

# EIR

Executive Intelligence Review

September 1, 2000 Vol. 27 No. 34

\$10.00

The U.S. Is Galloping into Hyperinflation  
Albright Pushes for War in South America  
LaRouche Democrat Wins U.S. Senate Primary

**Putin Goes From Elected  
President to National Hero**

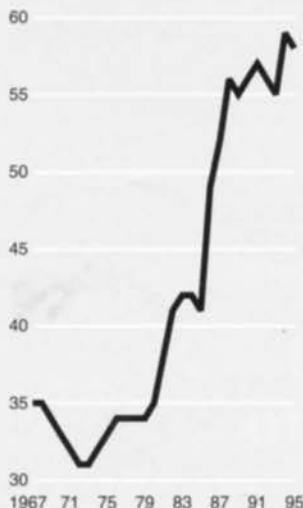


# EIR Doesn't Print What's Popular, But Prints The Truth

## The Truth About The Real Economy

### Number of weekly paychecks required to buy new car

includes finance costs



## The Truth About Their Policies

## The Truth About The Bubble

Stock Market Margin Debt, 1992-2000  
(billions \$)



## LaRouche: Call Them 'The Baby Doomers'



**You Can't Fool All the People All the Time. . . Subscribe to:**

## Executive Intelligence Review

U.S., Canada and Mexico only

1 year . . . . .	\$396
6 months . . . . .	\$225
3 months . . . . .	\$125

Foreign Rates

1 year . . . . .	\$490
6 months . . . . .	\$265
3 months . . . . .	\$145

I would like to subscribe to *Executive Intelligence Review* for

1 year     6 months     3 months

I enclose \$\_\_\_\_\_ check or money order

Please charge my  MasterCard  Visa

Card No. \_\_\_\_\_ Exp. date \_\_\_\_\_

Signature \_\_\_\_\_

Name \_\_\_\_\_

Company \_\_\_\_\_

Phone (     ) \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Make checks payable to **EIR News Service Inc.**  
P.O. Box 17390, Washington, D.C. 20041-0390.

Founder and Contributing Editor:

Lyndon H. LaRouche, Jr.

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

Associate Editors: Ronald Kokinda, Susan Welsh

Managing Editor: John Stigerson

Science Editor: Marjorie Mazel Hecht

Special Projects: Mark Burdman

Book Editor: Katherine Notley

Photo Editor: Stuart Lewis

Circulation Manager: Stanley Ezrol

INTELLIGENCE DIRECTORS:

Asia and Africa: Linda de Hoyos

Counterintelligence: Jeffrey Steinberg,

Paul Goldstein

Economics: Marcia Merry Baker,

William Engdahl

History: Anton Chaitkin

Ibero-America: Robyn Quijano, Dennis Small

Law: Edward Spannaus

Russia and Eastern Europe:

Rachel Douglas, Konstantin George

United States: Debra Freeman, Suzanne Rose

INTERNATIONAL BUREAUS:

Bogotá: José Restrepo

Bonn: George Gregory, Rainer Apel

Buenos Aires: Gerardo Terán

Caracas: David Ramonet

Copenhagen: Poul Rasmussen

Houston: Harley Schlanger

Lima: Sara Madueño

Melbourne: Robert Barwick

Mexico City: Hugo López Ochoa

Milan: Leonardo Servadio

New Delhi: Susan Maitra

Paris: Christine Bierre

Rio de Janeiro: Silvia Palacios

Stockholm: Michael Ericson

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

Washington, D.C.: William Jones

Wiesbaden: Göran Haglund

*EIR* (ISSN 0273-6314) is published weekly (51 issues) except for the second week of July and the last week of December, by EIR News Service Inc., 317 Pennsylvania Ave., S.E., 3rd Floor, Washington, DC 20003. (202) 544-7010. For subscriptions: (703) 777-9451, or toll-free, 888-EIR-3258.

World Wide Web site: <http://www.larouchepub.com>  
e-mail: [eirns@larouchepub.com](mailto:eirns@larouchepub.com)

**European Headquarters:** Executive Intelligence Review  
Nachrichtenagentur GmbH, Postfach 2308,  
D-65013 Wiesbaden, Bahnstrasse 9-A, D-65205,  
Wiesbaden, Federal Republic of Germany  
Tel: 49-611-73650. Homepage: <http://www.eirna.com>  
E-mail: [eirna@eirna.com](mailto:eirna@eirna.com) Executive Directors: Anno  
Hellenbroich, Michael Liebig

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

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

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

Copyright © 2000 EIR News Service. All rights reserved.  
Reproduction in whole or in part without permission strictly  
prohibited. Periodicals postage paid at Washington D.C.,  
and at an additional mailing offices.

Domestic subscriptions: 3 months—\$125, 6 months—\$225,  
1 year—\$396, Single issue—\$10

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

## From the Associate Editor

**H**ow could the world come to the brink of thermonuclear war, and the American people not even know it? Our *Feature* presents the chilling documentation of what lies behind the sinking of the Russian submarine *Kursk*, and exposes the “bodyguard of lies” that is keeping the truth so tightly under wraps. Of particular note, is our reprint of an article by Lyndon H. LaRouche, Jr., published exactly one year ago, under the title “Is World War III Coming?” He forecast precisely what would happen, and why, as lackeys of the the mad oligarchs, including Tony Blair, Zbigniew Brzezinski, and Madeleine Albright, push Russia up against the wall.

“How can they get away with covering up the truth like this?” a reader may ask. Remember what *EIR* has been writing in recent issues, about the rise of *fascism* in the United States. Think of the iron grip that was maintained over both the Democratic and Republican conventions, where not a single solitary dissenting voice was allowed to speak; where delegates, elected by the voters, were simply barred entry, if they did not pledge their obeisance to the so-called “front-runners.” Think of the lurid orchestration of those conventions, like the Nuremberg Rallies of Nazi Germany. “Heil Hitler!” And don’t forget the tight oligarchical control over the media propaganda machine, which tells Americans, night after night, that we are living through an unprecedented economic boom.

Yet, even the most brainwashed specimen of television viewer knows, when he goes to the gas pump, that inflation is starting to hit hard. He knows it when he tries to rent or buy a home. He knows it when he looks for day-care for his children (so that he and his wife can each work two to three jobs, to support the family).

As LaRouche has warned, we are *already at the take-off point of a hyperinflationary spiral*, comparable to that of Weimar Germany in the Autumn of 1923. The warning signs are all there.

The financier oligarchy knows it—they just don’t want *you* to know it. They want the suckers—at home and abroad—to keep the confidence-game going, to keep the speculative bubble afloat. They are prepared to take insane risks, to make sure that they remain in power, no matter what happens. Hence, the *Kursk* affair, whose ramifications are not yet over, by any means.

*Susan Welsh*

# EIR Contents

## Interviews

### 66 Richard Dieter

Richard Dieter has been the Executive Director of the Death Penalty Information Center in Washington, D.C. since 1992.

## Departments

### 59 Australia Dossier

Is the Army To Kill Australian Citizens?

### 72 Editorial

Watching Soaps at Newstime Can Be Deadly.

## Science & Technology

### 38 The Anti-Science Hoax of 'Global Warming'

Peter Toynbee exposes the lying methodology of the UN's Intergovernmental Panel on Climate Change, which has become "the authority" for global warming propaganda.

**Correction:** *EIR* would like to clarify that Dr. Wang Yun-jong, of the Korea Institute for International Economic Policy (KIEP), was not representing the South Korean government, which supports the International Monetary Fund, in his interview published in the Aug. 18 issue of *EIR* (p. 6). He was speaking in his personal capacity.

## Economics

### 4 U.S. Inflation Galloping into Hyperinflation

If there is so little inflation, as we are being told by the Federal Reserve, and other "experts," then why are we paying so much more? In reality, prices in the United States are rising rapidly, and the conditions are set for a hyperinflationary lift-off.

### 6 Growing Likelihood of Early Financial Crisis

From press commentaries around the world.

### 7 Committee for a New Bretton Woods Financial System Is Formed in Colombia

### 10 Spain Battles IMF Conditionalities

### 12 The Oligarchy's Plan for Montenegro: Financial Balkanization and a New War

The colonialist currency board is a primary weapon the oligarchy is using to destroy the nation-state.

### 20 Business Briefs

## Feature



Russian President Vladimir Putin (left) shakes hands with a relative of a crew member of the sunken submarine *Kursk*, as the wife of the captain of the submarine, Irina Lyachina (center), looks on, at the Navy base in Vidyayevo, Aug. 22.

### 22 A 'Pearl Harbor Effect' in Russia

During the hours following the sinking of the Russian submarine *Kursk*, after a collision with a U.S. or British sub, the world was a hair's breadth away full-scale nuclear exchange. In the aftermath, President Putin is galvanizing Russians to fight the Anglo-American looters whose desperation has now led the world to the brink of war.

### 24 Clinton's Los Angeles Speech Hinted at Crisis

### 26 Aug. 12-23: World Was on Verge of War

**28 A 'Pearl Harbor' Reaction**

Statements by Russian leaders including President Putin, Defense Minister Sergeyev, and former Prime Minister Yevgeni Primakov, plus press commentaries from Russia and Wall Street.

**33 The New Storm over Russia, and LaRouche's August 1999 Forecast**

**34 Is World War III Coming?**  
In August 1999, Lyndon H. LaRouche, Jr. warned that the financial oligarchy is pushing the world toward war, which is an even greater danger today.

**36 The Kursk Was Target of NATO**

**International**

**46 Mad Madeleine Pushes for War in South America**

Never has a U.S. Secretary of State done so much damage in such a short period of time as her five-day tour of South America, where she told her hosts to surrender their national sovereignty to the drug traffickers and globalizers.

**49 Chávez: A Circus Abroad and Vote Theft at Home**

The Venezuelan President stole the vote, fair and square, but that doesn't seem to bother Jimmy Carter and the OAS.

**51 Abortion Polemic Is Splitting Mexico**

**52 The British Empire Retaliates Against Argentine Lawyer**

The case of Argentine lawyer and retired Army Maj. Jorge Olivera, who tried to bring Britain's Margaret Thatcher to account for war crimes.

**54 Burundi: Where's the Peace?**

**55 Pope Mobilizes Youth To Change the World**

**57 Germany Must Learn the Lessons of 1923-33 To Overcome Neo-Nazi Threat**

Rising unemployment and general economic decline, imposed on Germany by the Anglo-American financial oligarchy as a condition for reunification, are reviving a tool of that oligarchy: neo-Nazism.

**60 International Intelligence**

**National**

**62 LaRouche Dem Wins Primary with Ad Hoc Platform Hearings**

By a landslide vote, LaRouche Democrat Mel Logan won the Wyoming Democratic Party primary for U.S. Senate, and in November will challenge incumbent Republican Sen. Craig Thomas. That's just one of many signs of revolt against the Gore apparatus, by "FDR Democrats."

**66 U.S. Death Penalty Is Under Fire**

An interview with Richard Dieter.

**70 National News**

**Photo and graphics credits:**

Cover, AFP photo/Itar-TASS Pool/STR. Page 9, EIRNS/Christopher Lewis. Pages 10, 37, 63, 68, EIRNS. Page 23, U.S. Navy Photo/Photographer's Mate 2nd Class August Sigur. Pages 24, 35 (Albright), 68, EIRNS/Stuart Lewis. Page 25, www.redstar.ru. Page 25, U.S. Navy/Photographer's Mate 3rd Class James W. Olive. Page 27, NATO photo. Pages 28, 35 (Blair), Bundesbildstelle/Bonn. Page 29, *NATO Review*. Page 31, DoD/Helene C. Stikkel. Page 35 (Brzezinski), EIRNS/Philip Ulanowsky. Page 39, Courtesy of Dr. J. Gordon Edwards. Page 56, Apostolic Nunciature in the United States.

