a long tradition of great cantors singing opera and Lieder.

Sulzer revolutionized the Jewish liturgy, by setting the prayers for the entire year to Classical composition. He took centuries' old melodies and set them in the Classical mode to preserve their historic content, as well as creating entirely new ones. Many of his associates who were not Jewish, contributed to the liturgical music: Schubert, for example,

wrote the music for Psalm 92, which was sung in Hebrew on the Jewish Sabbath. Entitled "Schir Zion," this masterwork was first published in 1839 and revised in 1865. Several of these prayers are included in this recording.

Louis Lewandowski (1823-1894), whose synagogue compositions predominate on this recording, was trained in voice and composition as a young boy through the graces of Alexander Mendelssohn, a grandson of Moses Mendelssohn. Lewandowski composed secular works as well, but is most noted for "Todah W'simrah" (Hebrew), his masterwork comprising the entire year's liturgy. Steeped in the influence of Bach, he used musical ideas and themes of Felix Mendelssohn, including the oratio *Elijah*. He also trained with Sulzer; but, in contrast to Sulzer, he wrote four-part choral pieces (some for cantor and choir, others for choir alone), with organ accompaniment. He was a good friend of the great Jewish violinist Joseph Joachim, Johannes Brahms's close associate.

The Artists

The soloists in this recording are products of this wonderful tradition, and they are outstanding.

Paula Lindberg, alto, was a graduate in mathematics at Heidelberg University and studied singing with, among others, the Bach expert Siegfried Ochs. She sang under the conductors Furtwängler, Walter Klempner, Bruno Walter, and others. During the 1920s and 1930s she was one of the most famous German concert singers. In 1939, she emigrated to the Netherlands, where she lived in hiding. In May 1943, she and her husband were deported to Westerbork concentration camp, from which they escaped. After the war, she devoted herself to teaching.

Gertrud Baumann is the soprano. There is no biographical material for her in the liner notes.

Frederick Lechner, baritone, studied in Berlin and sang with the Berlin-Charlottenburg Opera. In 1935, he emigrated to New York, where he made his debut in Bach's *St. Matthew Passion*. He became the cantor of Manhattan's Central Synagogue in 1937, and from 1943-48 sang at the Metropolitan Opera.

Herman Schey, baritone, studied at the Hochschule für Musik in Berlin. He became a naturalized citizen of the Netherlands. He was mainly a concert and Lieder singer, who specialized in the German repertoire, and also sang under the conductors Furtwängler, Klemperer, and Walter, among others. He became a renowned singing teacher.

Joseph Schmidt, tenor, trained as a cantor in Romania, studied music at the Berlin Conservatory. He began singing on the radio in 1928, and became one of Europe's most popular tenors. In 1938 he sang at Carnegie Hall. He made nine movies and over 200 records. When the Nazis invaded France, he escaped to Switzerland, where he was placed in an internment camp near Zurich. He perished there of medical neglect, in 1942.

Hermann Schildberger, the music director of the project and conductor of the recording, fled Germany in 1939 and emigrated to Melbourne, Australia. He became the music director of the Liberal Synagogue of Australia and New Zealand, founded several choirs, and was the conductor of the Victoria State Services Orchestra, the Victoria National Theatre Opera Company, and was music director of the National Theatre Opera school.

A Fitting Testimonial

My favorite selections from these CDs are from the music of Lewandowski and Sulzer, which I loved as a youth. Through good fortune, I attended a Conservative synagogue in Newark, New Jersey, where the prayer service was sung by a "Berlin operatic" cantor, who maintained this wonderful tradition. Among them—there are too many to list—are the Hebrew "Mi El Kamocha" ("Now Let Us Praise"), a responsive included in this recording, sung by Lindberg, Lechner, and Baumann. And, I found just as wonderful, the congregational hymn welcoming the Sabbath, which is set to a Lied by Robert Schumann and sung by soprano Gertrud Baumann; and "This Is My Covenant," composed as part of Beethoven's "Six Songs by Gellert," and sung by alto Paula Lindberg (see accompanying article).

The recording's *pièce de résistance* is the traditional "Sh'ma Yisra'el" ("Hear, O Israel"), which is sung to conclude the service for Yom Kippur, the Day of Atonement, the holiest day in the Jewish religion. After a day of fasting and atoning for one's sins, the individual supplicant asks of God to be placed in the Book of Life for the coming year. At the conclusion, the final Sh'ma is sung, declaring that there is but one God in the heavens. In this recording, in the ultimate

refrain, the voice of tenor Joseph Schmidt soars above the congregation, proclaiming allegiance to God for himself, the children of Israel, and for all mankind.

Celebrating God's Universal Creation

by Susan W. Bowen

Hermann Schildberger's recording project, out of which emerged this wonderful 2 CD set, is a real eye-opener for students of 20th-century European history and culture. His great enterprise, to record the Sabbath and Holiday services for the Jewish community, was designed for posterity, of course, but its stated purpose was more specifically the spreading of great Classical culture, far and wide, through the most beautiful music, to rural regions in Germany, where Jews had no access to great singers or organ music. In these religious services, Schildberger successfully included secular instrumental works of Bach and other Classical masters, as a means to engage and elevate the minds of his congregants, and he incorporated some of the most profound works of their religious repertoire into the Jewish prayer service as well.

It is striking to hear Schildberger's setting of the Sanctus from Franz Schubert's German Mass (D. 872). "Holy, Holy, Holy" (or the Kedusha, in Hebrew) which was sung in German as part of the Yom Kippur service, the Day of Atonement, the highest of Holy Days. Changing but a few words referring to Christ, Schildberger lets Schubert's musical composition, whose prayer praises the holiness of God, speak for itself, proving the universality of the language of music.

Such great music served to inspire congregations while in prayer, and for those who would take part in these services on a weekly basis, it had an even more profound effect. It also served to disseminate the principles of Classical composition. Schildberger's skillful employment of the Classical Lied, or song form, indicates not only the high level of culture that the Berlin Jewish community shared with its Christian counterparts, but that the culture itself was clearly based upon an ecumenical idea. But even more beautiful, is that it speaks to the polemical assertion that Lyndon H. LaRouche, Jr. has made over many years, often to incredulous audiences of our postwar culture, that German Classical culture, which he identified as the most developed in poetry and music, and Jewish culture in Germany (and that of the Yiddish Renaissance to the East) were actually the same.

'God Is My Song'

The following example gives us a glimpse of that process of Classical composition employed by Schildberger, which

LaRouche, like the poet Friedrich Schiller, insists is an intelligible one. Schildberger employed two different versions of a Lied by Ludwig van Beethoven (1770-1827) “Gottes Macht und Vorsehung,” (“God’s Power and Providence”). It is commonly known today as “God Is My Song,” the fifth in his song cycle “Six Songs by Gellert” Op. 48, composed in 1803.

Schildberger’s first use of Beethoven’s Lied was meant to follow the weekly reading from the Bible, during the Sabbath (Friday) evening service. Performed here by alto soloist Paula Lindberg with organ accompaniment, she sings the text of Isaiah 59:21, “Dies ist Mein Bund” or “This Is My Covenant.”

This is My covenant with them, saith the Lord. My spirit that is upon you, and My words which I have put in your mouth, shall not depart out of your mouth, nor out of the mouth of your seed, nor out of the mouth of your children’s children, said the Lord, from henceforth and forever.

The same Lied appears again on the second CD, this time as a three-strophe choral setting for the morning service of the New Year, Rosh Hashanah. It begins with the text “Gott Ist Mein Lied” (“God Is my Song”), the same text that Beethoven chose for his “Gottes Macht und Vorsehung” setting, from Gellert’s poem. At this point, we need to make a brief digression to look at the Gellert poems themselves, in order to understand the context for Schildberger’s setting.

‘Six Songs by Gellert’

Christian Fürchtegott Gellert (1715-69), a contemporary of Johann Sebastian Bach, wrote many religious poems which were set to music by several composers, including Carl Philipp Emmanuel Bach and Joseph Haydn. Beethoven chose six of Gellert’s poems, and set them in a *Liederkreis*, or song cycle, in which the songs were conceptualized as a unit, and hence, sung in succession. Since a well-composed poem is already a musical score, through vowel harmonies and meter, as well as poetic idea, Beethoven named his composition, *Six Songs by Gellert*. The composer, in setting poetry to music, must be able to wield musical metaphor to add another dimension to the poet’s work, by utilizing vocal registration, coloration, polyphony (multiple voices), and by lawfully developing and resolving existing and new ironies.

Working through the six songs of the Gellert cycle, is designed to uplift the mind, to a more profound experiencing of the ideas of *imago viva Dei* and *capax Dei*, those unique qualities of man that define him as “the living image of God” and “participating in God”: The first song, “Bitten” (“Prayer”) opens a dialogue with the Creator, to prepare the mind for prayer. The second song, “Die Liebe des Nächsten” (“Love of Thy Neighbor”) argues that anyone who claims to love God, but hates his brother, is making a mockery of God’s love. That is followed by the tension of “Vom Tode” (“Concerning Death”), in F-sharp minor, which forces our mind to reflect on man’s mortality, and how we live our lives. This heralds

the major change that next occurs: The fourth song of glory and exaltation, “Die Ehre Gottes aus der Natur” (“The Celebration of God by Nature”), comes after the question of the meaning of life and death is posed, and this fourth song begins to resolve the question. But, it is not until the fifth song, “Gottes Macht und Vorsehung,” that the concept of God is internalized, and becomes no longer something outside of ourselves. Indeed, if we are to truly sing “God Is My Song,” we must, of course “sing”—i.e., *participate*—in the Creator and the process. Beethoven’s instructions are that it be sung “*mit Kraft und Feuer*” (with strength and ardor) preparing the mind for the final, sixth Lied. The “Busslied” (“Song of Atonement”) is, again, a beautiful dialogue with God, which revisits the entire process of the sinner’s transformation through to its joyful, concluding atonement.

The cycle, as with Brahms’s *Four Serious Songs*, addresses the individual’s cognitive development, which the composers understood to be of utmost importance for the ennoblement of society as a whole. This is associated with the concept of *agapē*, the Greek term for sacred love, which is best known through its use in the Epistles of St. Paul.

Beethoven’s Gellert song cycle was well known in Germany, and it would have been familiar to many of the Berlin Jewish Reform Congregation. It was common practice for Lieder to be rearranged to accommodate religious or secular choral singing, as, for example, with Beethoven’s Gellert song number four, “Die Ehre Gottes aus der Natur”; or, as in these recordings, “Begrüsst,” a Lied by Robert Schumann, freely adapted by Schildberger, arranged here for solo voice, choir, and organ, as performed well by soprano Gertrud Bauman.

Classical Composition

A closer look at Schildberger’s use for Rosh Hashanah of Beethoven’s Lied, allows us to examine the nature of a Classical composition. What makes a musical composition “Classical,” is not simply that the melody line comes from a great composer, but rather, that it is characterized by the principle of transformation through the process of resolving both poetical and musical paradoxes.