## U.S. Inflation Galloping into Hyperinflation

by Marcia Merry Baker

If there is so little inflation—as we are being told by the Federal Reserve, government statisticians, and financial “experts”—then why are we paying so much more? In reality, prices in the United States are rising at a galloping rate, and the conditions are set for a hyperinflationary lift-off.

The quickest way to see this, is to review U.S. price rises across whole categories of economic sectors and goods. We present a summary picture below. This pattern is directly at odds with headlines in the *Washington Post* or the *New York Times*, about inflation being “mild” and “tame.” These headlines were part of the atmospherics for the Federal Reserve meeting on Aug. 22, in which the line was, interest rates should be held as is. The “inflation is under control” line is a key part of the Big Lie for the elections. In upcoming issues, we will document the real inflation in depth.

Even in their own terms, the official statistics show rising prices. On Aug. 16, the Labor Department said that for July, the Consumer Price Index (CPI) was “only” 3.5% above the level of July 1999.

And what about the month-to-month rate of increase? Overall, the CPI is headed for a 10% annual rate of inflation in 2000. But, the Labor Department says: Don’t worry, the “core” CPI (i.e., leave out food and energy expenses!) rose only 0.2% from June to July, and likewise rose only 0.2% for the prior four months running. So, as long as you don’t need food, or energy (gasoline, electricity, fuel oil, propane, diesel, natural gas), or anything made with energy, you don’t have to worry about rising prices.

One venal aspect of these statistical frauds, is that they deny whole sectors of the population their CPI-based cost-of-living increases (wages, Social Security, etc.).

The second reason for taking an across-the-board overview of U.S. price rises is to counter the disinformation that “happenstance” is driving up prices. The TV nightly news, and government spokesmen alike, have an “explanation *du*

*jour*” for every price rise: e.g., U.S. and other nation’s oil and gas prices are rising because Organization of Petroleum Exporting Countries member-nations aren’t pumping enough oil; fresh produce prices are rising because of drought; U.S. health insurance premiums are rising because of policy cycles; U.S. housing costs are rising because of rising population; and so it goes.

While there are factors particular to each kind of product and service bearing on prices, the larger reality is that the financial system itself is rotten to the point of collapse; U.S. economic activity is declining relative to per-household production and consumption requirements, despite record rates of imports—which cannot be sustained in any event. Then there is the impact on prices from speculation in scarce commodities and services, by financial interests that have positioned themselves to take advantage of the collapse.

Add to this the policy of liquidity pumping maintained by Federal Reserve Chairman Alan Greenspan and Treasury Secretary Lawrence Summers, acting to keep their Great Bubble aloft a while longer, and the hyperinflationary dynamic is assured.

In recent months, Lyndon LaRouche has stressed that the relevant historical point of reference is the 1923 hyperinflation during Germany’s Weimar Republic. LaRouche points out that today, while so-called “market forces” may be playing a role in, say, how the oil price rise is created, market factors and forces are not “causal.”

### Oil, Gasoline, and Transport

On Aug. 24, the price of Brent Crude in London hit a ten-year high of \$34.03 per barrel. This is above the first spike of \$34 per barrel on March 8, which itself was 300% above January 1999. Accordingly, the prices of all the petroleum-derived products—gasoline, fuel oil, jet fuel, diesel, and for chemicals as well—are jumping. The impact is rippling

throughout the economy. The talk is now of \$40-50 a barrel oil by year-end.

Nationally, the average gas pump-price went up from \$1.15 a gallon in 1999, to over \$1.50 in March. It then dipped, but now the price is climbing again. The airlines, trucking companies, and shipping services (UPS, FedEx, and the others) have all imposed rate surcharges to cover jet fuel, diesel, and related higher costs.

Fuel oil, propane, and natural gas prices are soaring for home heating. The average price of home heating oil today is 52.5% higher in August 1999. Residential heating costs could be as much as 50-200% higher this Winter, depending on location, and mode of heating, according to the Department of Energy's latest *Outlook Report*. These rises correlate with rising oil prices, and natural gas prices are also artificially pegged to oil prices, so they, too, are rising accordingly.

In the Washington, D.C. area, natural gas home heating costs are expected to rise by 27% this Winter; in Minnesota, by 50%.

On Aug. 23, the *Des Moines Register* reported on a recent survey by the Iowa Department of Natural Resources, showing that the average price for propane in the state (used to heat 149,000 households) has gone up 44% from a year ago, and is now at 84¢ a gallon. Department spokesman David Downing said that the price may rise to \$1 a gallon this Winter, or even double to \$1.60.

The cartel of natural gas and oil companies is making mega-profits, most prominently Enron, the global conglomerate tied to George W. Bush's Presidential candidacy, and formed by the 1985 merger of two natural gas companies from Oklahoma and Texas.

## Electricity and Housing

For New Yorkers, Consolidated Edison customers' June electric bills were 30% higher than a year ago. In San Diego, San Diego Power and Light customers' July electric bills were double those of a year ago. In August, McDonald's restaurants in San Diego added a surcharge of 10¢ per item, to cover the soaring electric bills. In Montana, the electric rates spiked so high that mining operations shut down and laid off all workers.

The United States now has a deficiency of electricity generating capacity, and deficiencies in transmission and distribution. To make matters worse, California, and other states, have implemented de-regulation of the power system and prices, so as to permit speculation in electricity futures during time of shortage, and to allow firms to "pass through" wholesale price spikes to consumers.

On May 23, the North American Electric Reliability Council (NERC) released a warning to expect trouble this Summer. On schedule, over a dozen outages hit California; New England and the Mid-Atlantic were spared only because of unusually cool, damp weather. A cartel of energy firms, including Enron, AES, Reliant, and Dynegy (with direct connections to both Bush and Al Gore), are raking in mega-profits.

Housing prices in certain parts of the country are soaring, even though elsewhere, in depressed parts of the farm belt and formerly industrial regions, they are sagging. Among the highest inflation rates in housing are in Metropolitan Washington, New York City, and parts of California. In Northern Virginia's "Silicon Valley East," Loudoun County, housing prices have risen by over 10% in a single year. The average price for a single-family detached home this February was \$316,000, up 18% from the average of \$269,000 during the first eight months of 1999. In New York City, where one in four households spends more than half its income on rent, the average cost of a Manhattan co-operative apartment has surpassed \$700,000.

Nowhere in the country is affordable housing being built on any significant scale. Nationwide, building permits for constructing new apartment buildings (five or more units) are dropping drastically. Overall, only about 1.5 million housing units are being built in the country, when several times what are needed to meet bare minimum requirements. Single-family, "big-mortgage" homes are the base of the highly leveraged, home real estate bubble. In the last eight years in New York, the stock of rental housing for less than \$500 a month has shrunk 55%. In Philadelphia, citizens are losing homes in mortgage foreclosures at the rate of 7.25 homes per day. Foreclosures for the year will approach 2,664, based on estimates by the Office of the Sheriff. This is almost twice as many as in 1997.

## Agriculture and Food

U.S. farmers are being hit by a 40% rise in direct costs, because of fuel expenses this year, according to Keith Collins, Chief Economist of the Agriculture Department, based on calculations as of July. The costs come from the various power needs on a farm:

**Diesel fuel** powers trucks that transport crops (especially since the takedown of the rail system), and also planting, harvesting, and tilling machinery.

**Electricity** regulates the climate in confinement buildings for hogs and chickens, powers irrigation, milking equipment, and other needs.

**Natural gas** is used to dry crops. It also accounts for 85% of the cost of production of anhydrous ammonia, the basis for nitrogen fertilizer. From mid-May to June, ammonia went from \$110 per ton to \$190; some manufacturers have stopped production altogether. Since late May, the price to the farmer for these fertilizers has gone up an average of 25%. Autumn, the next cycle for fertilization, is shaping up to be a crisis. "My fear is we're on the brink of another financial disaster in agriculture," Don Hutchens, chairman of the Nebraska Corn Board, told a U.S. Senate panel in July.

Faced with these impossible costs of production, and the low prices farmers receive for their commodities from the "free-market" cartel companies, mass ruin lies ahead. The implications for the consumer, of sudden and sky-high food price rises, are obvious.

## Growing Likelihood of Early Financial Crisis

*The threat of a catastrophic financial crisis, as a result of such factors as the U.S. current account deficit, the derivatives bubble, or the U.S. looting of other nations to prop up its speculative mania, is the subject of a number of commentaries in the world press.*

### Italy

**Mario Platero, *Il Sole 24 Ore*, financial daily, Aug. 25.**

The annual meeting of the U.S. Federal Reserve, opening on Aug. 25 in Jackson Hole, will debate the threat of a global financial crisis, according to correspondent Platero, who obtained copies of the speeches in advance. He reports that three positions will be presented: 1) Globalization presents no risk of global crises (Michael Mussa); 2) there is a threat of a global crisis, but it can be dealt with through “dollarization” or “euroization” (Paul Krugman); and 3) the threat is real and comes from the U.S. trade deficit, which could provoke a serious dollar crisis (Maurice Obstfeld and Kenneth Rogoff).

According to the third view, “A sudden adjustment of the U.S. current account balance could provoke a strong dollar devaluation, and the risk of a deep and rapid correction, according to our calculations, is very real.” Obstfeld and Rogoff say that “now it is not too early to consider pre-emptive measures.” Their timing, however, is wildly over-optimistic, as they warn of a run on the dollar and investment outflows *within the next five years.*

### Germany

***Frankfurter Allgemeine Zeitung*, Aug. 25.**

“The ticking gold derivatives time bomb” could pose a “threat to the international financial system,” writes the leading German daily, reporting on a study, “Gold Derivative Banking Crisis,” published by the Gold Anti-Trust Action Committee (GATA). The study has been sent to the U.S. Congress.

The committee emphasizes that the decade-long fall of the gold price, while gold consumption has been much higher than gold production, can only be explained by a conspiracy involving both central banks and private financial institutions. The total volume of the gold derivatives market remains unknown, as many of these derivative contracts are being traded in the unregulated over-the-counter (OTC) market. But it can be estimated, says the GATA report, that “short” positions on gold—which include the obligation to buy gold at a future

date—have already surpassed the equivalent of 10,000 tons of gold, about four times as much as the world’s annual physical gold production. If the exposure of a large financial institution in gold short positions were to become public, this would trigger a panic buying of gold by other traders, thereby causing a dramatic price increase. This in turn could pose a threat to the international financial system. The sudden \$84 per ounce increase of the gold price last September would be only a mild version of what could happen then.

### Japan

**“Japan Learns the Painful Lesson of Allying with a Bully,” *Asahi Shimbun* on the Internet, Aug. 23.**

“Japan bit the bullet for the U.S., by buying treasuries to maintain an alliance with the world’s only remaining superpower,” the article begins.

It gives a history of the enormous Japanese financial bailouts of the U.S. economy, since it “was afflicted with chronic ‘twin’ deficits in the 1980s.” Cash-rich Japan “eagerly used its financial windfall to plug America’s huge current-account and budget holes. Consequently, Japan became the largest of all creditor nations—at a price.” This “mass investment in American securities that propped up the dollar and helped the United States maintain its economic supremacy left many Japanese investors badly burned.”

The United States, with its massive budget and trade deficits and fragile dollar, was a financial black hole. “High interest rates fed by the gaping hole in the nation’s account books were sucking in foreign capital, every bit of which was needed to fill the vacuum. As the dollar strengthened, the trade deficit kept ballooning. High interest rates kept the dollar artificially strong, but an abyss lay underneath.”

The September 1985 Plaza Accord, the G-5 agreement to bring down the dollar against other currencies, began “the nightmare for Japanese investors in U.S. securities.” Japanese investors in the U.S. were hit with mounting foreign exchange losses, as the yen was forced up against the dollar. Former Vice Minister of Finance for International Affairs Tomomitsu Oba, who helped David C. Mulford, U.S. Treasury Undersecretary for International Affairs, put together the Plaza Accord, said he had “feared the accord would force Japan to sacrifice its own money to facilitate U.S. hegemony. Oba’s concerns were justified. . . . Oba later learned that the U.S. government had masterminded a strategy to lure Japan into playing a preconceived role to assist the dollar’s soft landing.”

*Asahi* quotes an anonymous senior Ministry of Finance official saying: “It was as if the Americans were trying to intimidate us into playing ball with them by warning us that we would be in serious trouble if the dollar collapsed. As the U.S. budget deficit was swelled because of massive defense spending, Japan—dependent on the United States for its security—had to avoid any serious dissension with Washington.”



# Committee for a New Bretton Woods Financial System Is Formed in Colombia

Twenty-eight people gathered in Bogotá, Colombia on Aug. 17 to found the Colombian chapter of an Ad Hoc Committee for a New Bretton Woods, inspired by the ideas and proposals of U.S. economist Lyndon H. LaRouche, Jr. The meeting was convoked by former Colombian Labor Minister Jorge Carrillo, and included participants ranging from university deans and labor leaders, a city council candidate, a bishop's delegate, a representative of the Colombian Federation of Townships, journalists, the president of the Colombian Association of Economic Consultants, a member of the Center of Higher Studies of the Society of Economists, and students. It was held at the University Gran Colombia, through the good graces of the dean of that facility.

Internationally, an Ad Hoc Committee for a New Bretton Woods is also circulating a call, which has been signed by hundreds of elected officials, economists, and other prominent persons. The statement notes the breakdown of the 1944 agreement at Bretton Woods, which had contributed to monetary stability and postwar economic reconstruction. It points to the growing discrepancy between the real, physical economy and financial speculation, ever since the decoupling of the dollar from the gold reserve system in 1971; the failure of "globalization" to secure benefits for all the world's nations; and the increasing disparity between rich and poor, both on the national and the international plane. "Considering the increasingly accelerating systemic crisis," the statement concludes, "we, the signators, have decided to constitute the Ad Hoc Committee for a New Bretton Woods." (The full text of the statement is in *EIR*, July 28, 2000.)

In Colombia, before the event began, Carrillo read a letter which Catholic Archbishop Msgr. Pedro Rubiano Saenz had sent, greeting the assembly and apologizing for being unable to attend. He also read the speech of Bogotá City Councilwoman Elsa Valbuena, who, although unable to attend, had spent hours in interviews with several radio stations that morning, announcing the formation of the New Bretton Woods Committee. As a result of her actions, several students came to participate in the event. (See *Documentation* for a report on her speech.)

In his speech to the gathering, Carrillo called on the Presidents of Colombia and of other nations to embrace the concept of the sovereign nation-state, and to stop being the simple administrators of the destruction of the nation on behalf of foreign interests. He gave a brief description of the Colombian

economic crisis, stressing the enormous domestic and foreign debt, and noted that there are already calls for a moratorium on the internal debt.

Journalist Octavio Quintero embraced LaRouche's policies and his warnings about the coming death of the financial system. Economist Gabriel Turbay discussed how high interest rates were preventing the real productive sector from surviving, and how globalization is out to destroy the nation-state, a situation which is leading to war.

At the conclusion, Max Londoño of the Ibero-American Solidarity Movement (MSIA) read a Bogotá Manifesto for a New Bretton Woods, and proposed a committee to lead it, to include Carrillo, Quintero, Turbay, and Londoño. The manifesto was signed by all participants and which will be widely circulated to the media and throughout the country.

---

## Documentation

---

### The Bogotá Manifesto

The following signers, without distinction of political belief, have decided to found the Committee for Reform of the International Financial System, for a New Bretton Woods, with the conviction that if the method and policies associated with the International Monetary Fund and similar institutions continue to be applied, the very survival of the human species will be in question. The monetary, financial, and administrative policies which have become the norm in the past 35 years, represent the deliberate abandonment of the commitment to scientific, technological, and industrial development that was characteristic, despite all its imperfections, during the 1945-63 period, when the original Bretton Woods System was still in force. It is necessary for the nations of the world to recover their monetary, credit, and exchange sovereignty, currently alienated by supranational entities.

Definitely after August 1971, when President Nixon established the system of floating exchange rates to replace the kind of relatively fixed exchange rates that existed until then, a paradigm shift was effected that has brought the world to the economic and financial bankruptcy that exists today. The

fixed, or relatively fixed, exchange rates generated monetary stability, which in turn produced the stability and expansion of world trade. After the process of “competitive devaluations” inherent in floating exchange rates began, a vast speculative bubble began to build, which today surpasses \$400 trillion, while the world’s Gross Domestic Product is barely 10% of that.

What gave relative strength to the Bretton Woods System in its first two decades, was the solvency of the U.S. dollar, which in turn was sustained by the high rates of technological and industrial renewal achieved thanks to the dirigist policies of Franklin Delano Roosevelt, inspired in the first place in the ’30s, when it was necessary to reactivate the economic apparatus following the Great Depression; this effort continued with the economic mobilization during the Second World War, and finally, despite the death of Roosevelt, who had promised to wipe colonial empires from the face of the Earth, the high rate of capital goods formation took off with Kennedy’s encouragement of the aerospace program. That is, the system of gold reserves (in contrast to the classic gold-based system, which limited monetary emission to the possession of physical gold, and which was always manipulated by the British Empire) and the dollar, which served as the currency of international exchange in 1945–63, was based in reality on a basket of tangible goods: the solid U.S. economy of the time.

With the 1963 assassination of President Kennedy, the retirement of German Chancellor Konrad Adenauer that same year, and the intensified harassment and threats against Charles de Gaulle which culminated in his resignation as France’s President in 1968, politics was defined as the abandonment of the industrial era based on science and technology, and the era of uncontrolled financial speculation was launched. Today, debt service grows more rapidly than the production of useful tangible wealth, and yet to honor as sacrosanct the cancerous debt service, savage “adjustment programs” are imposed, which contract the depressed economic base even further. This looting of both consumption levels of populations and of necessary technological and industrial reinvestment and renewal, has created the conditions in which the Four Horsemen of the Apocalypse begin to plague the nations of the world. Starvation, disease, social chaos, and war are the logical result of the application of IMF conditionalities. Most serious is that the magnitude of the human holocaust will surpass even the infamous Black Plague, which in the mid-14th Century, wiped out half of Europe’s population. Humanity could only begin to breathe again with the emergence of the Golden Renaissance and its fruit, the sovereign nation-state. Globalism is a simple attempt to return humanity to what it was five centuries ago, with the exception that now, it will be a world empire based on a technetronic financial oligarchy, and not on a landed feudal oligarchy as before. To prevent the debt from becoming an eternal debt, all forms of debt should be subject to a restructuring that establishes which portion is legitimate. Illegitimate debt should be forgiven.

American statesman Lyndon H. LaRouche is the most

outstanding statesman who, in the past 40 years, has prepared proposals for replacing the bankrupt IMF-based system. The New Bretton Woods, as he has called it, should generate enormous flows of new credit to channel into industrial modernization, the mechanization and technical upgrading of agriculture, and the construction of great infrastructure projects that humanity requires, so that there can be lasting peace among nations. We call on our compatriots to join our efforts to give life to the Committee for a Reform of the International Financial System, as a strategic forum that can offer solutions to the grave crisis facing humanity, and in particular, our beloved Colombia.

— Santa Fe de Bogotá, August 17, 2000

## Jorge Carillo Appeals to Colombians To Join

*Former Colombian Labor Minister Jorge Carrillo sent a letter to several distinguished Colombians, seeking their endorsement of the Colombian branch of the Ad Hoc Committee for a New Bretton Woods, whose founding meeting was held Aug. 17. Here are excerpts.*

The economic and social situation in Colombia is deteriorating daily, creating a highly dangerous situation for the stability of democratic institutions. Official unemployment is 20.4%, but the reality is that the level is higher. The joint effect of unemployment, industrial bankruptcy, generalized penury, and loss of security, is driving the Colombian people to desperation and to lose faith in the ruling class of our country.

The economic situation in Colombia is very similar to that of the majority of Latin American countries; the directors of the international financial agencies are largely responsible for our critical situation. As long as there is no change in entities like the IMF, World Bank, and so forth, the recovery of nations, the improvement of our populations’ living standards, and respect for human rights will not be possible. It is indispensable to create a new and just international monetary and financial system that can guarantee long-term, low-interest credit to finance industrialization, modernization of agriculture, and the construction of great infrastructural works, that nations need for there to be a lasting peace. What is required is a New Bretton Woods, that can take what was positive in the original Bretton Woods system, that is, fixed exchange rates, which allowed for relative monetary and trade stability for nearly the first two decades in which it operated.

In many international circles, there is great concern about the imminent collapse of the international financial system. At the end of this year, the Catholic Church plans to assemble nearly 5,000 world leaders in Rome to study the problem facing humanity over the cancerous increase in debt service,



*Former Colombian Labor Minister Jorge Carrillo is one of the founders of the Colombian chapter of the Ad Hoc Committee for a New Bretton Woods. He is shown here at a meeting in Germany in 1993.*

and the conditionalities imposed on nations. On a world scale, prestigious economist Lyndon H. LaRouche, who has been making alternative economic proposals for more than 40 years, is promoting urgent changes in the international financial system. Convinced of both your patriotic sentiment and your knowledge of Colombia's economic and social situation, permit me to send you this invitation to form a Committee for a New Bretton Woods, to whose first meeting I cordially invite you.

## Speech by Elsa Valbuena, Bogotá City Councilwoman

*The following are excerpts from the speech delivered to the Bogotá founding meeting of the Ad Hoc Committee for a New Bretton Woods, on behalf of City Councilwoman Valbuena.*

Last April 7, Amelia Boynton Robinson, U.S. civil rights activist and collaborator of Martin Luther King, Jr., together with Helga Zepp-LaRouche, German political leader and

wife of U.S. economist and statesman Lyndon H. LaRouche, and other prominent individuals of various nationalities, announced the formation of an Ad Hoc Committee for a New Bretton Woods. Since then, thousands of leaders from every nation and continent have subscribed to the manifesto convoking the Ad Hoc Committee. Various Colombian leaders, notwithstanding our different political persuasions, have strongly supported this initiative. Why replace the current international financial system, a system based on the infamous International Monetary Fund (IMF), and with what?

As an individual and as a member of the Bogotá City Council, I must state that I am highly responsive to any cause that advocates the successful survival of humanity. What is currently at stake, if we should continue the policy of draconian adjustments decreed by the IMF, is the unleashing on a world scale of something perhaps more terrifying than the bubonic plague that eliminated half the European population of the mid-14th Century. It should suffice to offer as an example, the uncontainable expansion of the AIDS pandemic that is threatening to extinguish, first, the population of Africa.

As I speak, there is currently an ongoing, indefinite strike in Bogotá of three top-level hospitals—Kennedy, Victoria, and Perseverancia—which serve 4 million people—and others, such as La Granja, Fontigon, Bosa, Simón Bolívar and Tunal, which are on the verge of suspending operations, because they have been financially abandoned by the Pastrana government, on the pretext of reducing public expenses to supposedly “balance the budget,” according to the guidelines that are established quarterly by the IMF mission that monitors Colombia. However, last year, the government spent 9 trillion pesos rescuing the financial sector. How are there going to be any funds for health, education, or public investment, if 40% of the new national budget that is being approved, is allocated to debt service payments?

I have called on Finance Minister Juan Manuel Santos—the same one who during his acceptance speech announced for us “more blood, sweat, and tears,” as if we haven’t shed enough—to abandon his loyalty to Wall Street and to the IMF, and respond to the legitimate interests of Colombians. The problem with the current international monetary and financial system, is that the debt service is growing more rapidly than the production of tangible wealth, and to guarantee continued payment on debt service, the IMF is imposing measures that still further contract production and employment. Before this produces a vast biological and human holocaust, on a planetary scale, it is necessary to bury for all time the usurious IMF-based system.