In the relatively simple setting presented in these recordings, Schildberger chose 3 stanzas from the 15 in Gellert’s poem, including the first and last stanzas. And, although he retained the idea that flows through Gellert’s poem, Schildberger altered the text of the last stanza slightly. (The translation below is *EIR*’s translation from Schildberger’s text.) The choir sings the familiar score of “Gott ist Mein Lied,” with the piano accompaniment adapted for organ, and the vocal score rearranged for four choral sections (rather than one singer), with the alto, tenor, and bass sections singing the voices from the piano accompaniment.

God is my Song, He is the God of Strength.
Lord is His Name, and great are His works,
and all the Heavens are His realm.

He knows my supplication
And all the deliberations of my soul.
He knows how often I do good, and fail to do it.
He hastens to stand with me in mercy.

If my God is my shield,
If God will become my savior,
Then I ask nothing from heaven or earth
And I stand willing to face any calamity.

The first stanza is sung *forte* and joyfully, as if a declaration. There is a dramatic shift at the second stanza, where the poetic idea changes to become more internalized. It moves from describing the greatness of God—i.e., how I know God—in the first stanza, to the more reflective concept, that God knows my thoughts, and “all the deliberations of my soul”—i.e., how God knows me. This implies another process—being able to reflect on both conditions (I know God knows me), and the unfolding of the process of reflection.

This change is expressed clearly in the music, as the density of singularities increases: It is more polyphonic, the entrances are staggered, each sectional voice is singing its own clearly distinguishable part, and the vocal color changes. The choir communicates, and the mind hears, that something more intense is going on here. There is a change in the idea, which, even knowing nothing about music, no listener can miss.

For the third stanza, “If my God is my shield,” the choir sings what appears to be a repeat of the more unison form of the first stanza. But, because of the knowledge of the idea developed in the second verse, and because of the experience of having gone through hearing (and singing) the changes that take place in all aspects of the piece, the mind is ennobled, and, now hears it differently. Thus, the last stanza is not a simple repeat at all, beyond the slight variation in the line itself; it is a reflection of the whole process just experienced, sung and understood from a higher standpoint.

This is emphasized further in the majestic organ postlude, which repeats the accompaniment, twice, before it concludes, to assist the mind in contemplating what just came before; the postlude is composed, with its repeats, to enable the participants to more deeply reflect on the entire foregoing process.

Keeping in mind that the original idea of the recording project—to take advantage of the new technology of the phonograph to spread Classical culture everywhere, through the Jewish prayer services using the most beautiful music, especially in less-developed areas of Germany—there is much more here than the oligarchy today would like people to know. For a person steeped in the old traditional melodies of the synagogue, listening to this recording is uplifting, as it enables the listener, be he or she in the Europe in the 1930s, or presently in the United States or elsewhere, to hear these melodies transformed into polyphony. Today, it is enjoyable for anyone, of whatever background, religion, or nation, to hear this Classically composed religious music; through it, there are a

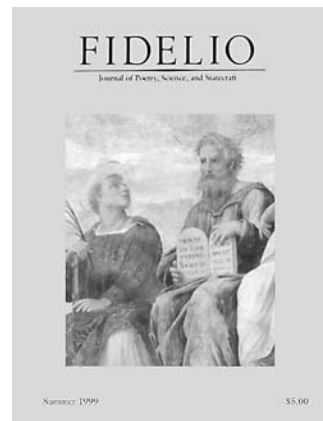
The Mendelssohn Renaissance

The Summer 1999 issue of the Schiller Institute’s *Fidelio* magazine features the work of Moses Mendelssohn, providing extensive documentation of his political, philosophical, and cultural role in shaping the German Classics and the Yiddish Renaissance. Articles include “What It Takes To Be a

World-Historical Leader Today,” a speech by Helga Zepp-LaRouche on Feb. 14, 1999; “Philosophical Vignettes from the Political Life of Moses Mendelssohn,” by David Shavin; and “Moses Mendelssohn and the Bach Tradition,” by Steven P. Meyer.

Lyndon H. LaRouche, Jr. characterized the issue: “The only way to free Germany to act as a nation, once again, is to give long overdue recognition of the loss to all humanity of that Yiddish Renaissance set into motion by the collaboration of Lessing and Mendelssohn around the heritage of Leibniz and Bach. It was the Jewish bearers of that noble legacy, in Poland and elsewhere, who were the true victims of Hitler. This horror killed Germany and Poland, especially Germany, as much as it killed those Jews who typified the bearers of that Yiddish Renaissance tradition.

“The new *Fidelio*, as a package, puts that issue into the only right choice of perspective. To do justice to the victims of Nazism, one must restore that German Classic which Mendelssohn and his collaborators contributed so much to building.”



number of valuable lessons to be learned.

What a bittersweet irony it is for the world today, so Hobbesian, a half-century after the end of World War II, to see that it was entirely natural in the Germany of 1928-30, when the recordings were made, for the religious poems of a fundamentalist Protestant, Christian Fürchtegott Gellert, to be set to music by a Catholic composer, Ludwig van Beethoven, and then to become incorporated with such facility into the Jewish prayer service, adding beauty and depth to the celebration of God’s universal creation.

U.S. Acknowledges: AIDS Is a National Security Threat

by Edward Spannaus

The Clinton Administration is now treating infectious diseases, and particularly HIV-AIDS, as a national security threat—something which *EIR* Founder Lyndon LaRouche has been demanding for many years.

This came to light as the result of an article in the April 30 *Washington Post*. In response to questions the next day, White House spokesman Joe Lockhart said that the National Security Council has been looking at the global AIDS crisis as a national security threat for at least two years, and he pointed to a report issued in January by the CIA's National Intelligence Council, technically a National Intelligence Estimate, on "The Global Infectious Disease Threat and Its Implications for the United States."

The January CIA report should be studied by anyone concerned about the future of their family, of the nation, and of the world, for, among other things, the report demonstrates the interconnectedness of all of those.

LaRouche Vindicated

The report is also a stunning vindication of the warnings issued by LaRouche as early as 1973-74, when he forecast that International Monetary Fund (IMF) and World Bank policies would result in biological holocaust, with the emergence of new deadly diseases, creating conditions like that 14th-century Black Death.

The report also represents a strong confirmation of LaRouche's repeated warnings about the deadly threat of the AIDS virus. For example, in September 1985, LaRouche issued a statement entitled "Spread Panic, Not AIDS," warning that every sector of the population was threatened.

In October 1985, LaRouche announced his candidacy for the 1988 Democratic Presidential nomination, with his campaign focussed on the global threat of the AIDS pandemic. LaRouche called for identification of infected persons, adequate hospital facilities for isolating infected persons, and

proper levels of sanitation and nutrition. Through his campaign, LaRouche continued to call for a crash program of medical research, public health measures, and upgrading medical facilities and health-care facilities.

For this, LaRouche was damned and vilified by his enemies, and by other ignorant or frightened people.

But the CIA now reports that 2.3 million people died from AIDS in 1998, up from 0.7 million in 1993, and that there were 5.8 million new infections in 1998. In Sub-Saharan Africa and other hard-hit areas of the world, the report says that HIV-AIDS could kill up to one-quarter of the population over the next 20 years.

But now you see, who was right, and who was wrong.

Post-World War II Optimism Fades

Among the most important of the CIA report's findings, is that there has been a *deterioration* of the situation with respect to infectious diseases in many important respects in the past two decades.

For example, even in the United States, there has been a *doubling* of the number of deaths from infectious diseases since 1980—despite all the talk of the great "prosperity" the United States is alleged to be enjoying. The report says that infectious disease-related deaths have increased about 4.8% a year since 1980 in the United States, compared to an annual *decrease* of 2.3% in the previous 15 years, i.e., 1965-80.

With respect to the worldwide pattern, the report describes the optimism of the decades following World War II, when it was believed that the global threat from infectious diseases would become increasingly manageable. "Optimism regarding the battle against infectious diseases peaked in 1978," the report states, "when the United Nations (UN) member states signed the 'Health for All 2000' accord, which predicted that even the poorest nations would undergo a health transition before the millennium, whereby infectious diseases



A demonstration of the LaRouche wing of the Democratic Party in Philadelphia, April 6, 1987. The Clinton Administration has now officially recognized the threat of AIDS and other pandemics, which LaRouche has warned of since 1974.

would no longer pose a major danger to human health.”

But, instead, infectious diseases remain a leading cause of death, being responsible for one-fourth to one-third of all deaths worldwide in 1998, most of them in developing countries and among children.

The congruence of this with LaRouche’s warnings—many of which were published in *EIR*—is undeniable. The time-line which follows details many of these warnings, documenting how LaRouche and his associates repeatedly forecast that policies of austerity and negative economic growth would cause a deterioration of public health, and the resurgence of dread diseases.

The 1973 Benchmark

Beginning in 1973, LaRouche and his associates began focussing on the relationship between austerity policies and diseases, warning that austerity policies and economic deterioration in “Third World” countries would result in the spread of epidemics and new diseases, which would affect the populations of the advanced sector as well. LaRouche specifically warned, in 1973-74, that IMF and World Bank policies of slashing food and energy consumption, and the denial of health services to developing countries, would lead to the re-emergence of old, previously conquered diseases, and the emergence of *new* deadly diseases.

Now, in that light, look at what the CIA Intelligence Estimate reports:

- “Twenty well-known diseases—including tuberculosis (TB), malaria, and cholera—have re-emerged or spread geographically since 1973, often in more virulent and drug-resistant forms.

- “At least 30 previously unknown disease agents have been identified since 1973, including HIV, Ebola, hepatitis C, and Nipah virus, for which no cures are available.”

What We Were Fighting

What LaRouche and his associates were fighting against, for the past three decades, were policies that not only advocated austerity and brutal cuts in living standards for much of the world, but policy-makers who viewed these as a means of reducing population—especially the non-white population—worldwide.

For example, in 1974, then-National Security Adviser Henry Kissinger caused to be issued National Security Study Memorandum 200, which made global population reduction a national security objective for the United States. In 1979, World Bank President Robert McNamara demanded that all efforts be made to prevent a world of 10 billion people from coming into being, either through lowering birth rates, or raising death rates—and he noted explicitly that famine and disease are two ways of increasing death rates.

And in 1980, the U.S. State Department published its *Global 2000 Report*, urging that global population be reduced by 2 billion people within 20 years. A State Department official said, at the time, that “the quickest way to reduce population is through famine, like in Africa, or through disease. . . . Population reduction is now our primary policy objective.”

In the following pages, you can see for yourself, what LaRouche forecast and fought against, and what is now acknowledged to have happened over that same period, since 1973.

Now, will you listen to LaRouche?

LaRouche Was Right: the Record on AIDS

Since the early 1970s, Lyndon H. LaRouche, Jr. has warned that the destruction of the physical economy of nations, by the conditionalities policies of the global financier oligarchy, would unleash pandemic diseases on a horrifying, global scale. When the AIDS virus became known, LaRouche immediately made it a primary focus of his political efforts, and placed it at the center of his campaign for the 1988 Presidential nomination, which he announced in 1985. He was subjected to a virulent campaign of vilification for this, especially for his recommendation that traditional public health measures be adopted to stop the spread of the disease. Fifteen years later, the U.S. National Security Council has admitted that LaRouche was right. Here is a chronology of important statements.