We need to mechanize agriculture, modernize industry, establish pilot centers dedicated to scientific research and its technological and industrial applications, and all this can be achieved if we can establish fair trade, not free trade. The world financial system is collapsing under the weight of its own evil; let us give it a quick burial, and build a viable new alternative without delay.

# Spain Battles IMF Conditionalities

by Rodolfo Torres

The Spanish economy has begun to show signs of decline, which cannot be taken as an exclusively Spanish affair, but as reflecting the general collapse of the world's economy. Spain's inflation rate is rising, not only in energy-related prices, but in real estate and consumer goods as well; decreasing sales of new cars might trigger a depression in that sector; labor conditions are becoming as bad as those in the *maquiladoras*, the assembly plants on Mexico's border with the United States, where workers live in slums are paid a pittance; and on top of this, the International Monetary Fund (IMF) has made "suggestions" for reform which clearly will only worsen the situation in the physical economy.

## Rising Inflation

As **Figure 1** shows, inflation is growing in real estate assets, with price increases of 15% in some regions.

The Society for Real Estate Valuations reports in its *Bulletin No. 19*, that the price of a square meter of new housing has increased by a national average of 6.5% in the first half of 2000. The inflation rate in some areas of Spain, such as in Vitoria in Euskadi (the Basque region) or in the Canary Islands, from December 1999 to June 2000, has been as high as 14.9%. The president of the Society for Real Estate Valuations, José de Pablo Méndez, expects to have a shift to a deflationary tendency, by the end of the year, due to decreased demand. De Pablo bases his analysis on the fact that the Bank of Spain has forced private banks, as well as the savings banks, to halt credit expansion. But, constriction of credits for housing construction will only make the housing market tighter, increasing the inflation rate. The IMF, on the other hand, says that more rental housing is needed, but its austerity conditionalities make that impossible.

After the statistical agency Eurostat released its analysis that, leaving aside oil prices, the inflation rate for the eleven "euro-zone" nations is only 1.9%, the Bank of Spain announced that rising oil prices was the cause of the inflation, which was 3.2% in the first six months of 2000, already surpassing the 2% limit for the whole year imposed by the European Central Bank. Not only are energy and real estate prices increasing, but consumer prices increased by 0.6% just in July (**Tables 1 and 2**), pushing inflation to the highest level since June 1996, and almost doubling official expectations for this year. This escalation of prices has provoked nervousness among leading institutions in Spain, but also has sparked discussion about whether to change the estimates, from 2% to a

more realistic 2.7% for this year.

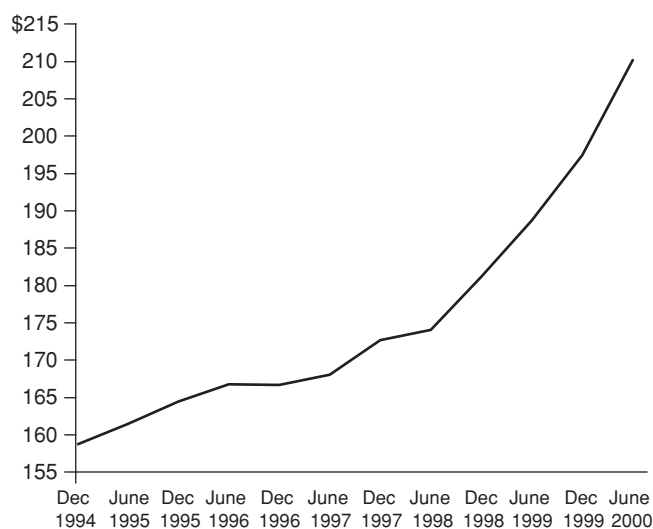
As the Bank of Spain and the European Central Bank have announced, increasing interest rates if inflationary pressures continue, would immediately affect mortgage interest rates (Mibor). The Mibor was officially reported in June 2000 to be 4.959%, up from 2.780% in June 1999, according to the Mortgage Association of Spain.

## Economic Barometers

One of the barometers of any economy has always been auto production and sales, and car sales are in a downward trend. The Bank of Spain, in its economic bulletin for July-August 2000, expected a fall in sales, and this has been corroborated by the National Association of Auto Makers (Anfac), in its monthly review of new-car registrations. For July 2000, it reports a 6.59% decline in auto sales compared to June 1999, and an 18.49% decline in all-wheel-drive cars. The explanation offered is that there has been a drastic fall in purchases by private, non-rental companies. But for all-wheel-drive vehicles, Anfac is already acknowledging that the market is in a deep recession.

The labor sector seems to be an obvious barometer for domestic consumption. Conditions for labor are not getting better, even though some areas of Spain are reporting "technical" full employment (86% employment of the economically active population). Reality is quite different, when the quality and the kind of jobs generated are taken into account. In Spain, it is no longer common to find full-time jobs. Instead, many more temporary jobs are now being created, which are subject to certain conditions, such as a time limitation or the fulfill-

FIGURE 1  
**Price of New Housing in Spain Is Rising**  
(Thousands Pesetas per Square Meter)



Source: Society for Real Estate Valuations of Spain ([www.st-tasacion.es](http://www.st-tasacion.es)).

TABLE 1

**Consumer Price Index in Spain**

(Percent)

Item	June 2000	January-June 2000	June 1999-June 2000
Food	0.6%	0.3%	2.4%
Clothing	0.0%	0.9%	2.1%
Housing	0.2%	2.5%	4.1%
House Furnishings	0.2%	2.1%	2.5%
Medicine	0.2%	2.5%	2.8%
Transport	0.2%	4.5%	6.0%
Culture	0.1%	1.0%	2.1%
Other expenses	2.2%	5.5%	5.0%

Source: National Statistics Institute.

ment of a specific task.

The General Workers Union (UGT) has complained to the government on three labor issues. The first, is the high rate of personnel turnover (involving more than a million jobs in June 2000 alone). The second, concerns the percentage of temporary jobs, which amount to 90% of all new jobs generated from 1997 to the present (Table 3). And finally, the greed among some businessmen, who have hiked prices and profits, while doing nothing to improve the salaries of the workforce. The UGT reported, in press releases on July 4 and 13, that the minimum wage has only grown 2.8% during this year.

The UGT denounces the precarious conditions generated as a result of the nearly 2 million jobs created in 1999 by temporary employment agencies, in which 85% of the contracts lasted less than a month, and more than half lasted less than five days. Such jobs have grown from 400,000 in 1995 to almost 2 million in 1999. The official figure for the first semester of 2000 is still at 91% of the total jobs created. This gives a 31.7% temporary job rate for Spain, making it number one in that area within the European Union.

**IMF Conditionalities**

On July 20, the IMF proposed several "reforms" to control Spain's "overheating" economy. These affect housing, labor, pensions, and health care, and are designed to control inflation and avoid medium- to long-term budgetary pressures.

The IMF has found a "paradoxical coexistence" of housing shortages and high rents. The proposed solution, is to increase the supply of rental housing, but the IMF does not specify how this will be achieved by building new houses, and how such a program would be financed.

The IMF proposals for the labor sector will only create the first steps to *maquiladora*, slave-labor conditions, killing any serious attempt to create permanent jobs, by maintaining the high number of temporary-job contracts, and taking advantage of the "booming" "New Economy" sector as a job-creation engine. However, the Spanish news agency EFE reported on Aug. 14, that 54.5% of the 150 existing Spanish companies listed on the stock exchange have been accumulat-

TABLE 2

**July Price Increases and Their Effect on the Consumer Price Index**

	July 2000 Price	CPI Increase
Potatoes	9.1%	.049
Lamb	4.5%	.028
Pork	3.4%	.027
Tourism	2.8%	.363
Poultry	1.9%	.018
Fresh Fish	1.5%	.030

Source: National Statistics Institute.

TABLE 3

**Number of New Jobs Created per Year**

	Total Jobs	Temporary	Permanent	Percent, Temporary/Total
1997	822,106	750,759	71,347	91.3%
1998	997,042	921,350	75,692	92.4%
1999	1,128,700	1,031,843	96,907	91.4%
2000*	1,198,705	1,101,759	96,946	91.9%

\* January to July 2000

Sources: General Workers Union of Spain, July 4, 2000 press release; Economics Ministry, Economic Report, July 2000; National Statistics Institute.

ing losses since the beginning of the year.

Another IMF labor proposal is to discourage early retirement, and to keep workers in the labor force after age 65, to increase the role of private pensions and reduce the public payouts for retirement.

Another so-called anti-inflationary reform already in effect, is expanding the hours that the commercial sector will remain open, in order to increase competition among retail outlets. But, as the UGT pointed out in a June 16 press release, entitled "Commercial Opening Hours Must Be Regulated," this will only guarantee the survival of the powerful transnational companies, and will eliminate the small retailers.

On health care, so far, the IMF sees the aging population, rising incomes, as well as the development of increasingly sophisticated and expensive medical technologies, as putting pressure on the health-care budget in the medium term. The recent reforms have cut government expenditures for health care, but additional cuts will be applied, particularly for pharmaceuticals, which, in the IMF's opinion, absorb a disproportionate share of the health-care budget in Spain.

The IMF's suggestions will clearly inflate the cost of living. The only feasible solutions to the problems that Spain is facing today, are not the IMF's austerity proposals, but a global solution: the New Bretton Woods financial reorganization proposed by Lyndon LaRouche, and global infrastructure development projects, such as the Eurasian Land-Bridge and the Oasis Plan for the Middle East.

# The Oligarchy's Plan for Montenegro: Financial Balkanization and a New War

by Umberto Pascali

Has the countdown toward a new war in the Balkans already started? Many recent developments would suggest that this is the case, and that another NATO intervention is being geared up, at least by some among the most adventurist faction, the so-called "Brzezinski gang." This time, the *casus belli* is supposed to be provided by the Republic of Montenegro, which, along with Serbia, makes up the Federal Republic of Yugoslavia.

On Aug. 14, the Foreign Press Bureau carried a story from Zagreb, Croatia, saying that the British weekly *Observer* had reported that the Montenegrin government had asked NATO to declare Montenegro a "no-fly zone," to be enforced by NATO aircraft, as well as a more pronounced NATO presence in the Adriatic Sea. Montenegrin Foreign Minister Vojin Djukanovic denied that any such request had been made, and added that his government "did not even consider such an option"—despite that fact that some high-ranking international officials have done so. Apparently, the British are running their usual "black propaganda."

Then on Aug. 15, the U.S. State Department warned U.S. citizens not to travel to Serbia or Kosovo, and to be aware of the possible dangers of travelling to Montenegro. The reason given was the danger of hostilities toward American citizens from both the authorities and ordinary people in Serbia. There is also supposedly a "security threat" due to anti-government demonstrations in Yugoslavia leading up to the Sept. 24 Presidential elections. The government in Belgrade is said to be spreading "aggressive anti-American propaganda," including "unfounded accusations of the involvement of American diplomats in the political murders in Serbia and Montenegro."

Montenegro, together with Serbia, are the only republics remaining in rump federal Yugoslavia. Montenegro is a small coastal republic, with 600,000 inhabitants, and it was the most faithful ally of Serbia at the beginning of its war of aggression against the other republics that made up socialist Yugoslavia. Montenegro has the highest percentage of supporters of the "Greater Serbia" ideology pushed by Belgrade's strongman, Yugoslav President Slobodan Milosevic. Furthermore, the economies of Montenegro and Serbia have been totally integrated, and the only way that the President of Montenegro, Milo Djukanovic, was able to claim some "economic independence," was by letting the underground "black" economy grow to levels unprecedented even in the Balkans.

Since at least 1998, Djukanovic has been promoted by U.S. Secretary of State Madeleine Albright and British Prime Minister Tony Blair, to take a more and more independent position vis-à-vis Yugoslavia. On the other hand, according to most observers, Djukanovic does not control a majority of the Montenegrin electorate, which reportedly opposes breaking links with Belgrade. For this reason, he opposes a referendum on Montenegrin independence. The pressure on Djukanovic on the independence issue has created a very volatile situation, which has brought Montenegro to the verge of a civil war.