1974

September: Lyndon LaRouche proposes a science-oriented interdisciplinary team be set up to explore the thesis that International Monetary Fund and World Bank policies of slashing food and energy consumption and denial of health services to the developing countries, would lead to biological holocaust, the reemergence of old, previously conquered diseases, and the emergence of new deadly diseases, creating conditions like the 14th-century Black Death, in which one-third of Europe's population died.

1975

Jan. 4: LaRouche issues a Draft Policy Resolution for the intelligence staff of his political organization, on "Functions of the Science Section": "To emphasize the appropriate point. Unless we provide, beginning in 1975, a minimal per-capita daily caloric intake in order of 2,500-3,000 calories, with adequate proportion of animal protein, we shall fail to develop the immunological potentials in depressed populations necessary to prevent early outbreaks of deadly pandemics which must overwhelm the entire world population by the 1980s."

1977

Sept. 9: *New Solidarity*, the newspaper of the LaRouche political movement, prints an article on "Ecological Holocaust Is Aimed at Advanced Sector": "Wall Street's years-long policy of austerity and deliberate starvation of the Third World is responsible for the resurgence of the most dread diseases known to mankind." The article traces how diseases will spread through developing countries and industrialized ones.

1981

Dec. 31: LaRouche states in a speech: "In the National Security Council, the Ad Hoc Committee on Population Affairs is committed to planning genocide as a strategic objective of the united States. . . . We are talking about billions of people. Sometimes these people are modest. Those who aren't so radical talk only of hundreds of millions. . . . The policy, in the minds of those who wrote the report [*Global 2000 Report to the President*] and authored the policy, is to kill 2 billion people at minimum. And the policies will kill at least 2 billion people. . . . The objective of human reproduction is not simply to produce more people, but to produce a higher, more perfected quality of individual. . . . Even today, most of the problems in the developed countries, the so-called industrial nations, are due to underpopulation."

1985

July 9: LaRouche writes in *EIR*: "Unless there is, immediately, a sudden and rapid reversal in accelerating, 1967-1985 trends in nutrition, medical services, and sanitation, there will be an unstoppable eruption in both old and new varieties of bacterial and viral pandemics, from which no population of any part of the world will escape. Unless the needed reversal in economic trends bearing upon nutrition, medical services, and sanitation, occurs very soon, this eruption of pandemics will affect not only human populations, but will carry over into plant and animal life in such a general way, as to cause a general collapse in the quality of the biosphere itself . . . to a lowered thermodynamic level."

Sept. 15: LaRouche issues a statement, "Spread Panic, Not AIDS," in which he calls popular panic "entirely justified" and warns that "AIDS is the most deadly global pandemic since the bubonic plague." Mass screening, worldwide economic recovery, and crash research program are essential, he says. "Although the known cases of AIDS are concentrated among those with dirty sexual habits or drug-users, studies of the spread of AIDS among heterosexuals in Africa correlate with trends in the United States and Europe: Every sector of the population is threatened."

Oct. 11: LaRouche announces his candidacy for the 1988 Democratic Party Presidential nomination, stating: "The world today is threatened by the most deadly pandemic disease so far known to mankind, a disease far more deadly to its victims than the Black Death which wiped out between one-third and one-half of the population of Europe during the middle of the 14th century. This deadly pandemic is called Acquired Immune Deficiency Syndrome, or simply AIDS. . . ."

"In central black Africa, teams of experts estimate that between 10 million and 32 million are already infected, with infection distributed without regard to age or sex. Medical experts report that AIDS is raging out of control already in Brazil. A similar pattern is found in parts of the United States where sanitation is extremely poor and the population badly



A demonstration against LaRouche's Proposition 64 in San Francisco, June 29, 1986. The ballot initiative called for the use of traditional public health measures to prevent the spread of AIDS; but the medical establishment and the gay rights lobby went berzerk, launching a campaign of vilification that led to the defeat of the initiative—and thereby causing more deaths of AIDS victims.

nourished. It is absolutely clear, from these cases, that it is a fraud to argue that AIDS can be transmitted only by persons who are already showing symptoms of AIDS, or can be transmitted only by homosexuals or hypodermic needles. The tracing of most cases to homosexuals or drug-users, applies only to environments where levels of sanitation and nutrition are still within normal standards.

“True, AIDS is a medical problem. It is also a political issue. No epidemic in progress was ever stopped by the discovery of a cure. Since the Black Death, which killed one-third to one-half of the population of Europe, during the middle of the 14th century, civilization has learned that the only way to stop the spread of epidemics is public health measures, especially sanitation and isolation of infected victims. Only public health measures by governments can halt the spread of a pandemic.

“At the beginning of the Constitution of the United States, the highest law of our nation, our forefathers compacted to ‘promote the general welfare.’ Until 1975, our Federal, state, and local governments enacted laws, and created public health institutions, to enforce public health measures against communicable epidemic diseases. Most of these laws are on the books; they are the law. Any law, any act of negligence by the Federal, state, or local government, which attempts to overturn that provision of our Constitution, or to violate that law by negligence, is grounds for impeachment and other appropriate actions against any public official whose acts or negligence cause injury to the general welfare. . . .

“Medical support is necessary. We should be spending

between a half-billion and one billion dollars for research, and should be providing hospital treatment-places for isolating infected persons, as we did for tuberculosis victims, adequate to the number of expected cases needing treatment. But, medical support by itself will not stop the deadly pandemic. Public health measures must be taken on the Federal, state, and local levels, immediately. . . . We must correct lack of adequate public sanitation. We must improve levels of nutrition, including levels of animal-protein consumption. . . .

“It is the urgent public health measures which are the most costly actions we must take to control this deadly pandemic. Those public health measures are far more costly than the medical action needed. That is why government agencies are covering up so many of the facts about the AIDS pandemic, during the present fight in Congress over ‘balancing the Federal budget.’

“This is the first time in our nation’s history, that so many in government have attempted to balance the budget by allowing a deadly pandemic to kill off the tax-payers. . . .

“The most important of the political issues threatening us right now, AIDS, reflects the fact that a 1988 Presidential candidate who is not campaigning openly for the nomination now, is not serious about the future of the United States.”

Oct. 25: Prevent AIDS Now Initiative Committee (PANIC), inspired by LaRouche’s associates in California, announces a drive to place a referendum initiative, mandating that AIDS be treated as a communicable disease, on the California ballot. Proposition 64 would bar AIDS victims from schools, as food handlers, and would permit quarantine.

Dec. 28-31: LaRouche organizes an international confer-

ence, calling for a Biological Strategic Defense Initiative against AIDS and other pandemics.

1986

Feb. 15: *EIR* publishes “An Emergency War Plan To Fight AIDS and Other Pandemics,” which calls for 1) a crash program in basic bio-medical research; 2) public-health measures to raise immunological disease-resistance potential of populations; and 3) upgrading health care systems to give a “surge” of health care to populations.

June 6: LaRouche issues an open letter to California Democrats: “As an economist, I have been involved in researches into the correlation between public-health conditions and epidemics and pandemics, for about 14 years, since I presented a research outline on this subject to a task-force among my associates. By the close of 1974, we had made the following calculations. That, assuming that the then-established ‘post-industrial’ and ‘floating-exchange-rate’ policies persisted internationally, by the middle of the 1980s, the growth of epidemic fatalities, from a combination of old and new varieties of such, would begin to peak in Africa, centered around a cholera upsurge in the Sahel region. . . . AIDS is not essentially a venereal disease. . . . Among 30 million Africans now, conservatively, estimated to be infected, most fit none of the WHO-CDC [World Health Organization-Centers for Disease Control] risk categories. . . .”

June 16: LaRouche warns: “AIDS is presently a greater threat to life on earth than nuclear war.”

July 18: LaRouche writes in *EIR*: “At present, detection and isolation of persons infected with AIDS is our first line of national defense. . . . Humane isolation and treatment of persons infected with AIDs means the kind of costs per person we associate with tuberculosis sanatoria; with not less than 4 million Americans already infected, this means many billions of dollars. . . . In the present budget-balancing hysteria, our government does not wish to hear about spending such sums, no matter how many millions of Americans die because of such stubborn neglect. A crash program for medical research, is also a multibillion-dollar effort.”

Oct. 11: At a Washington, D.C. press conference, LaRouche proposes U.S.-U.S.S.R. cooperation in launching a Biological Strategic Defense Initiative, to fight AIDS. “Both the Soviet Union and Western OECD [Organization for Economic Cooperation and Development] and developing nations face a common threat potentially more deadly than general nuclear war between the two superpowers: the AIDS pandemic. . . . Each has an overriding interest in seeking the other’s cooperation in a joint commitment to defeat this pandemic. . . . The United States should seek a nested set of bilateral and multilateral agreements among sovereign nation-states, bypassing all supranational agencies, for earliest possible total victory in a war against the AIDS infection. The Soviet Union and the People’s Republic of China should be included among the nations with which such treaty agree-

ments are sought. The United States should establish a joint mission-assignment, Apollo-style crash program effort. . . . The research aspect of the U.S. program, should be in the order of \$3 billion a year or more of Federal expenditure. . . . The most important area of such cooperation, is the area of optical biophysics.”

1987

Feb. 7: LaRouche releases Presidential campaign statement, “My Program against AIDS”: “There is no class of persons which can not be infected, even if the initial concentration of AIDS carriers appears to be limited generally to homosexuals and drug-addicts. On this issue, the U.S. government and many other supposed experts lied their heads off during 1986. There is no known case, in which any research institution has conducted tests to determine whether AIDS is or is not actually transmitted by coughing, or insect bites, for example. These tests could have been made with monkeys. . . . So, a rational course of action for government would involve a twofold program: 1) Public-health measures of mass-testing, and medically required isolation of carriers, to get us through the next 10 years; 2) An Apollo-style crash program of combined clinical, conventional biological, and optical biology research, the combined effort given the mission assignment of conquering the virus.”

1988

June 4: LaRouche, on a nationwide primetime TV Presidential campaign broadcast, calls for a war against AIDS, including \$3 billion a year in an Apollo-style crash program of research to develop a cure, mandatory universal testing for HIV, and constructing hospital bed capacity to handle all infected patients and their families. “The problem is that the United States has presently no capability for handling the hundreds of thousands of AIDS cases who will require hospitalization each year beginning the early 1990s. . . . We must invest in building the required number of hospital beds facilities now. . . . There is no denying that this will cost a lot of money, but there is no price too high for saving human lives from this terrible infection.”

1989

November: *EIR* issues Special Report, “AIDS Global Showdown,” on the LaRouche plan for victory in a war against AIDS, the efforts of the health establishment to promote cost containment rather than a serious effort to fight AIDS, the question of whether AIDS was deliberately created, the role of AIDS in the biological holocaust that is depopulating the developing sector, and the necessary approach toward AIDS research.

December: LaRouche, now unjustly imprisoned by the Bush administration, issues a three-point program to fight AIDS: research mobilization, mass testing, and construction of additional hospital-bed facilities to care for the sick.

The CIA's Assessment of Threat Infectious Disease

The following are excerpts from the CIA's unclassified report on "The Global Infectious Disease Threat and Its Implications for the United States," NIE 99-17D, January 2000.