The only level on which the "independence" of Montenegro has taken a big step forward, is on the financial level. At the moment, a bill for the creation of a currency board is before the Montenegrin Parliament. The key person in this scenario is American free-market economist Steve H. Hanke, known as "the evangelist" of the currency board, who has been the adviser, some say controller, of Djukanovic, and, since July 13, 1999, has been the official economic adviser to the President.

The case of Montenegro illustrates the consequences of the Balkan strategy pushed by the Anglo-American oligarchy. The determination of this oligarchy to force Montenegro into semi-colonial rule, using the instrument of the currency board, sheds light on what the real game has been in the Balkans and eastern Europe since 1989. The colonialist currency board, as it is to be applied—according to Hanke's blueprint—to Montenegro and Yugoslavia, and as it has already been applied to Bosnia, gives a good insight into "post-modern" colonialism, otherwise known as globalization.

The "Brzezinski gang" set up the series of provocations and dirty tricks that led to 11 weeks of NATO bombings in 1999, which destroyed the civilian infrastructure of Serbia, Kosovo, and Montenegro. Under the ideological orchestration of Zbigniew Brzezinski and the British oligarchy, they were able to smash the resistance of a majority of NATO member-countries.

The fundamental motivation for that military adventurism had little to do with the Balkans, and a lot with the impending blowup of the globalized financial bubble, which is still being pumped up daily by Wall street and the City of London. Once the financial oligarchy had taken the decision to "keep pumping" instead of considering a rational way out, the strengthen-

ing of the “New NATO” — as the modern, globalized version of the British imperial navy — became the only way to keep control of a world situation that was exploding, in opposition to the speculative looting required to feed the bubble. The financier oligarchy’s aim was and is to destroy every vestige of the sovereignty of the nation-state: from the United States, to Russia, to Yugoslavia, to Indonesia and Malaysia. That means destroying the nation’s armed forces, which are necessary for defense, and its currency, which is essential to develop its labor force and industry. It is this context, in which the operations around Montenegro must be understood.

### What Is a Currency Board?

The instrument to “privatize” Yugoslavia—as well as many other countries then considered part of, or linked to the Soviet bloc — was the “currency board,” the financial instrument invented and used by the British Empire to control its colonies much more firmly than any army could.

Technically, a currency board reduces a nation’s currency to an extension of an international reserve currency — usually the dollar or the pound sterling — by limiting the nation’s domestic currency issuance to the amount of foreign currency the government holds. This destroys a nation’s economy in several ways. First, it sharply limits the currency in circulation, and thus the potential for economic growth. Second, the currency board is run by foreign financiers, not nationals of the country itself. The country is left with no sovereign authority to issue credit for anything. Third, the board enforces harsh austerity. The country is forced to become a cheap goods exporter, unable to afford essential capital goods imports. Finally, under a currency board, the nation’s currency must be kept “fully convertible,” which means that it is always subject to the threat of financial warfare. (See Richard Freeman, “Currency Boards: Going Back to the Methods of British Colonial Rule,” *EIR*, Feb. 27, 1998.)

In other words, the currency board means slavery, and the legalization of drugs and the black market, which is where the nation’s dollars are to come from.

The institution of the currency board, in opposition to a national bank, was revived by Sir Alan Walters, the top financial adviser of then-British Prime Minister Margaret Thatcher. In 1983, Walters was given the task by the Iron Lady to “stabilize” the currency of Hong Kong, at the time, a Crown Colony. He did it by establishing for the first time a modern form of the “orthodox currency board,” which had basically disappeared from the world with the decolonization of Africa and Asia in the 1950s and ’60s.

It was Walters who passed the idea of the currency board along to an American economist who had worked with him at Johns Hopkins University, Prof. Steve H. Hanke. Hanke and a like-minded graduate student, Kurt Schuler, were sent to London to study the colonial archives, and became experts in the history of the currency boards. Then Hanke was deployed to bring the financial colonial virus back into the

## Hanke on Yugoslavia

*The following are remarks by U.S. economist Steve H. Hanke, on his scenario for Serbia and Montenegro.*

The only way to guarantee sound money is to dump the National Bank of Yugoslavia and the dinar and replace that currency with the German mark. The G-8 must insist on this, and there should be no assistance to Belgrade until this happens.

— July 5, 1999

To conclude that Montenegro is the next Balkan hot spot is an understatement. The U.S. must abandon its Yugoslavia policy of unity at all costs and support Montenegrin independence before, not after, more blood is spilled in the Balkans.

— Sept. 6, 1999

Balkanization has also been a prominent force in the 1990s. With the collapse of the Soviet Union, a large unified currency area was dismembered. In consequence, 15 national currencies officially circulate where the ruble once ruled the roost. Much of the same occurred after Yugoslavia broke apart. Now six currencies circulate as legal tender. The last time currency balkanization occurred on such a grand scale in Europe was during the monetary chaos that followed World War I. In 1914, Europe had ten currencies. By 1920, Europe had 27 paper currencies.

— Jan. 3, 2000

world.

Hanke does not attempt to conceal the colonialist nature of the enterprise, and its British origins. In a paper published in June 2000, “Currency Board for Developing Countries,” Hanke insists that a colonial currency board “without protection” was better than a National Bank run by an independent country. “Many past currency boards, especially in British Colonies, have lacked formal legal protection. They have had much informal protection though. Most have been managed by British or British-trained civil servants who absorbed a long tradition of financial rectitude. The British government would have fired colonial officials who tried to devalue colonial currency against sterling.”

Hanke’s first experiment was Yugoslavia. During 1990-91, he was the “personal economic adviser” to the Vice Prime Minister of Yugoslavia, Zivko Pregl. The currency board formula, just taken from the vaults of the colonial archives in

London, was to be applied there, immediately after the collapse of the Berlin Wall in 1989. In 1990, Hanke and Schuler prepared the text of a "Currency Board Law for Yugoslavia" (see *Documentation*). A majority—three out of five—of its directors were to be foreign citizens chosen by foreign banks.

The imposition of the currency board almost succeeded, but, in the end, the plan was rejected, a slap in the face that Hanke and his sponsors did not forget. Still, on Jan. 24, 1994, when Milosevic was solidly in power in Belgrade, he tried to apply the currency board reform. In a commentary in the April 28, 1999 *Wall Street Journal*, Hanke could not contain his pride, despite all his anti-Milosevic rhetoric: "I received a congratulatory phone call from Belgrade. Allegedly the super-dinar system [the dinar is Yugoslavia's currency] had been patterned after the currency board blueprint in my 1991 book, *Monetary Reform and the Development of a Yugoslav Market Economy*."

After Yugoslavia, Hanke became the economic adviser to several countries' leaders, imposing currency boards wherever he had a chance. During 1994-96, he was State Counselor on Monetary and Financial Issues in the Republic of Lithuania; in 1995-96, he was adviser to Argentine Economics Minister Domingo Cavallo. Since 1997, he has been an adviser to President Petar Stoyanov of Bulgaria. In 1998, he was appointed Special Counsellor to the Economic and Monetary Resilience Council in the Republic of Indonesia, making his contribution to the destabilization and impoverishment of the fourth-largest country in the world.

Finally on July 13, 1999, immediately after NATO took over Kosovo, Hanke was appointed adviser to Montenegrin President Djukanovic, and promptly presented legislation for a Montenegrin currency board.

Hanke became the key representative of the globalizers, advising (some say manipulating) the young Djukanovic on a complex strategy, aimed not just at forcing tiny Montenegro to accept the currency board scheme, but, more importantly, at implementing the plan that failed in 1990 in Yugoslavia.

This is also the plan that is now being pushed by Albright, a supporter of Djukanovic. Albright's ultimate goal is to create a coalition that would include Montenegro, the Kosovo Liberation Army (KLA), and the Serbian opposition to Milosevic, a coalition that would take over, not just Montenegro, but the whole of Yugoslavia, and implement the currency board "reform," eliminating any remains of financial sovereignty. Milosevic has been offered many "sweetheart deals" if he accepts this scenario, but, as any informed observer realizes, it is not up to Milosevic to decide. There is a strong military and political elite in Belgrade that, at this point, is determined to resist. Their strategic thinking is based on the assumption that, as sometimes they declare openly, the Anglo-American "paper empire" is going to collapse. They also believe that it is more and more difficult for the adventurists of the "Brzezinski gang" to launch another NATO attack,

because of the increasing resistance within NATO itself. Besides, they see the most intense phase of Yugoslavia's isolation as a thing of the past. Russia, despite a public zigzag posture vis-à-vis Belgrade, has rejected any request from NATO to pressure Yugoslavia.

Even more dramatic is China's change in attitude. Only due in part to the U.S. bombing of their embassy in Belgrade in May 1999, the Chinese have stepped up support for Yugoslavia, culminating in the state visit of Li Peng, the chairman of the Chinese Parliament, to Belgrade in June 2000. There has also been a growing influx of Chinese workers into Yugoslavia, as well as financial support through credit lines from Beijing.

Furthermore, the promises of economic reconstruction made by Washington and the European Union to Yugoslavia's Balkan neighbors, turned out to be worthless. As soon as NATO took over Kosovo, the promises evaporated. A few, limited projects to reconstruct bridges and other infrastructure have been pushed by the Yugoslav government, and, of course, greatly amplified by Belgrade's propaganda machine.

## Strategy of Tension

NATO's expectation of an early collapse of Yugoslavia following the bombings and the economic destruction, is no longer a real working hypothesis at this point. But if the expectations of a collapse have vanished, the machinery put in place around Montenegro, to "apply pressure" on Belgrade, has not vanished, and risks a collision course with Belgrade at any moment.

This "strategy of tension" is a dangerous and cynical strategy, which has many times almost created a bloodbath. On July 12, the only Montenegro press agency, Montenafax, reported that a coup d'état almost took place during the Montenegro Parliament's debate on the new electoral law in Yugoslavia, which would have made possible the re-election of Milosevic for another term, and would have reduced the power of the Montenegro Parliament (and therefore of Djukanovic also). The agency wrote: "The recent parliamentary session was held amidst raised combat readiness by Yugoslav Army units, which were awaiting an order to intervene militarily to resolve the political crisis in the republic on the expectation that Podgorica [Montenegro's capital] would declare independence. Army generals loyal to Milosevic had completed all preparations for the coup. All preparation had been conducted with the active participation of Yugoslav Prime Minister Momir Bulatovic, who had spent several days in Podgorica and kept an active communication with leading military officials in Podgorica and Belgrade during the session."

Prime Minister Bulatovic, a Montenegrin, gave a warning and a threat to Djukanovic, whose policy was labelled in an official statement as a "policy of discord, divisions, and conflict. . . Its consequences could be disastrous for internal



peace, order, and stability inside Montenegro. Stories they are spreading around the world that the Yugoslav army will attack Montenegro are untrue and unworthy.” The Yugoslav Army, he said, will continue to “protect the borders of Yugoslavia,” i.e., both Serbia and Montenegro.

At the same time, several Yugoslav military officers made some very tough statements on the war danger that the Montenegro situation would produce. “The leaders of Montenegro have undertaken a series of activities which directly undermine the country’s defense system,” said Army Chief of Staff Gen. Nebojsa Pavkovic on July 31. The NATO strategy could lead to new conflicts, and NATO “would inevitably be drawn into them. Losses could be extensive and victims numerous.” Referring to the activation of the KLA in south Serbia, Pavkovic stressed that “the threshold of endurance of the Serbian people and other non-Albanian populations is low. The Yugoslav Army is ready and able to settle scores with all paramilitary and terrorist forces now.” And one of Belgrade’s top military commentators, Miroslav Lazanjski, called the same day for “microsurgical precision strikes against important targets in neighboring countries,” to prevent them from making their air space available to NATO, as happened during last year’s NATO bombings.

### ‘Brother, It’s Better for Me To Shoot You’

While the debate inside NATO over whether to go for a new war over Montenegro gets tougher by the day, it was a British newspaper, the *Independent*, that revealed what many observers already knew: that the British Special Air Services (SAS) special forces was training Montenegro special police for a clash with the Yugoslav Army. The SAS organized the war in 1993 between Muslims and Croats in central Bosnia, by training and arming paramilitary gangs from both sides and setting them one against the other. A 15,000-strong special Montenegrin police corps (the *Spezijalni*), is being trained by the SAS for an armed confrontation with Serbia, and/or an internal bloody confrontation.

According to the *Independent*, the *Spezijalni* have been trained especially to fight other Montenegrins, the Seventh Battalion of the Yugoslav Army that is 100% composed of Montenegrins. The potential for an internal bloodbath implied in the SAS training of these extremist elements is illustrated clearly by the interview in which “an experienced officer in the *Spezijalni*, Velibor, 23, spoke of his time with the British unit: ‘It was great. We learnt a lot,’ Velibor stated. ‘If somebody wants to harm our country, you have to shoot him. It doesn’t matter if it’s your friend or your father or your brother. My best friend—or he used to be, he joined the army and I joined the police—told me “brother, it’s better for me to shoot you because then you can’t shoot me.” ’ ”

The paper interviews one of the *Spezijalni*’s officers and explains that “the force will be the front line of defense if the Yugoslav President, Slobodan Milosevic, attempts to oust

the separatist Montenegrin President, Milo Djukanovic, and replace him with a leader loyal to the union with Serbia.” The *Independent* writes: “The SAS training includes hostage rescue. A key scenario played out by the anti-terrorist unit of the *Spezijalni* is how to react to an attempted coup by forces loyal to Mr. Milosevic.” Psychologically, the Montenegrin trainees are considered capable of anything and, as a result of the SAS course, are proud to be considered “crazy,” training without protective clothing and with live bullets, because “we have a heart, a big heart.”

---

## Documentation

---

### Hanke’s Currency Board Plan for Montenegro

On July 27, the government of Montenegro presented a bill calling for the establishment of a new “Central Bank.” The official communiqué stresses that the new institution will function as a “Currency Board.” The Bank is the project of Prof. Steve H. Hanke, official adviser of Montenegro President Milo Djukanovic. In a statement delivered before a U.S. Congressional committee in January, Hanke detailed his blueprint for a Montenegro “orthodox Currency Board System.”



The new Central Bank is based on the concepts in raving monetarist Friedrich von Hayek’s *Denationalization of Money*. It will have its legal headquarters, not in Montenegro, but in Switzerland! Montenegro would produce its own currency, the marka, which would be only nominally emitted by the Montenegrin government, being an instrument of the Swiss-based Currency Board. The government of Montenegro will be able to nominate only two of the board’s directors, the others three “shall be citizens of the Group of Seven countries appointed by the Bank for International Settlements (BIS) in Basel, Switzerland.” If the Currency Board does not keep the imposed exchange rate, it will be “subject to legal action for breach of contract according to the laws of Switzerland.” The bank notes cannot be printed in Montenegro, but outside.

The board’s reserves will not be held in Montenegro, but shall be held on deposit at the BIS in Basel. The Montenegro

government will be deprived of any even formal say on the activity of the board, to the point that the board “shall not hold securities issued by the national or local governments of Montenegro, or by enterprises owned by those governments.” The government will have to change promptly its banking laws if they are not consistent with the Currency Board Law.

To be noted is Hanke’s stress on the similarity between the Montenegro board and the Bosnia currency board, mandated by the 1995 Dayton Accords, which formally ended the war between Bosnia, Croatia, and Serbia.

It is atrociously cynical, that Hanke repeats on every possible occasion that the Currency Board shall be established in order to guarantee the “independence” of Montenegro.

### **Hanke’s Testimony**

*The following is the testimony of Steve H. Hanke before the International Financial Institution Advisory Commission of the U.S. Congress, Jan. 3, 2000. Emphasis is added.*

As President Djukanovic’s economic adviser, I recommended that Montenegro adopt the German mark as legal tender. They did so on Nov. 2, 1999. I have also recommended that Montenegro install an orthodox Currency Board System (CBS).

The regime that I have recommended for Montenegro approximates Professor F.A. Hayek’s notion of a competitive currency regime (F.A. Hayek, *Denationalization of Money. The Argument Refined: An Analysis of the Theory and Practice of Concurrent Currencies* [London: Institute of Economic Affairs, 1978]).

Under my proposed setup, Montenegro would produce its own currency, the marka, via a Swiss-based orthodox Currency Board System and use it as a unit of account for keeping the government’s accounts. And in addition, all other currencies would be legal for private parties to make transactions, contracts, and for purposes of keeping their accounts.

The following law—and everything of importance is always contained in the Currency Board System laws, something professional economists rarely dirty their hands with—contains the elements of a Montenegrin Currency Board System and the competitive currency regime I have recommended for Montenegro. It is important to stress that I have opposed all initiatives to issue a Montenegrin marka via a Montenegrin-based Currency Board System or central bank.

1. The Montenegrin Currency Board is hereby created. The purpose of the Board is to issue notes and coins in Montenegrin markas, and to maintain them fully convertible at a fixed exchange rate into a reserve currency as specified in paragraph 6.

2. The Board shall have its legal seat in Switzerland and shall be subject to the laws of Switzerland.

3. a) The Board shall be governed by five directors. Three directors shall be citizens of the Group of Seven countries

appointed by the Bank for International Settlements (BIS) in Basel. Two directors shall be appointed by the Government of Montenegro, with one being a citizen of the Group of Seven countries and one being a citizen of Montenegro. The directors from the Group of Seven countries shall not be employees of governments or multi-governmental organizations. b) A quorum shall consist of three of the Board’s directors, including at least one of the directors chosen by the Government of Montenegro. Decisions shall be by majority vote, except as specified in paragraph 15. c) The first two directors appointed by the Government of Montenegro shall serve terms of one and four years. The first three directors appointed by the BIS shall serve terms of two, three, and five years. Subsequent directors shall serve terms of five years. Directors may be reappointed once. Should a director resign or die, the BIS shall choose a successor to complete the remainder of the term if the former director was appointed by the BIS, or the Government of Montenegro shall choose the successor if the former director was appointed by the Government of Montenegro.

4. The board of directors shall have the power to hire and fire the Board’s staff, and to determine salaries for the staff. The by-laws of the Board shall determine salaries for the directors.

5. The Board shall issue notes and coins denominated in Montenegrin markas. The notes and coins shall be fully convertible into deutschemarks (euros after July 2002). The notes shall be printed outside Montenegro. The Board may accept deposits of deutschemarks (euros after July 2002).

6. a) Initially, the reserve currency shall be the deutsche mark, and the fixed exchange rate shall be one Montenegrin marka equal to one deutschemark. b) Failure to maintain the fixed exchange rate with the reserve currency shall make the Board and its directors subject to legal action for breach of contract according to the laws of Switzerland. This provision does not apply to embezzled, mutilated, or counterfeited notes, coins, and deposits, or to changes of the reserve currency in accord with paragraph 13.

7. The Board shall charge no commission for exchanging Montenegrin markas for the reserve currency, or the reverse.

8. The Board shall begin business with foreign reserves equal to at least 100% of its notes and coins in circulation and deposits with it. It shall hold its foreign reserves in securities or other forms payable only in deutschemarks or euros. These reserves shall be held on deposit at the BIS. The Board shall not hold securities issued by the national or local governments of Montenegro, or by enterprises owned by those governments.

9. The Board shall pay all net seignorage (profits) into a reserve fund until its unborrowed reserves equal 110% of its notes and coins in circulation and deposits. It shall remit to the Government of Montenegro all net seignorage beyond that necessary to maintain 110% reserves. The distribution of

net seignorage shall occur annually.

10. The head office of the Board shall be in Podgorica. The Board may establish branches or appoint agents in other cities of Montenegro. The Board shall also maintain a branch in Switzerland.

11. The Board shall publish a financial statement, attested to by the directors, monthly or more often. The statement shall appraise the Board's holdings of securities at their market value. An annual audit of the Board shall be made by an international audit firm and shall be published by the Board.

12. The Board may issue notes and coins in such denominations as it judges to be appropriate.

13. Should the annual change in the weighted average of the consumer price index for the member countries of the European Monetary Union fall outside the range 5% to 20% for more than two years, or 10% to 40% for more than six months, the Board must, within sixty days, either: a) devalue (if the change in the index is negative) or revalue (if the change in the index is positive) the Montenegrin marka in terms of the reserve currency by no more than the change in the index during the period just specified, or b) choose a new reserve currency and fix the exchange rate of the Montenegrin marka to the new currency at the rate then prevailing between the

new reserve currency and the former reserve currency.

14. If the Board chooses a new reserve currency in accord with paragraph 13, it must convert all its foreign reserves into assets payable in the new reserve currency within one year.

15. The Board may not be dissolved nor may its assets be transferred to a successor organization unless all of the following conditions are satisfied: 75% of the members of the Parliament of Montenegro approve, the President of the Republic of Montenegro approves, and all of the directors of the Board approve.

16. The Board may accept loans or grants of reserves from multi-governmental organizations or foreign governments. During the life of the Board, the cumulative value of these loans and grants shall not exceed 130 million deutschemarks valued in 1999 deutschemarks.

17. Exchanges of currency by the Board shall be exempt from taxation by the Montenegrin governments.

18. Both Montenegrin markas and deutschemarks (euros after July 2002) shall be legal tender for paying taxes and settling debts in Montenegro, and these legal-tender currencies shall be the only currencies used for final settlements in the payments system of Montenegro. However, Montenegrin markas and deutschemarks (euros after July 2002) shall not

## Hanke Denounces Plato on Financial Sovereignty

The control of a nation over its currency is one of the tenets of a sovereign republic, while the market's "freedom" is a way to foster oligarchic despotism. Prof. Steve H. Hanke, in an article titled "Reflection on Exchange Rate Regimes," April 17, 1999, traces the roots of state intervention in establishing currency exchange control back to Plato, "the father of statism." In a rather confused, enraged assault on the great philosopher, Hanke writes:

"The pedigree of exchange controls can be traced back to Plato, the father of statism. Inspired by Sparta's of Lycurgus [sic], Plato embraced the idea of an inconvertible currency as a means to preserve the autonomy of the state from outside interferences. It is no wonder, therefore, that the so-called Red-Brown coalition in the Russian Duma [lower house of Parliament] has rallied around the idea of exchange controls and an inconvertible ruble. This also explains why the leadership of Beijing finds the idea so user-friendly."

Plato is so dangerous still today, according to Hanke, that he is to be considered ultimately responsible for Malaysia's currency controls. "Alas Malaysia's mercurial

Prime Minister, Mahathir Mohamad, imposed draconian controls on Sept. 2, 1998."

### What Plato Said

*Here is a relevant excerpt from Plato's The Laws:*

"The citizen of the ideal state will require "a currency for the purpose of every day expenses; This is practically indispensable for workers of all kinds and for such purposes as the payment of wages to wage earners. To meet these requirements, the citizens will possess a currency which will pass for value among themselves, but will not be accepted outside their own boundaries. But a stock of some currency common to the Hellenic world generally, i.e., of international currency, will at all times be kept by the state for military expenditures or official missions abroad, such as embassies, and for any other necessary purposes of state. If a private citizen has occasion to go abroad, he will make his application to the government and go; and upon his return if he has any foreign currency left over in his possession, he will hand it over to the state, receiving in exchange the equivalent in local currency.

"If he be found to be secreting it, let it be confiscated to the treasury; and let any who is privy to the act and conceals it, be liable equally with the importer to curse and reproach, and in addition to a fine of amount no less than the amount of foreign currency imported."

be forced tender for contracts between private parties. Private parties shall be free to contract among each other in any currencies they wish to specify.

19. The Montenegrin Currency Board Law shall take effect upon its passage by the Parliament of Montenegro. (Note: The Parliament of Montenegro must amend the laws governing the banking system, the payments system, and contracts, so that they are in accord with the Montenegrin Currency Board Law).