The Estimate was produced under the auspices of David F. Gordon, National Intelligence Officer for Economics and Global Issues. The primary drafters were Lt. Col. (Dr.) Don Noah of the Armed Forces Medical Intelligence Center and George Fidas of the NIC. The Estimate also benefited from a conference on infectious diseases held jointly with the State Department's Bureau of Intelligence and Research, and was reviewed by several prominent epidemiologists and other health experts in and outside the U.S. Government. We hope that it will further inform the debate about this important subject.

—John C. Gannon
Chairman, National Intelligence Council

Preface: The Global Infectious Disease Threat and Its Implications for the United States

I am pleased to share with you this unclassified version of a new National Intelligence Estimate on the reemergence of the threat from infectious diseases worldwide and its implications for the United States.

This report represents an important initiative on the part of the Intelligence Community to consider the national security dimension of a nontraditional threat. It responds to a growing concern by senior U.S. leaders about the implications—in terms of health, economics, and national security—of the growing global infectious disease threat. The dramatic increase in drug-resistant microbes, combined with the lag in development of new antibiotics, the rise of megacities with severe health care deficiencies, environmental degradation, and the growing ease and frequency of cross-border movements of people and produce have greatly facilitated the spread of infectious diseases.

In June 1996, President Clinton issued a Presidential Decision Directive calling for a more focused U.S. policy on infectious diseases. The State Department's Strategic Plan for International Affairs lists protecting human health and

reducing the spread of infectious diseases as U.S. strategic goals, and Secretary Albright in December 1999 announced the second of two major U.S. initiatives to combat HIV/AIDS. The unprecedented UN Security Council session devoted exclusively to the threat to Africa from HIV/AIDS in January 2000 is a measure of the international community's concern about the infectious disease threat. . . .

Discussion

. . . HIV/AIDS. Following its identification in 1983, the spread of HIV intensified quickly. Despite progress in some regions, HIV/AIDS shows no signs of abating globally. Approximately 2.3 million people died from AIDS worldwide in 1998, up dramatically from 0.7 million in 1993, and there were 5.8 million new infections. According to WHO, some 33.4 million people were living with HIV by 1998, up from 10 million in 1990, and the number could approach 40 million by the end of 2000. Although infection and death rates have slowed considerably in developed countries owing to the growing use of preventive measures and costly new multidrug treatment therapies, the pandemic continues to spread in much of the developing world, where 95 percent of global infections and deaths have occurred. Sub-Saharan Africa currently has the biggest regional burden, but the disease is spreading quickly in India, Russia, China, and much of the rest of Asia. HIV/AIDS probably will cause more deaths than any other single infectious disease worldwide by 2020 and may account for up to one-half or more of infectious disease deaths in the developing world alone. . . .

Breakdown in Public Health Care

Alone or in combination, war and natural disasters, economic collapse, and human complacency are causing a breakdown in health care delivery and facilitating the emergence or reemergence of infectious diseases. While Sub-Saharan Africa is the area currently most affected by these factors, economic problems in Russia and other former communist states are creating the context for a large increase in infectious diseases. The deterioration of basic health care services largely accounts for the reemergence of diphtheria and other vaccine-preventable diseases, as well as TB, as funds for vaccination, sanitation, and water purification have dried up. In developed countries, past inroads against infectious diseases led to a relaxation of preventive measures such as surveillance and vaccination. Inadequate infection control practices in hospitals will remain a major source of disease transmission in developing and developed countries alike. . . .

Sub-Saharan Africa

Sub-Saharan Africa will remain the region most affected by the global infectious disease phenomenon—accounting for nearly half of infectious disease-caused deaths worldwide.

Deaths from HIV/AIDS, malaria, cholera, and several lesser known diseases exceed those in all other regions. Sixty-five percent of all deaths in Sub-Saharan Africa are caused by infectious diseases. Rudimentary health care delivery and response systems, the unavailability or misuse of drugs, the lack of funds, and the multiplicity of conflicts are exacerbating the crisis. According to the AFMIC typology, with the exception of southern Africa, most of Sub-Saharan Africa falls in the lowest category. Investment in health care in the region is minimal, less than 40 percent of the people in countries such as Nigeria and the Democratic Republic of the Congo (DROC) have access to basic medical care, and even in relatively well off South Africa, only 50 to 70 percent have such access, with black populations at the low end of the spectrum.

Four-fifths of all HIV-related deaths and 70 percent of new infections worldwide in 1998 occurred in the region, totaling 1.8-2 million and 4 million, respectively. Although only a tenth of the world's population lives in the region, 11.5 million of 13.9 million cumulative AIDS deaths have occurred there. Eastern and southern African countries, including South Africa, are the worst affected, with 10 to 26 percent of adults infected with the disease. Sub-Saharan Africa has high TB prevalence, as well as the highest HIV/TB co-infection rate, with TB deaths totaling 0.55 million in 1998. The hardest hit countries are in equatorial and especially southern Africa. South Africa, in particular, is facing the biggest increase in the region. . . .

The Former Soviet Union and Eastern Europe

The sharp decline in health care infrastructure in Russia and elsewhere in the former Soviet Union (FSU) and, to a lesser extent, in Eastern Europe—owing to economic difficulties—are causing a dramatic rise in infectious disease incidence. Death rates attributed to infectious diseases in the FSU increased 50 percent from 1990 to 1996, with TB accounting for a substantial number of such deaths. According to the AFMIC typology, access to health care ranges from 50 to 70 percent in most European FSU states, including Russia and Ukraine, and from 40 to 50 percent in FSU states located in Central Asia. This is generally supported by WHO estimates indicating that only 50 to 80 percent of FSU citizens had regular access to essential drugs in 1997, as compared to more than 95 percent a decade earlier as health care budgets and government-provided health services were slashed. Access to health care is generally better in Eastern Europe, particularly in more developed states such as Poland, the Czech Republic, and Hungary, where it ranges from 70 to 90 percent, while only 50 to 70 percent have access in countries such as Bulgaria and Romania. More than 95 percent of the population throughout the East European region had such access in 1987, according to WHO.

Crowded living conditions are among the causes fueling a TB epidemic in the FSU, especially among prison populations—while surging intravenous drug use and rampant prostitution are substantially responsible for a marked increase in

HIV/AIDS incidence. There were 111,000 new TB infections in Russia alone in 1996, a growing number of them multidrug resistant, and nearly 25,000 deaths due to TB—numbers that could increase significantly following periodic releases of prisoners to relieve overcrowding. The number of new infections for the entire FSU in 1996 was 188,000, while East European cases totaled 54,000. More recent data indicate that the TB infection rate in Russia more than tripled from 1990 to 1998, with 122,000 new cases reported in 1998 and the total number of cases expected to reach 1 million by 2002. After a slow and late start, HIV/AIDS is spreading rapidly throughout the European part of the FSU beyond the original cohort of intravenous drug users, though it is not yet reflected in official government reporting. An estimated 270,000 people were HIV-positive in 1998, up more than five-fold from 1997. Although Ukraine has been hardest hit, Russia, Belarus, and Moldova have registered major increases. Various senior Russian Health Ministry officials predict that the HIV-positive population in Russia alone could reach 1 million by the end of 2000 and could reach 2 million by 2002. East European countries will fare better as renewed economic growth facilitates recovery of their health care systems and better enables them to expand preventive and treatment programs. . . .

Alternative Scenarios and Outlook for Infectious Diseases

. . . Two scenarios—one optimistic and one pessimistic—reflect differences in the international health community concerning the global outlook for infectious diseases. We present and critically assess these scenarios, elaborate on the pessimistic scenario, and develop a third, combining some elements of each, that we judge as more likely to prevail over the period of this Estimate. . . .

The Most Likely Scenario: Deterioration, Then Limited Improvement

According to this scenario, continued deterioration during the first half of our time frame—led by hard core killers such as HIV/AIDS, TB, and malaria—is followed by limited improvement in the second half, owing primarily to gains against childhood and vaccine-preventable diseases such as diarrheal diseases, neonatal tetanus, and measles. The scale and scope of the overall infectious disease threat diminishes, but the remaining threat consists of especially deadly or incurable diseases such as HIV/AIDS, TB, hepatitis C and possibly, heretofore, unknown diseases, with HIV/AIDS and TB likely comprising the overwhelming majority of infectious disease deaths in developing countries alone by 2020.

Scenario Assessment

Because some elements of both the optimistic and pessimistic scenarios cited above are likely to appear during the 20-year time frame of this Estimate, we are likely to witness neither steady progress against the infectious disease threat nor its unabated intensification. Instead, progress is likely to be slow and uneven, with advances, such as the recent development of a new type of antibiotic drug against certain hospital-acquired infections, frequently offset by renewed setbacks, such as new signs of growing microbial resistance among available HIV/AIDS drugs and withdrawal of a promising new vaccine against rotavirus because of adverse side effects. On balance, negative drivers, such as microbial resistance, are likely to prevail over the next decade, but given time, positive ones, such as gradual socioeconomic development and improved health care capacity, will likely come to the fore in the second decade.

- The negative trends cited in the pessimistic scenario above, such as persistent poverty in much of the developing world, growing microbial resistance and a dearth of new replacement drugs, inadequate disease surveillance and control capacity, and the high prevalence and continued spread of major killers such as HIV/AIDS, TB, and malaria, are likely to remain ascendant and worsen the overall problem during the first half of our time frame.

- Sub-Saharan Africa, India, and Southeast Asia will remain the hardest hit by these diseases. The European FSU states and China are likely to experience a surge in HIV/AIDS and related diseases such as TB. The developed countries will be threatened principally by the real possibility of a resurgence of the HIV/AIDS threat owing to growing microbial resistance to the current spectrum of multidrug therapies and to a wide array of other drugs used to combat infectious diseases.

The broadly positive trends cited in the more optimistic scenario, such as aging populations, global socioeconomic development, improved health care capacity, and medical advances, are likely to come to the fore during the second half of our time frame in all but the least developed countries, and even the least developed will experience a measure of improvement.

- Aging populations and expected continued declines in fertility throughout Asia, Latin America, the former FSU states, and Sub-Saharan Africa will sharply reduce the size of age cohorts that are particularly susceptible to infectious diseases owing to environmental or behavioral factors.

- Socioeconomic development, however fitful, and resulting improvements in water quality, sanitation, nutrition, and education in most developing countries will enable the most susceptible population cohorts to better withstand infectious diseases both physically and behaviorally.

- The worsening infectious disease threat we posit for the first decade of our time frame is likely to further energize the international community and most countries to devote more attention and resources to improved infectious disease

surveillance, response, and control capacity. The WHO's new campaign against malaria, recent developed country consideration of tying debt forgiveness for the poorest countries in part to their undertaking stronger commitments to combat disease, self-initiated efforts by Sub-Saharan African governments to confront HIV/AIDS, and greater pharmaceutical industry willingness to provide more drugs to poor countries at affordable prices are likely to be harbingers of more such efforts as the infectious disease threat becomes more acute.

- The likely eventual approval of new drugs and vaccines—now in the developmental stage—for major killers such as dengue, diarrheal diseases, and possibly even malaria will further ease the infectious disease burden and help counter the microbial resistance phenomenon.