## The Real Target Is National Sovereignty

*What follow are quotes from some of the Steve H. Hanke's articles and interviews concerning his (and his sponsors') Balkan strategy. In 1990-91, Hanke was the adviser to the Vice President of Yugoslavia, Zivko Pregl. At that time he pushed to impose upon Belgrade something as close as possible to a Currency Board System. The main point was that the National Bank of Yugoslavia could not be used to issue credits, or favor investments, or intervene in the country's economy in any way. Hanke's strategy at that time did not work. Hence his fury, not so much over Slobodan Milosevic's crimes, but at the resistance in Belgrade to the currency board scheme. Actually, according to reports, Milosevic had been trying to follow Hanke's recipe, applying a monetary "reform" in 1994 that was to faithfully follow the plan published by Hanke and Kurt Schuler in 1991, under the title "Monetary Reform and the Development of a Yugoslav Market Economy."*

### **"Disarm Milosevic's Money Machine," *Forbes*, July 5, 1999.**

A few weeks after NATO took over Kosovo, Hanke, a member of the G-7 Council Steering Committee, stated the real goal of the bombing campaign: The target was not so much Milosevic and his regime, but the National Bank of Yugoslavia and the financial sovereignty of the country. Yugoslavia must be deprived of its financial and economic sovereignty, to be substituted by a Currency Board System. Interestingly, Hanke identifies himself with the 14th-Century oligarchical Republic of Venice fighting against the Serbian "counterfeiter."

Here are excerpts from his article:

"How can the G-8 [Group of Eight] help reverse this terrible damage to Yugoslavia's economy and to its people's confidence in their financial system? The only way to guarantee sound money is to dump the National Bank of Yugoslavia and the dinar and replace that currency — literally, in people's wallets — with the German mark. The G-8 stability pact must insist that the mark become official, and there should be no

assistance to Belgrade until this happens. Such a mandate would be analogous to the provisions in the Dayton Accords providing for sound money in Bosnia.

"Long before NATO struck Yugoslavia, Slobodan Milosevic and his henchmen had hyperinflated and destroyed the country's economy. A peace agreement aimed at ending the crisis must, therefore, disarm both Milosevic's military machine and his money machine, the National Bank of Yugoslavia. I urge the G-8, as it develops its plan, to focus on imposing sound money on Yugoslavia. The great Austrian economist Ludwig von Mises was right when he said that sound money belongs in the same class as constitutions and bills of rights.

"In the past, Milosevic took his cue from his own country's history. The old Serbian kings were notorious coin-clippers. As long ago as the early 14th Century, King Milutin minted imitation Venetian silver coins at Novo Brdo and Prizren, located in what is now Kosovo. Venice banned the fakes. The contemporary rulers of Yugoslavia have proven just as untrustworthy with money. From 1971, when President Nixon slammed the gold window shut and devalued the dollar relative to gold, through 1991, the year Yugoslavia broke apart, that country's annualized inflation rate was 76%. [Milosevic's] monetary crimes were first uncovered in 1991, when the federal government of Prime Minister Ante Markovic discovered that late in 1990 the Milosevic-controlled Serbian parliament had secretly ordered the Serbian National Bank (a regional central bank) to issue \$1.4 billion in credits to friends of Sloba. That illegal plunder sabotaged the Markovic government's teetering plans for economic reform."

### **Interview with Voice of America, July 28 1999.**

**Hanke:** "The Yugoslav dinar is poison. It has been since 1971 the world's worst currency. There is no currency, even in Africa, that is worse than the Yugoslav dinar. There are really only two good things in the Balkans right now from the economic point of view. And that is the Bosnia marka and the Bulgarian leva. Because all the other currencies are really junk currencies. They are fifth-rate currencies."

**Voice of America:** "Under the Currency Board System, a government's hands are tied. Currency can be issued only if there are foreign reserves available to match the domestic money. In both Bulgaria and Bosnia, the domestic currencies are linked to the German mark. Mr. Hanke believes it is vital that the foreign reserves necessary to back up Montenegro's proposed currency be kept in Switzerland — or at least outside Yugoslavia. Three of the proposed five members of the board would be appointed by Western governments."

### **"Montenegro, the Next Balkan Hot Spot," *Forbes*, Sept. 6, 1999.**

Just one week before being officially appointed Montenegrin President Milo Djukanovic's economic adviser, Hanke gave his ultimatum to those in the United States who are still timid about supporting his currency war. Either the United

States support the establishment of the Currency Board and Montenegro's independence from Yugoslavia, or there will be "more blood spilled in the Balkans." Of course, his is exactly the approach that would lead to a new bloodbath, given that possibly up to 50% (some sources say more) of the Montenegrins—regardless of their opinion of Milosevic—do not want to break up the Federal Republic of Yugoslavia. Hanke writes:

"Last month Montenegro, one of the two remaining republics in Yugoslavia, threw in the towel on the Yugoslav federation. Montenegro has suffered enough economic hardships. Since 1991 the dinar has been devalued 18 times, with 22 zeros having been lopped off that unit of account; another devaluation is in the cards. . . .

"Montenegro, where I operate as President Milo Djukanovic's economic adviser, is demanding a new, looser confederal relationship with Serbia, one in which the two would be equal and sovereign states. This would allow Montenegro to have its own sound money and free-market economic system. Belgrade has until the end of September to respond. If it rejects Montenegro's proposal, Montenegro will hold a referendum on total independence. . . .

"In principle the U.S. is not opposed to a new confederation, because 'unity' would be preserved. However, the Clinton Administration has reservations about a separate currency for Montenegro, particularly since the Montenegrins want to establish a currency board. Under the proposed plan, a Montenegrin marka would be fully backed by deutschemark reserves and trade freely at a fixed 1 to 1 exchange rate. . . . The Clinton Administration insists that certain conditions must be met before a currency board can work. What nonsense! The Dayton Accords mandated that Bosnia install a currency board, which it did successfully in 1998; so did Bulgaria, in July 1997. In both cases, none of these conditions had been satisfied. Bulgaria's currency board has been a roaring success. And the Bosnian board represents perhaps the only institution in the country that is free of corruption. To conclude that Montenegro is the next Balkan hot spot is an understatement. It's time for the U.S. to defuse the time bomb. The U.S. must abandon its Yugoslavia policy of unity at all costs and support Montenegrin independence before—not after—more blood is spilled in the Balkans."

**"Yugoslavia Destroyed Its Own Economy," *Wall Street Journal*, April 28, 1999.**

In January 1994, Hanke confesses, he received a "congratulatory phone call" from Slobodan Milosevic's Belgrade. In the commentary quoted below it is clear that Hanke could not hide, even five years later, and despite all his verbal attacks on Milosevic, his satisfaction. In fact he continually stresses how his recipe worked in making Milosevic's "superdinar" more stable. The only real problem Hanke has with Milosevic's reform, is that the National Bank of Yugoslavia did not become "transparent" enough, i.e., was not dismantled.

This—and not any anti-Milosevic slogan—is still the *conditio sine qua non* of Hanke and his sponsors, to lift the sanctions on Yugoslavia.

"On Jan. 6, 1994," Hanke writes, "the dinar officially collapsed. The government declared the German mark legal tender for payment of all financial transactions, including taxes. With the ultranationalist Mr. Milosevic at the controls, this monetary arrangement was bound to be short-lived. And it was. In a desperate attempt to stop the monetary chaos, the National Bank of Yugoslavia announced a major currency reform on Jan. 24, 1994. A 'superdinar' was introduced, pegged to the deutschemark at a rate of one to one. That made the superdinar worth 13 million old dinars. In less than a month, an incredible 15 zeros had been slashed from the dinar.

"Shortly after the first superdinars hit the streets, I received a congratulatory phone call from Belgrade. Allegedly, the superdinar system had been patterned after the currency board blueprint in my 1991 book, *Monetary Reform and the Development of a Yugoslav Market Economy*. I was incredulous. An orthodox currency board system in Mr. Milosevic's Belgrade? After all, that would have required all the dinars to be fully backed by German marks and to trade freely at a fixed exchange rate with the mark. In addition, the National Bank of Yugoslavia would have to be transparent. But there was absolutely no transparency in the new setup; the superdinar 'currency board' was as phony as a three-dollar bill.

"[However,] the bogus superdinar system did end the hyperinflation. Monthly inflation plummeted from 312 million percent in January to only 2,143% in February, and -6.2% in March. But by late 1995, the flaws in the phony currency-board system were there for all to see. Measured against the dollar, the superdinar was devalued by 62.6% on Nov. 26 and by 57.9% in April 1998. Today the dinar is trading on the black market at less than half its official value of six dinars to one deutschemark. Slobodan Milosevic should be put in the dock on yet another human rights infraction.

"Is there a moral in all this for Russia? The IMF granted Russia full membership on June 1, 1992. Since then, the Russians have played a cat-and-mouse game with the IMF, while citing that revered institution the way they used to cite Karl Marx. The ruble and the economy have reached depths not dreamed of in 1992, and Russian nationalism is growing. There are too many Yugoslav ingredients in the Russian powder keg for comfort. . . ."

***To reach us on the Web:***  
**[www.larouchepub.com](http://www.larouchepub.com)**

# Business Briefs

## Nigeria

### Much Foreign Debt Is Illegal, Says Obasanjo

Much of the foreign debt now ascribed to Nigeria is illegal, President Olusegun Obasanjo said on Aug. 14, the Nigerian daily *Vanguard* reported. The country's legitimate foreign debt was no more than \$5 billion in 1986, he said, yet Nigeria has since paid \$16 billion servicing the \$5 billion debt, and wondering why the debt has kept rising. President Obasanjo made the remarks at a joint press conference with President Hugo Chávez of Venezuela, who was on a visit to the country.

"That \$28 billion came about because of the injustice in the foreign creditors' interest rates," Obasanjo said. "If you ask me what is the worst thing in the world, I will say it is compound interest."

Obasanjo said that the Group of 77 nations would be working out a strategy on how to persuade the Group of Eight countries of the immorality of the huge foreign debts for the developing nations. He stressed the need for all the developing nations of Ibero-America, Africa, and Asia to work together on the issue of debt relief. He said, "Where there is anything like lukewarmness in some countries, we should work against it, because we should swim together, otherwise we sink separately." He asked developing nations to put their house in order by making judicious use of resources accruing from debt relief.

The leaders said that the two nations had agreed to cooperate in oil, agriculture, solid minerals development, and promotion of science and technology.

## Industry

### Many Corporate Managers Are Junkies, Experts Say

Many top corporate managers have become heroin addicts, according to a letter to the editor in the Aug. 16 London *Financial Times* by New York-based certified social workers and psychotherapy specialists Jean

E. Sherman and Leah Leatherbee.

The authors of the letter, headlined "Hidden Epidemic of Corporate Junkies High on Cheap Heroin," emphasize that "addiction to hard drugs can no longer be considered the exclusive plight of the poor. Our experience in treating numerous professionals, including many corporate officers of Fortune 100 and 500 companies, bears this out. In recent years, we have seen a dramatic rise in the number of corporate officers and business executives — your readership — seeking our private outpatient opiate detox and relapse prevention services. This hidden epidemic among high-end drug abusers is largely attributable to the vastly increased availability, lower cost, and higher purity of heroin."

The authors describe that because of its greater purity, heroin today can be sniffed or smoked, and this is becoming very fashionable "in certain industries and affluent communities, [and] often offered recreationally at parties." The authors further note that "unlike the typical junkie featured in articles about drug addiction, the corporate drug abuser continues to work, making decisions worth millions of dollars with impaired judgment."

## Health Policy

### Swaziland Takes Steps To Control AIDS Spread

Tfholongwane Dlamini, chairman of the Swaziland National Council Standing Committee that advises King Mswati III, called for creation of camps to quarantine HIV/AIDS sufferers from the wider public. "These people should be kept in their own special place if we want to curb the spread of this disease," Dlamini said at a national HIV/AIDS consultative meeting, the South Africa daily *News 24* reported on Aug. 17. King Mswati, who had organized the conference, was among those in attendance.