Together, these developments are likely to set the stage for at least a limited improvement in infectious disease control, particularly against childhood and vaccine-preventable diseases, such as respiratory infections, diarrheal diseases, neonatal tetanus, and measles in most developing and former communist countries. Given time—and barring the appearance of a deadly and highly infectious new disease, a catastrophic expansion of the HIV/AIDS pandemic, or the release of a highly contagious biological agent capable of rapid and widescale secondary spread—such medical advances, behavioral changes, and improving national and international surveillance and response capacities will eventually produce substantial gains against the overall infectious disease threat. In the event that HIV/AIDS takes a catastrophic turn for the worse in both developed and developing countries, even the authors of the optimistic World Bank/WHO model concur that all bets are off. . . .

Disruptive Social Impact

At least some of the hardest-hit countries, initially in Sub-Saharan Africa and later in other regions, will face a demographic catastrophe as HIV/AIDS and associated diseases reduce human life expectancy dramatically and kill up to a quarter of their populations over the period of this Estimate (see table 5). This will further impoverish the poor and often the middle class and produce a huge and impoverished orphan cohort unable to cope and vulnerable to exploitation and radicalization.

Life Expectancy and Population Growth. Until the early 1990s, economic development and improved health care had raised the life expectancy in developing countries to 64 years, with prospects that it would go higher still. The growing number of deaths from new and reemergent diseases such as AIDS, however, will slow or reverse this trend toward longer life spans in heavily affected countries by as much as 30 years or more by 2010, according to the U.S. Census Bureau. For example, life expectancy will be reduced by 30 years in Botswana and Zimbabwe, by 20 years in Nigeria and South Africa, by 13 years in Honduras, by eight years in Brazil, by four years in Haiti, and by three years in Thailand.

Family Structure

The degradation of nuclear and extended families across all classes will produce severe social and economic dislocations with political consequences, as well. Nearly 35 million children in 27 countries will have lost one or both parents to AIDS by 2000; by 2010, this number will increase to 41.6 million. Nineteen of the hardest hit countries are in Sub-Saharan Africa, where HIV/AIDS has been prevalent across all social sectors. Children are increasingly acquiring HIV from their mothers during pregnancy or through breast-feeding, ensuring prolongation and intensification of the epidemic and its economic reverberations. With as much as a third of the children under 15 in hardest-hit countries expected to comprise a "lost orphaned generation" by 2010 with little hope of educational or employment opportunities, these countries will be at risk of further economic decay, increased crime, and political instability as such young people become radicalized or are exploited by various political groups for their own ends; the pervasive child soldier phenomenon may be one example. . . .

Infectious Diseases and U.S. National Security

As a major hub of global travel, immigration, and commerce, along with having a large civilian and military presence and wide-ranging interests overseas, the United States will remain at risk from global infectious disease outbreaks, or even a bioterrorist incident using infectious disease microbes. Infectious diseases will continue to kill nearly 170,000 Americans annually and many more in the event of an epidemic of influenza or yet-unknown disease or a steep decline in the effectiveness of available HIV/AIDS drugs. Although several emerging infectious diseases, such as HIV/AIDS, were first identified in the United States, most, including HIV/AIDS, originate outside U.S. borders, with the entry of the West Nile virus in 1999 a case in point. . . .

- HIV/AIDS was first identified in the United States in 1983 but originated in Sub-Saharan Africa. In the United States, HIV/AIDS deaths surged from 7,000 in 1985 to 50,000 in 1995 before dropping dramatically to 17,000 in 1997 as a result of behavioral and therapeutic changes among the most at risk populations. The total number of those infected reached 890,000 for all of North America in 1998, including 44,000 new infections, most of them in the United States. Although HIV/AIDS-related death rates have declined sharply, the poor prospects that a vaccine will be available over the next decade or more, along with the likelihood that the virus will develop growing resistance to the protease-inhibitor drugs now in use, portend a continued rise in the infection rate and a renewed rise in the death rate. . . .

Voting Rights Abuses

The World Is Watching LaRouche's Campaign

by Mary Jane Freeman and
Bruce Director

On April 26, in Warsaw, Poland, the Organization for Security and Cooperation in Europe (OSCE)'s election section received a complaint from the campaign committee for Presidential candidate Lyndon H. LaRouche, Jr. concerning "gross violations of and interference with free and fair elections in the United States of America." The complaint and request for investigation is now before the OSCE's Office for Democratic Institutions and Human Rights (ODIHR), which has the mandate to "promote democratic elections" within and among its 55 member-states. Kathy Magraw, Treasurer for LaRouche's Committee for a New Bretton Woods, writes in the cover letter, "As the U.S.A. is a member of the OSCE, it is imperative that it be held to the same standards the OSCE expects of all other member-states." She requests that the ODIHR "review this matter with the utmost urgency as the lack of free and fair elections in the world's leading democracy has serious implications for the rest of the world."

The 21-page complaint documents a manifold of violations of the principles of free and fair elections perpetrated against the LaRouche campaign by officials of the Federal and state governments, the Democratic Party, the establishment news media, and the Federal and state courts in the U.S.A. It shows that these public and private officials have shown utter contempt for the basic principles that the OSCE expects from its members. The abuses directed at the LaRouche campaign have particular significance, in light of the U.S. State Department's recent interference into the elections in Peru, and the OSCE's own criticism of elections in countries of East and Central Europe and in Asia. The complaint provides details on, 1) voters being disenfranchised, 2) the systematic black-out of LaRouche in the news media, 3) private and state officials collusion to exclude LaRouche from the ballot in some states, and 4) state and public officials' abuse of power to prevent Democrats' participation in the election process if they support LaRouche. As the introduction surmises, "What has been done against LaRouche and citizens who support his candidacy, is nothing but a pretext to exercise the power of position to silence an opposition candidate."

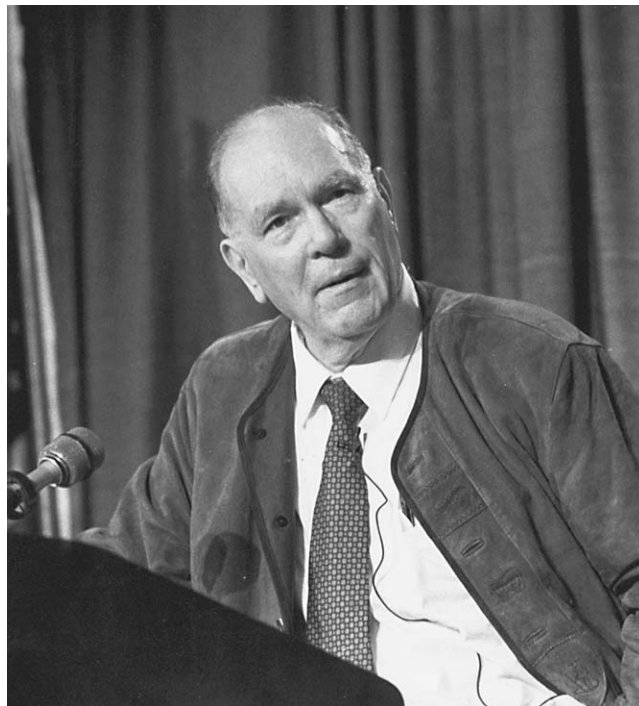
Candidate LaRouche is introduced in the opening section as making his sixth bid for the Democratic Party's nomination for President and *EIR's* Founding Editor, whose work as an

economist has been to bring about “to bring about a ‘just new world economic order’ such that developing sector nations [can be given] their full rights to perfect national sovereignty,” through “the improvement of their educational systems and economies through employment of the most advanced science and technology.” In this regard, it notes, “He continues U.S. President Franklin Roosevelt’s quarrel with the policies of the British Empire on these issues of development versus colonialism.”

That the world is watching LaRouche’s campaign is also brought to the ODIHR’s attention with the inclusion of the “over 119 endorsements from prominent international leaders and institutions which include, among others, two former Presidents (José López Portillo of Mexico and Dr. G. Lukongwa Binaisa of Uganda), numerous former ambassadors from various countries, a former Defense Minister of Colombia (Gen. Harold Bedoya Pizarro), the former Vice Premier of Czechoslovakia (Dr. Jozef Miklosko), parliamentarians from many European countries, and the Robert Schumann Center for Europe.”

The “Facts” section of the complaint provides a detailed, state-by-state breakdown of the obstruction perpetrated against LaRouche, during the primary campaign to date, as well as an account of how the Democratic National Committee has revived tactics from the segregationist South, in order to obstruct LaRouche’s campaign. These tactics have not only been directed at LaRouche personally, but also against long-standing members and officials of the Democratic Party, who have wished to support LaRouche instead of Vice President Al Gore. It shows that, in 27 out of the 42 states or territories where LaRouche is competing for votes, violations of U.S. laws, Democratic Party rules, and/or international election standards have occurred. It documents that the conduct of the U.S. Presidential election, with respect to LaRouche, violates provisions of the OSCE’s “Election Commitments,” specifically Section 7, that require member-states to ensure free, open participation of candidates in the election process, and a truthful counting of the vote. Additionally, it shows the U.S. State Department’s own guidelines for elections, recently enunciated for Peru, which require that opposition candidates be given fair and meaningful access to the media, have been grossly violated in the case of LaRouche.

The complaint is accompanied by 56 exhibits, including the full report of a group of international observers, that described the March 11 Michigan Democratic Party caucuses as akin to the Nazi plebiscites and the “Jim Crow” Democrats of the racist U.S. South. The exhibits also include the full text of the brief filed with the U.S. Supreme Court on behalf of LaRouche and voters in five states who were disenfranchised by the actions of the Democratic Party in 1996. That same disenfranchisement is in full force today, after lawyers for the DNC, in league with a racist faction of the U.S. Supreme Court led by Justices Rehnquist, Scalia, and Thomas, successfully denuded the landmark Voting Rights Act of 1965. The



The Democratic campaign committee of Lyndon H. LaRouche, Jr., and his supporters, have filed a complaint with the Organization for Security and Cooperation in Europe, documenting the violation of their voting rights, against all international norms for free and fair elections.

conduct of the Democratic Party officials and the U.S. courts have so shocked the conscience of the civil rights movement in the United States, that hundreds of Democratic Party members and elected officials have supported LaRouche’s fight for fair and free elections. This support is demonstrated in the complaint, by the text of an open letter to the Democratic Party initiated by former state Senator from South Carolina, Hon. Theo Mitchell, and a friend of the court brief sponsored by former Democratic Congressman James R. Mann.

It is precisely because of this growing concern on the part of a broad section of the U.S. population, that the 2000 Presidential elections are the most corrupt and fraudulent in U.S. history, that the LaRouche campaign is demanding international scrutiny by the OSCE.

Excerpts from the complaint follow.

Documentation

April 24, 2000

Complaint to and Request for Investigation by the OSCE’s Office for Democratic Institutions and Human Rights

Concerning Gross Violations of and Interference with Free and Fair Elections in the United States of America



John Flannery, an official for the Gore campaign in Virginia, argues before the state Democratic Party Credentials Committee to remove elected delegates because they support LaRouche's candidacy. The delegates were unseated and were replaced with Gore delegates. One Austrian, who had lived through Hitler's Anschluss, had compared the disenfranchisement of LaRouche supporters, to Hitler's plebiscites.

I. Summary Introduction

This complaint . . . is presented on behalf of U.S. Democratic Presidential Candidate Lyndon H. LaRouche, Jr., his supporters, including those who have submitted affidavits herein, and Mr. LaRouche's campaign committee, LaRouche's Committee for a New Bretton Woods (LBW). As is documented below, each complainant has been denied their electoral and human rights due to gross violations of law and procedures governing the year 2000 Presidential election campaign in the United States of America.

In summary, the events and facts presented herein will show that there is an ongoing systematic effort to interfere with free and fair elections in the United States' Presidential primary elections, specifically, to prevent the American electorate from having access to the ideas of Presidential candidate Lyndon H. LaRouche, Jr. . . . The violations of fundamental fair election standards and procedures are being perpetrated by a small clique at the top of the national Democratic Party leadership, in concert with local and state election officials, the news media, and elements of the U.S. judiciary.

In brief, the events and facts show: a) Democratic Party officials ordered that votes cast for LaRouche be "disregarded"; b) Party officials, using state power granted to them, have prevented LaRouche's name from appearing on the ballot in some states; c) citizens have been denied their right to vote and to seek political office, including elected officials of the Democratic Party; d) LaRouche's campaign has been denied equal treatment before the law; e) his supporters and

campaign workers have been victims of threats and intimidation; f) LaRouche and his ideas were not afforded equal access to the media; g) news media agencies failed to provide impartial information about candidate LaRouche; h) LaRouche and his supporters have been subjected to *ad hominem* defamatory attacks both by the media and Democratic Party officials; and i) voters were denied the benefit of full information by the exclusion of LaRouche from public debates.

What has been done against LaRouche and citizens who support his candidacy, is nothing but a pretext to exercise the power of position to silence an opposition candidate. . . . If these actions are allowed to stand, it will make a mockery of the OSCE's assertion that all member states, including the United States, are to uphold the same standards. . . .

III. U.S. Laws, International Standards, and Party Rules and Procedures Were Violated

The actions and events we present below violate fundamental provisions and/or principles contained in the United States Constitution, the laws promulgated by the Congress, and the Rules of the Democratic Party, as well as established international standards for free and fair elections.

A. United States Constitution

1. Article II section 1 of the Constitution defines the criteria for who is eligible to seek the office of President. However,

a small clique of leaders at the head of the Democratic Party of the United States have promulgated their own criteria which have the intent and effect of excluding Mr. LaRouche as a candidate, even though he meets the Constitutional requirements.

2. Amendments 14 and 15 to the Constitution together provide equal protection under the law to all citizens of the United States in their life, liberty, property, and right to vote. But as enumerated below, scores of Democrats who support Mr. LaRouche for President have been denied their right to vote.

3. Title 42 U.S.C. 1971(b) prohibits any person acting under color of law or otherwise, from acts which “intimidate, threaten, coerce, or attempt to intimidate, threaten, or coerce any other person for the purpose of interfering with the right of such other person to vote or to vote as he may choose, or of causing such other person to vote for, or not to vote for, any candidate for the office of President. . . .

4. Title 42 U.S.C. 1973 et seq., the “Voting Rights Act of 1965,” establishes laws and procedures for the enforcement of the right to vote.

B. Rules of the Democratic Party of the United States

National Rule 4 of the Delegate Selection Plan for the Democratic Party National Convention 2000 is titled “An Open Party,” and states that “All public meetings at all levels of the Democratic Party in each state should be open to all members of the Democratic Party regardless of race, sex, age, color, creed, national origin, religion, ethnic identity, sexual orientation, economic status, or physical disability (hereinafter collectively referred to as ‘status’).” Additionally, it provides that “No test for membership in, nor any oath of loyalty to, the Democratic Party in any state should be required or used which has the effect of requiring prospective or current members of the Democratic Party to acquiesce in, condone or support discrimination based on ‘status.’” . . .

C. International Standards

1. Universal Declaration of Human Rights Article 21

1. Everyone has the right to take part in the government of his/her country, directly or through freely chosen representatives.

2. Everyone has the right of equal access to public service in his country.

3. The will of the people shall be the basis of the authority of government; this will shall be expressed in periodic and genuine elections which shall be by universal and equal suffrage and shall be held by secret ballot or by equivalent free voting procedures.

2. OSCE Election Commitments Violated

In each instance detailed below, one or more of the

OSCE’s Election Commitments have been violated. Specifically, the failure in the U.S. elections to uphold Commitment 7 guaranteeing that “the will of the people serves as the basis of the authority of government” by holding elections “freely contested in a popular vote” (7.2) which “guarantee universal and equal suffrage to adult citizens” (7.3), and that “votes . . . are counted and reported honestly” (7.4), has occurred. Likewise, the following OSCE Commitments have been violated:

7.5: respect rights of citizens to seek political or public office. . . . ;

7.6: . . . provide . . . the necessary legal guarantees to enable [individuals and groups] to compete with each other on the basis of equal treatment before the law and by the authorities;

7.7: ensure that the law and public policy work to permit political campaigning to be conducted in a fair and free atmosphere in which neither administrative action violence nor intimidation bars parties and candidates from freely presenting their views and qualifications, or prevents the voters from learning and discussing them or from casting their vote free of fear of retribution;

7.8: provide that no legal or administrative obstacle stands in the way of unimpeded access to the media on a non-discriminatory basis for all political groupings and individuals wishing to participate in the electoral process; and

7.9: ensure that the candidates who obtain the necessary number of votes required by law are duly installed in office and are permitted to remain in office until their term expires. . . .

3. U.S. State Department Adopted Standards

In mid-March 2000, the United States Department of State adopted the National Democratic Institute (NDI) and Carter Center-promulgated international standards for free and fair elections. The U.S. State Department issued a directive that these standards must be adhered to in the elections in Peru. The criteria insisted upon are:

A. “Provide opposition political candidates meaningful access to the media and encourage improved coverage so voters can make informed and free choices at the ballot box.

B. “Launch a public campaign to educate the electorate on the procedures for voting in the upcoming elections, emphasizing that the vote is secret and that the integrity of the process may be guaranteed through the active participation of poll watchers.

C. “Cease *ad hominem* attacks on opposition candidates, domestic election observers, . . .

D. “Investigate reports of harassment of opposition candidates and domestic election monitors and take action against those responsible.

E. “Complete a vigorous investigation of allegations that signatures in support of the registration of ‘Peru 2000’ were forged.”

IV. Facts

A. Overview

Since announcing his candidacy for the Democratic Party's nomination, LaRouche and his supporters have been subjected to a string of illegalities and totalitarian measures, reminiscent of those deplorable practices used to disenfranchise African-Americans throughout most of the past century. Now, those practices have been extended throughout the country, disenfranchising as much as 80% of the American electorate, and effectively replacing the U.S. elections with a privatized process controlled by a small clique of Party officials, news organizations, and corrupt state and federal officials. A review of only some of the abuses perpetrated against LaRouche's campaign are enough to demonstrate the mendacity of America's claim to free and fair elections. In light of continuous complaints about human rights violation in China or Peru, etc., the following review of the status of the U.S. election process shows the extreme hypocrisy of those pronouncements.

B. LaRouche Voters Disenfranchised

Democratic National Committee Chairman Joe Andrew, in a letter dated January 18, 2000, ordered all state and local

Democratic Parties to disregard any and all votes cast for LaRouche in democratic primary elections. Andrew's letter contains defamatory attacks against LaRouche, that Andrew knows to be untrue. Nevertheless, Andrew has declared, on his own authority, that LaRouche is not a "bona fide" Democrat, and as such, votes cast for LaRouche must be disregarded by the Party, even if those votes are cast in state-sponsored public elections. Andrew's ruling was made without review and without giving LaRouche any chance to respond. . . .

[The Democratic Party's] attorney John C. Keeney, Jr. argued before the federal courts, that the Democratic Party was akin to a "private club," and as such, was immune to the provisions of the U.S. Constitution and the Voting Rights Act of 1965. Keeney's argument revived the long-discredited refuge of the segregationist Democratic Party of the earlier part of the twentieth century. . . .

Yet it is clear, . . . that the Democratic Party is not a "private club." Each state Democratic Party organization conducts its primary elections under the authority of state law. The Democratic Party nominee is granted automatic ballot status in all 50 U.S. states. The Democratic Party of the United States receives \$13.5 million in public funds to conduct the party's National Convention at which the Presidential nominee is selected, and it receives \$67.5 million in public funds for use in the general election to promote its nominee.

C. LaRouche Denied Meaningful Access to the News Media

The U.S. news media has implemented a virtual blackout on LaRouche's Presidential campaign, thus preventing the American electorate from having access to his ideas and policies. . . .

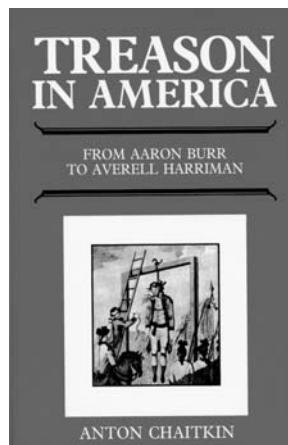
Editors, reporters, and other officials of the major news organizations have told LaRouche campaign officials, that the official policy of their organizations is not to cover LaRouche. Typical of the mind-set of the news media officials, is a recent conversation between a *Los Angeles Times* executive and a visiting German journalist. The *Times* officer told the German, "You should be in an insane asylum" for requesting news coverage of LaRouche's campaign. . . .

LaRouche has been systematically excluded from all public debates of Democratic Presidential candidates. These debates have been sponsored by major news organizations. As of March 2000, eight debates between Democratic Presidential candidates Al Gore and Bill Bradley had been broadcast on national T.V. . . . LaRouche has been excluded, despite the fact that he is one of only three candidates for the Democratic Party nomination who has qualified for Federal Campaign Matching Funds, has campaign organization in all 50 states, and has wide recognition nationally. . . .

U.S. Federal law requires these organizations to use "objective criteria" to determine whom to include in these debates. By any objective criteria, LaRouche should be in-

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cluded, and the voters should have the opportunity to compare LaRouche's thinking to those of his opponents. Fearing that LaRouche's presence in these debates would present the American electorate with a choice not acceptable to the establishment, the news organizations sponsoring the debates have simply decided not to invite him, dismissing his bona fides as a national candidate and thereby selectively choosing for the American electorate what ideas they may hear. The voice of the opposition is silenced. . . .

All the procedural protections are "on the books." But, the enforcers of the "rules" break them to fit their political agenda censor from public hearing the voice of the opposition, Lyndon LaRouche. This is not "freedom of the press," but rather a coordinated campaign of censorship which has prevented a prominent candidate from competing on a fair basis in the election. As a result, the electorate was prevented from learning about LaRouche's solutions to the worldwide economic and strategic crises now facing humanity.

D. LaRouche Is Denied Access to the Ballot and Electorate

In several states within the U.S., access to the ballot is determined by state officials, who unilaterally choose for whom the electorate will have a chance to vote. In many cases, these officials make their decision on the basis of news media support for the candidate. This creates the Catch-22 whereby the news media blacks LaRouche out, then this is used as a pretext for excluding LaRouche from the ballot. It effectively puts the decision of who will and who will not appear on the ballot into the hands of executives of private news organizations and elected state officials who are part of the Party or government establishment. Thus, voters in many states are denied the opportunity to even vote for LaRouche on the say-so of a few state officials and news organizations.

E. Obstructions of LaRouche's Candidacy by State Public and Party Officials

[Violations in 27 states and/or territories are detailed in this section. The following one illustrates the point—ed.]

In Louisiana, 20 LaRouche Democrats filed the necessary forms and fees with the Democratic Party in order to qualify as delegate candidates pledged to LaRouche and to appear on the primary ballot with LaRouche. Initially, the Louisiana Democratic Party accepted these filings and sent out letters of acceptance of candidacy, which meant their names would appear on the March 14, 2000 Democratic Party ballot as delegate candidates. Soon thereafter, one LaRouche delegate candidate, who is also a state Central Committee member of the Louisiana Democratic Party, received a phone call from the Louisiana Democratic Party director informing him that the DNC office had called the Louisiana party offices to put them on notice about the Andrew letter concerning LaRouche. The Director told the

LaRouche candidate that he was "99% sure" that the party would mail back the filing fees as they would abide by the Andrew directive and nullify these LaRouche candidacies. In fact, by letters dated March 3, 2000 Louisiana Democratic Party Chairman Ben Jeffers returned the filings and fees, citing the Andrew letter. Such actions deprive these individuals of the right to seek political office at the primary election.

Louisiana civil rights attorney Henry P. Julien, Jr. held a press conference on March 10, along with others, to denounce these exclusionary actions. Only two press representatives attended. Attorney Julien's remarks situate how Americans who have fought to protect civil rights—especially the right to vote—view the actions of the Andrew clique within the Democratic Party leadership. "The Party is trying to limit the right of citizens to vote for whoever they want to choose. I don't want someone telling me who I can vote for if he's otherwise qualified under the law." Julien reported he spoke with Jeffers who meekly said the State Party "has no problem with LaRouche," but the DNC ordered them to reject LaRouche's candidacy. The Associated Press (AP) reporter asked, "Why doesn't LaRouche run as a third party candidate?" Julien replied, "Why should he? Democrats have a right to run in the Democratic Party." The AP reporter persisted: "Since LaRouche is not a registered voter, can't the Democrats exclude him?" Julien retorted, "This is preposterous. I take serious offense at this argument, that as a felon, he can't run," and explained there is no such requirement in the U.S. Constitution. He noted that 25% of all African-American males are either in prison or on probation, and that the Democratic Party is saying to them that they are not fit to be President, let alone be voters, and yet, it relies on the African-American vote.

Conclusion

Benjamin Franklin, long ago said, "a republic if you can keep it." The oldest constitutional republic is now in jeopardy. Allowing the establishment news media and a small handful of party bosses to determine who may be a candidate, dictating to voters that if they vote for a particular candidate their vote will not be counted, arbitrarily nullifying the election of candidates, and censoring the ideas and views of opposition candidates from the public's hearing, are all indicators of a totalitarian form of government. It is only by looking behind the facade of rules and procedures to see the actual application of them, that a truly honest and independent assessment can be made.

It is of the utmost urgency that the ODIHR take up investigation of these egregious violations of the international free and fair election standards, as well as of U.S. laws. . . . Only by holding the United States up to the same standards it insists must be followed around the world can free and fair elections be restored here.

Senate Committee Reports Out Pain Relief Bill

On April 27, the Senate Judiciary Committee reported out a bill, by a vote of 10-8, intended to prevent the use of Federally controlled drugs for use in assisted suicides. The bill is not only a response to Oregon's assisted suicide referendum of 1996, but also overturns a June 1998 decision by Attorney General Janet Reno that exempts Oregon from the Controlled Substances Act with respect to so-called physician-assisted suicide.

The bill is similar to one passed by the House last October, except a new provision has been added by Senate Judiciary Committee Chairman Orrin Hatch (R-Utah), that is intended to assuage those who fear that the bill would result in the Drug Enforcement Administration injecting itself into pain-relief issues.

The debate in the hearing that took place two days before the committee's action boiled down to one of states' rights versus enforcement of Federal laws, however, rather than whether such Nazi practices as euthanasia should even be allowed. Don Nickles (R-Okla.), the lead sponsor of the bill, and Ron Wyden (D-Ore.), testifying against it, both allowed that Oregon had the right to approve physician-assisted suicide by referendum. Wyden, however, told the committee, "I firmly believe that my election certificate does not give me the authority to substitute my personal and religious beliefs for the judgment" made by the voters of Oregon, as if such practices should be subject to popular votes.

Wyden argued that the bill would authorize law enforcement officials "to dissect a physician's intent with respect to prescribing pain relief medications," and would allow the Federal government to "intrude in the doctor-patient relationship." He concluded that the effect of the bill, despite Hatch's amendment, would be that

"physicians' fear of being investigated by law enforcement and losing their ability to practice medicine will result in less aggressive pain management for countless patients."

Victims Rights Bill Pulled from Senate Floor

Another proposed constitutional amendment fell victim to the oratorical skills of Robert Byrd (D-W.V.) on April 27, when supporters of a victims rights amendment decided it was better to pull it off the Senate floor rather than face the possibility of defeat on a cloture vote. Among the alleged rights the proposed amendment was to guarantee, included that of the victim to be present at all public proceedings related to the crime, including sentencing; to be present at a non-public parole proceeding; and to consideration of the safety of the victim in determining any conditional release relating to the original crime.

Jon Kyl (R-Ariz.), who with Diane Feinstein (D-Calif.) led the effort for the resolution, explained that the need for amending the Constitution arose out of the conduct of the Oklahoma City bombing trial, when Congress passed a bill requiring the presiding judge to allow families of victims of the bombing to be present at the trial and the sentencing phase. However, what happened instead, Kyl said, "was that the defendant's right to exclude them, based in the U.S. Federal Constitution, trumped the Federal statute which, of course, is subservient to the Federal Constitution."

Even though Pat Leahy (D-Vt.) and others spoke extensively against the proposed amendment, arguing that victims rights should be addressed by statute, it was Byrd who dominated the debate. He told the Senate he was concerned about the "cavalierness" with

which Constitutional amendments are offered. He delivered a lengthy discourse to demonstrate that the Constitution didn't originate among the 39 men who met in Constitution Hall in 1787, but rather was the culmination of a long process that began centuries before.

Democrats Block Marriage Penalty Tax Cut Bill

On April 27, the Senate failed to break the logjam on the so-called marriage penalty tax cut bill, when the second cloture vote in a month fell nine votes short of the 60 required to end debate. The bill became bogged down over disagreements between the GOP and Democrats over what kind and how many amendments should be allowed. Majority Leader Trent Lott (R-Miss.) wanted a very narrow limit to amendments, whereas Democrats wanted to address issues ranging from the minimum wage to Medicare prescription drug benefits.

Minority Leader Tom Daschle (D-S.D.) said that the vote was about the 60% of the \$248 billion package that goes to tax breaks for those who "arguably" need them the least. After the vote, he said that the Democrats "believe, as strongly as we want to resolve the marriage tax penalty, that having the opportunity to offer a better alternative is something that is so fundamental to the rights of every Democratic Senator." He vowed that there "will not be any diminution or any erosion in the strength of feeling we have about our right to offer amendments."

Lott told reporters after the vote, that the Democrats "don't really want marriage penalty tax relief. That is the unspoken truth." He added, "They can't say it because they know the marriage penalty infuriates people," and they don't want it "because it is a tax cut."

National News

New Bretton Woods Call Passed in Alabama

State Rep. Thomas Jackson of Thomasville, Alabama introduced a "Call for a New Bretton Woods Conference for International Monetary Stability," into the Alabama state legislature on April 25, which was passed on May 2, as a non-binding resolution, in the House of Representatives.

The bill is a verbatim copy of a resolution that was submitted to the European Parliament on March 16, by four Italian parliamentarians. Noting the devastating effects of the "speculative bubble" on the world economy, it calls for "the convocation of a new conference, similar to the one at Bretton Woods, with the aim of creating a new international monetary system to eliminate gradually the mechanisms which have led to the 'speculative bubble'"; "to evaluate the possibility of anchoring currency values to an element of real reference, and to better and more completely control the movements of currency rates"; and to propose the creation of new credit lines oriented toward developing the real economy, including infrastructure projects "of continental dimensions." (For the full text, see *EIR*, April 7, p. 7.)

Bush Says He 'Won' Nonexistent Primary

A press release claiming victory for GOP Presidential candidate George W. Bush, in the April 4 Kansas primary, and entitled "Gov. Bush Wins Three More Primaries; Pennsylvania, Wisconsin, and Kansas Overwhelmingly Embrace Bush," was posted on the Bush campaign's website. But the fact is, the Kansas primary never happened! Pointedly noted on the website of the Kansas Democratic Party, which reprints Bush's press release under its own title, "Bush Claims to Win Kansas Primary That Didn't Happen," is the irony that "Shrub Claims Win in Kansas, Even Though His Republican Friends in the Kansas Legislature Cancelled the Primary in February."

At a February meeting of the State Legis-

lature's Republican-controlled budget committee, lawmakers determined that the Kansas Presidential primary should be cancelled, because the state didn't have \$1.5 million to cover the costs. They claimed that since the Kansas primaries were scheduled to occur after Super Tuesday, when the nominees for the two parties would, supposedly, have already been decided, it would be "irresponsible" to hold a primary. The Democratic Party, which toyed briefly with the idea of a party-run primary, later dumped the idea. Both parties, therefore, resorted to caucuses, making it more difficult for voters to register their Presidential preference, and forcing many citizens to drive great distances to get to the caucuses.

Despite the excuse for skipping the primaries, in favor of holding caucuses (which the Bush and Gore camps could more easily control), is that both the parties' nominations "have already been decided," a slate of LaRouche Democratic delegates is running in the May 6 Kansas Congressional District caucuses, which mounts a challenge to the attempt to lock up the nominations.

NASA Will Launch Orbiter to Mars

NASA Mars project manager George Pace stated at NASA's Jet Propulsion Laboratory on April 24, that the space agency will launch a spacecraft next year, to return to Mars. It will be the first launch opportunity since the loss of the two Mars probes last winter. A small lander that had also been planned for that launch window has been postponed.

The Mars Surveyor 2001 Orbiter will be launched on April 7, 2001, with three scientific instruments on board, to examine the planet from orbit. The satellite will also be outfitted with technology to act as a high-speed data relay for future Mars missions. Such a capability would have allowed mission managers to better assess what happened to the two recently failed spacecraft.

Over time, NASA plans to build an "interplanetary Internet" in orbit around Mars to increase the data rate and allow it to collect and relay data not only from spacecraft, but also from aircraft and balloons at Mars. "This is the first Internet node at Mars," Pace

stated, describing the 1,668-pound orbiter. It has been designed to operate for at least four years, but in most cases, the orbital lifetime ends up being double the design lifetime.

Court Won't Give Files on Diana to Al-Fayed

The Fourth Circuit U.S. Court of Appeals ruled on April 26 that the U.S. National Security Agency does not have to give documents concerning Princess Diana and her fiancé Dodi Fayed, to Dodi's father, Mohamed Al-Fayed. The two died in a highly suspicious car crash in Paris, on Aug. 31, 1997.

Al-Fayed had attempted to subpoena the information for use in the French investigation into the 1997 car crash which killed Diana and Dodi. He cited a report that the NSA had 182 documents relevant to the matter. The NSA opposed the request on national security grounds; a Federal judge refused to issue the subpoena, and the Fourth Circuit has now upheld that decision.

Former Black Panther Wins Settlement

Former Black Panther Party (BPP) leader Geronimo Pratt, who spent 25 years in prison until his murder conviction was overturned in 1997, has won a \$4.5 million settlement from the FBI and the City of Los Angeles, the *Washington Post* reported on April 27.

Pratt, a decorated Vietnam veteran, charged the agencies with prosecutorial misconduct. He has always maintained that he was framed by the FBI and the Los Angeles Police Department (LAPD), which knew, because of illegal wiretaps, that he was in San Francisco at a BPP convention, when the murder took place in southern California.

Pratt was convicted on the basis of testimony of a former BPP member, who denied that he was an informant; but it later turned out that he had been providing information to the FBI and LAPD for at least three years before the trial.

Editorial

Summers Destroys the System in Order To Save It

Addressing a university audience in Santo Domingo by teleconference on May 3, Lyndon LaRouche said, of the “great crash”: “It is probable this will happen this year. It could happen in June. It could happen over the summer months. It could happen in September. The efforts, I know, in the United States, to prevent this from happening, by Larry Summers, and others, the Treasury Secretary—these are fools. They don’t know what they’re doing. They’re totally incompetent. They can not control this process. They can influence it. But everything they do to postpone the crash another day, makes the crash worse the following week. Then they go back, and they have to do something still worse the following week, to do that.”

Indeed, Treasury Secretary Summers is destroying what remains of the world economy, chunk by chunk, in order to try to save the “new economy” Nasdaq average, just long enough for Al Gore to be elected President. The fight is likely already lost, but Summers won’t stop. What is there that he won’t destroy, to save the Nasdaq?

By destroying the euro, the new pseudo-currency of the European Monetary Union, Summers and a secret group of central bankers who are working with him, are throwing every western European economy into the flames. While *EIR* has opposed the euro from the beginning, nevertheless, its current crisis is an artificial one. Summers is trying to poison investment into western Europe, in order to sucker it into U.S. markets, just as he has deliberately hurt the attractiveness of U.S. government bonds for the same reason.

As U.S. trade deficits skyrocket, the dollar, paradoxically, soars in value relative to the euro. By a week after Easter, the euro had lost 21% of the dollar value it had at the beginning of 1999, and its plunge has continued since. Europe is being destroyed. In Britain, for instance, the question now is whether all remaining industry will simply shut down. In this final phase of British industry’s collapse, the big continental western European countries can no longer afford British goods, because their own currencies are rigidly tied to the value of the euro, and are sinking daily as the euro falls.

Summers’s thuggish pressure on Japan to maintain the policy of flooding the world with zero-interest yen credit, is another example. Japan is the most extreme

case, but every advanced-sector central bank is pumping out new money at record rates. At first, the inflation hides itself in intangible asset-prices, but at some point, it hits, first, certain commodities, such as oil, and then all goods—eventually blowing up the economy up in a hyperinflationary spiral, like that in Germany over summer to fall 1923.

Then, there’s “dollarization”—the proposal that Third World countries simply give up their own currencies, and with them all control over trade and credit, and adopt the U.S. dollar instead. To any sane person, this ludicrous suggestion rivals Jonathan Swift’s “Modest Proposal” that the Irish should sell their infants to be eaten by the English. Any country which “dollarizes,” is offering itself up to be looted out of existence before you can say “Alan Greenspan.” And in fact, the U.S. Treasury has always opposed the idea—until May 1, that is, when Summers’s underling, Deputy Secretary Stuart Eizenstat, spoke quite favorably of “dollarization” at a Council of the Americas meeting.

Summers’s and Gore’s HMO policy loots the very bodies of elderly, seriously ill, and disabled Americans, to pump up the accursed bubble. As *EIR* will expose, the HMO policy was originally part of the “new economic policy” which Richard Nixon announced on Aug. 15, 1971, when he dumped the last traces of the Bretton Woods financial system.

The more Summers delays it in this way, the worse the cataclysm will be. The only answer, is to return to the proven Bretton Woods system, set up under Franklin Roosevelt’s direction in 1944: with fixed exchange rates, and low-interest, long-term credit for development. That system worked very well for the countries which were full members—the advanced sector. This time, all countries must be full members.

Thus, LaRouche concluded his address by saying: “So, the time is coming, very soon, when *we*, as in the Dominican Republic, and other countries round the world, must, as patriots of our nations, bring together the intellectual forces, which will rally around the leaders, who will help to lead their nations, as part of a community of nations, in creating the new monetary system, which will finally be a just, new world economic order.”

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NEBRASKA

- LINCOLN
Time Warner Ch. 80
Citizen Watchdog
Tue.—7 pm; Wed.—8 pm

NEVADA

- CARSON CITY—Ch. 10
Sun.-2:30 pm; Wed.-7 pm
Saturdays—3 pm

NEW JERSEY

- MONTVALE/MAHWAH
Time Warner Ch. 27
Wednesdays—5:30 pm

NEW MEXICO

- ALBUQUER.—Ch. 27
Thursdays—4 pm

NEW YORK

- AMSTERDAM—Ch. 16
Mondays—7 pm
- BROOKHAVEN
(E. Suffolk)
Cablevision Ch. 1/99
Wednesdays—9:30 pm
- BROOKLYN—BCAT
Time Warner Ch. 35
Cablevision Ch. 68
Sundays—9 am
- CORTLANDT/PEEKES.
MediaOne Ch. 32/6
Wednesdays—3 pm
- HORSEHEADS—Ch.1
Mon., Fri.—4:30 pm
- HUDSON VLY.—Ch.6
2nd, 3rd Sun.-1:30 pm
- ILION—T/W Ch. 10
Saturdays—12:30 pm
- IRONDEQUOIT—Ch.15
Mon., Thu.—7 pm
- ITHACA—T/W
Ch. 78: Mon.—8 pm
Ch. 78: Thu.—9:30 pm
Ch. 13: Sat.—4 pm
- JOHNSTOWN—Ch. 7
Tuesdays—4 pm
- MANHATTAN—MNN
T/W Ch. 34; RCN Ch. 109
Alt. Sundays—9 am
- NASSAU—Ch. 80
Thursdays—5 pm
- NIAGARA FALLS
Adelphia Ch. 24
Tuesdays—4 pm
- N. CHAUTAUQUA
Gateway Access Ch. 12
Fridays—7:30 pm
- ONEIDA—T/W Ch. 10
Thursdays—10 pm
- OSSINING—Ch.19/16
Wednesdays—3 pm
- PENFIELD—Ch. 12
Penfield Community TV*
Poughkeepsie—Ch.28
1st, 2nd Fridays—4 pm
- QUEENS—QPTV*
- QUEENSBURY—Ch.71
Thursdays—7 pm
- RIVERHEAD—Ch.27
Thursdays—12 Midnight
- ROCHESTER—Ch. 15
Fri.-11 pm; Sun.-11 am
- ROCKLAND—Ch. 27
Wednesdays—5:30 pm
- SCHENECTADY—Ch.16
Tuesdays—10 pm

- STATEN ISL.—Ch. 57
Thu.-11 pm; Sat.-8 am
- SUFFOLK—Ch. 25
2nd, 4th Mon.—10 pm
- SYRACUSE—T/W
City: Ch. 3
Suburbs: Ch. 13
Fridays—8 pm
- TRI-LAKES
Adelphia Ch. 2
Sun.: 7 am, 1 pm, 8 pm
- UTICA—Ch. 3
Thursdays—6 pm
- WATERTOWN—Ch. 2
Tue: betwn. Noon-5 pm
- WESTER—Ch. 12
Wednesdays—8:30 pm
- WESTFIELD—Ch. 21
Mondays—12 Noon
Wed., Sat.—10 am
Sundays—11 am
- W. SENECA—Ch. 68
Thu.—10:30 pm
- YONKERS—Ch.71
Saturdays—3:30 pm
- YORKTOWN—Ch.71
Thursdays—3 pm

NORTH CAROLINA

- MECKLENBURG
Time Warner Ch. 18
Saturdays—12:30 pm

NORTH DAKOTA

- BISMARCK—Ch. 12
Thursdays—6 pm

OHIO

- FRANKLIN COUNTY
Ch. 21: Sun.—6 pm
- OBERLIN—Ch. 9
Tuesdays—7 pm
- REYNOLDSBURG
Ch. 6: Sun.—6 pm

OREGON

- CORVALLIS/ALB.
AT&T Ch. 99
Tuesdays—1 pm
- PORTLAND—AT&T
Ch. 27: Tue.—6 pm
Ch. 33: Thu.—3 pm
- WASHINGTON CTY*
AT&T Ch. 9

RHODE ISLAND

- E. PROVIDENCE—Ch.18
Tuesdays—6:30 pm

TEXAS

- EL PASO—Ch. 15
Wednesdays—5 pm

UTAH

- GLENWOOD, Etc.
SCAT-TV
Ch. 26,29,37,38,98
Sundays—about 9 pm

VIRGINIA

- ARLINGTON
ACT Ch. 33
Mondays—4:30 pm
Tuesdays—9 am
- CHESTERFIELD
Comcast Ch. 6
Tuesdays—5 pm
- FAIRFAX—Ch. 10
Tuesdays—12 Noon
Thu.-7 pm; Sat.-10 am
- LOUDOUN—Ch. 59
Thu.-7:30 pm, 10 pm
- P.W. COUNTY
Jones Ch. 3
Mondays—6 pm
- ROANOKE—Ch. 9
Thursdays—2 pm
- SALEM—Ch. 13
Thursdays—2 pm
- STUARTS DRAFT
WPMG-TV Ch. 17
Adelphia Ch. 13
Saturdays—2 pm

WASHINGTON

- KING COUNTY
AT&T Ch. 29/77
Thursdays—3 pm
- SPOKANE—Ch. 25
Wednesdays—6 pm
- TRI-CITIES
Falcon Ch. 13
Mon-Noon; Wed-6 pm
Thursdays—8:30 pm
- WHATCOM COUNTY
AT&T Ch. 10
Wednesdays—11 pm
- YAKIMA—Ch. 9
Sundays—4 pm

WISCONSIN

- KENOSHA—Ch. 21
Mondays—1:30 pm
- MADISON—Ch. 4
Tue.-2 pm; Wed.-8 am
- MARATHON COUNTY
Charter Ch. 10
Thursdays—9:30 pm;
Fridays—12 Noon
- OSHKOSH—Ch. 10
Fridays—11:00 pm
- WYOMING
• GILLETTE—Ch.36
Thursdays—5 pm

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