A Health Ministry official is quoted saying that Dlamini was misinformed, that "HIV cannot be spread through casual contact." But, the official confirmed that "at least one-quarter of the population of 1 million is infected with HIV, and life expectancy is

predicted to drop to 30 years from the present 38."

At the conference, Swazi chiefs resolved that single people would have to undergo an HIV test before they get married. On behalf of the chiefs, Magujwa Magagula said that they decided to take this stand to assist in the fight against the spread of the disease. "As chiefs, we are not going to allow people to get married in our chiefdoms before they test of the disease," he said. "We are not going to tolerate the people who get angry when they are told to go for an HIV test, because this is a serious issue."

King Mswai issued a call for AIDS testing, and said that he would personally go for an HIV/AIDS test every year. He added that the entire royal household would have to do so as well. "If we can do this every year, everyone of us in the country can do it and this would make us know our health status," he said. He explained that a number of countries and international organizations were willing to assist the country, but this would only happen if the strategies were put into place to control the disease and that these strategies were clearly defined. He said that another consultative meeting would be organized to adopt a strategic plan for implementation.

## Finance

### Telecoms Risk Greater Than Sovereign Debt

The risk that the international telecommunications sector could trigger a global financial blowout "is at least as great, if not greater, than that of sovereign debt," a senior City of London economist told *EIR* on Aug. 17.

The economist said, "The banks and bond traders advancing these huge sums of capital, over \$50 billion in the ongoing German third generation mobile license auction alone, haven't thought seriously about the risks if things start to go wrong. The [mid-August] Chapter 11 bankruptcy of the U.S. telecom company GST, which defaulted on \$1.2 billion in bonds, to my mind marks the signal turning point. The problem is, in the rapid expansion of giant telecoms in the last several years, with huge cross-border merg-

**THE U.S. TRADE** deficit hit a record \$30.6 billion for June, up from the revised figure for May of \$30.3 billion. Leading the trade deficit record were a jump in shipments of crude oil and industrial supplies.

**THE ORGANIZATION** of Islamic Conference will meet in Tehran, Iran on Sept. 27-28, to study setting up an Islamic common market. It will deal with trade and technology transfer, financing mechanisms, and joint investment. The new structure is expected to double trade among member-states, which currently accounts for 10% of their foreign trade.

**HALF OF SOUTH AFRICAN** high school students are HIV-positive, AIDS Training and Information Centre manager Rose Hegner said at the first inter-tertiary AIDS conference in East London, South Africa on Aug. 11.

**A COMMERCIAL** seaport in Gaza City, which will cost \$70 million, is now under construction. Palestinian Minister of Finance Mohamed Nashashibi said it could employ 15,000, and would help the Palestinians open trade with Arab and other nations. "The Palestinian Authority had prepared itself to improve and develop the . . . infrastructure and to build the industrial zones as soon as the Palestinian state is declared," he said.

**GREYHOUND** Bus Lines, Inc., the last vestige of U.S. continental public ground transport, and the only inter-city connection for many small communities, is seeking "alternative financing," because its parent company, Laidlaw, Inc., has recently cut off funding. In a filing with the Securities and Exchange Commission, Greyhound said that it "may not be able to continue to operate as a going concern" if funding is not secured.

**CHINA** loses 100 billion yuan (about \$13 billion) a year due to lack of water, the Aug. 14 *People's Daily* reported. Over 600 cities lack a stable water supply.

ers such as the \$50 billion takeover by Deutsche Telekom of the U.S. VoiceStream, if one large telecom goes under, it could trigger rapidly hundreds of billions [of dollars] of global defaults in bonds and bank loans. But unlike with the Asia crisis or Russia in 1997-98, here there would be no IMF [International Monetary Fund], nor central banks, ready to bail it out. A crisis of this dimension has no precedent."

The German daily *Süddeutsche Zeitung* commented that the mobile license auction marks the "last stage of capitalism," that is, "virtual capitalism," which will be followed by "final vaporization." The stage of virtual capitalism has been reached, once "invisible hands" move around giant sums of non-existent money, money that has to be raised somewhere, to buy something "which doesn't exist, and where nobody really knows if it will ever exist."

## India

### Vajpayee Declares 'Development Decade'

Prime Minister Atal Behari Vajpayee, speaking on the twin themes of *suraksha* (security) and *vikas* (progress), from the ramparts of the Red Fort in Delhi on India's 53rd anniversary of independence, set a target of "doubling India's per-capita income" in the next ten years, *The Hindu* reported on Aug. 15. He dubbed it the "decade of development."

The Prime Minister said that he wants the younger generation to be brought face-to-face with changing technology. "I want to see every school and every village have access to computers and the Internet in as less a time as possible," he said. He ended by calling for a "*Parishrami Bharat*" (industrious India), "*Parakrami Bharat*" (achieving India), and a "*Vijayi Bharat*" (victorious India).

Meanwhile, on the eve of an Aug. 19-25 visit to India, Japanese Prime Minister Yoshiro Mori called for an Information Technology (IT) initiative for India. It includes sending a 100-member IT mission led by a top industrial official to India in October; assess-

ment of IT investment and partnership opportunities; and holding an Indo-Japan summit in the Fall, to include ministers and leaders in IT from both countries. Prime Minister Mori was also expected to announce that Indian IT engineers going to Japan would automatically be admitted for three years, instead of a three-month visa.

The Japanese have applied IT to a full-set economy, i.e., machine-tool and related heavy industry.

## Economic Crisis

### Survey Portrays Ukraine as Nation of Unemployed

In Ukraine, "most of those who are nominally employed there, have no job in reality, and those who have one, don't get paid for it," said Guy Standing, research project director for a 1999 survey of Ukraine reported on in the Aug. 15 issue of the Geneva-based weekly newsletter of the International Labor Organization. A follow-up survey is being prepared for 2000.

Industrial companies in Ukraine are running at only 44% of capacity, compared to 66% in 1995, which puts the country far below other industrial nations. More than 18% of the labor force is on unpaid vacation — which keeps them out of the official unemployment statistics. Some 12% of the female workforce is on "maternity leave," despite the fact that the birth rate is extremely low. With these and other tricks, the workforce has been cut by 30%, and the official unemployment statistics show only 5% jobless.

Some 80% of firms had difficulties paying wages, 80% paid less than agreed, and the average period of unpaid wages is more than 20 weeks. Moreover, the wage-paying systems that were introduced, upon the recommendation of "international financial institutions" during the 1990s, have created a situation where a minority of workers are paid wages below the minimum needed for survival. This has reduced living standards on a broad scale: Life expectancy is down to 62 years for males and 73 years for females, and the population dropped from 52 million in 1990 to 50 million now.

## A 'Pearl Harbor Effect' in Russia

by Jeffrey Steinberg

In a matter of days, as the worst strategic-military crisis of the post-Soviet period was unravelling, bringing this planet to the thermonuclear brink, Russian President Vladimir Putin rose from mere elected President to national hero. Putin's handling of an egregious provocation, instigated by an insane Anglo-American financial oligarchy—the destruction of the Russian nuclear submarine, the *Kursk*, in maneuvers in the Barents Sea—played a principal role in averting World War III, at least for the moment.

Through a series of public actions on Aug. 22 and 23, President Putin unleashed inside Russia a “Pearl Harbor effect” of the crisis. The impact of that “Pearl Harbor” reaction may now give him and his allies, including former Prime Minister Yevgeni Primakov, the opportunity to take on the powerful Russian mafia “tycoons,” who are a “fifth column” for the Anglo-American financial oligarchy inside Russia.

It may be months before the precise details of what happened in the waters of the Barents Sea on Aug. 12 are known. Indeed, the full story may never emerge from the secret archives of Russia, the United States, and Great Britain. But what is clear, is that British and American naval vessels, including at least three submarines, were sent into the area where Russia's Northern Fleet was conducting its greatest large-scale maneuvers in more than a decade, and engaged in what even a former Reagan Administration Assistant Secretary of Defense described as outrageously provocative act of Cold War aggression, a real-life “Hunt for Red October.” The preponderance of evidence suggests that a Western submarine, probably a British submarine, collided with the *Kursk*, causing it to sink with all 118 crew members lost.

### Putin's Finest Hour

On Aug. 22, President Putin travelled to the headquarters of the Russian Northern Fleet, and held an emotionally

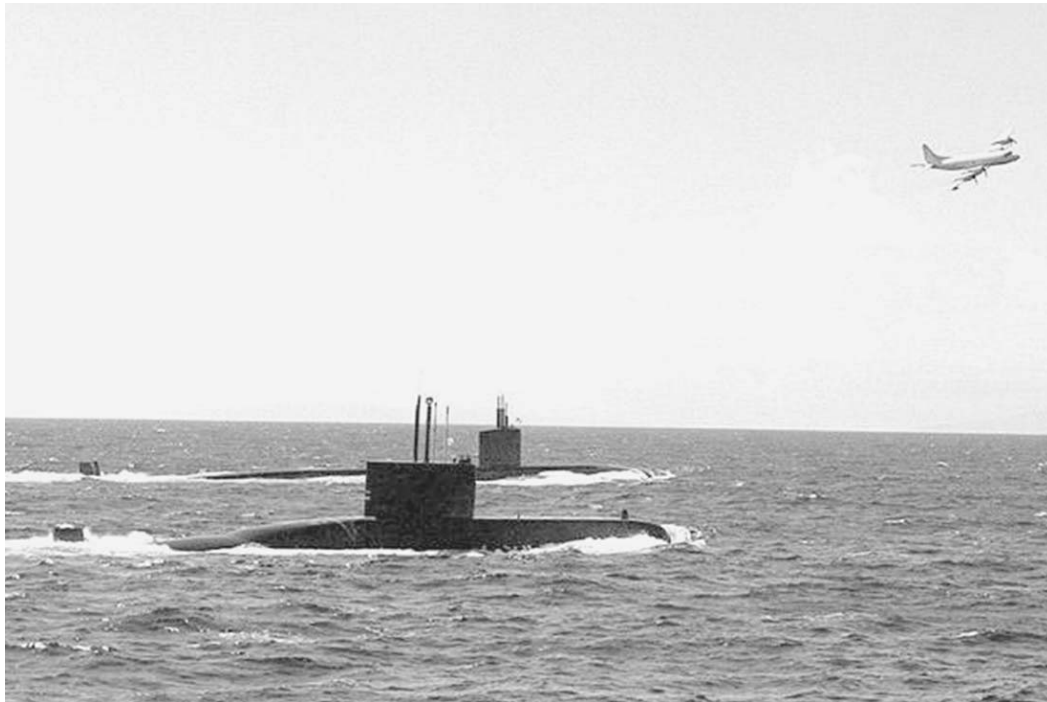
charged six-hour meeting with the families of the sailors and officers who died on the *Kursk*. The next day, he delivered a televised report to the Russian people about the loss of the *Kursk*, conveying both a profound sense of sadness and personal political responsibility, but, also, a confidence that Russia will emerge stronger from the tragedy, and will revive its military and economic strength. He also levelled severe, unambiguous attacks against the so-called “tycoons” who have profitted from the looting of Russia, and who now reside in fancy villas on the Mediterranean coasts of France and Spain. He placed the responsibility for the weakened state of the Russian military squarely on their shoulders, and chastised them for the hypocrisy of now attempting to portray themselves as the closest “friends” of the families of the perished *Kursk* crew, by launching a fundraising drive to help the families.

The response to Putin's television address has triggered a strong psychological shift in Russia. Putin has rapidly gone from being a President under attack, to being a leader in the eyes of the Russian people—one who can steer Russia back to its appropriate position on the world stage.

Two further developments suggest that President Putin is prepared to act decisively to fulfill the promise he made to his people, to restore Russia's dignity and place among the great powers. First, he has established a high-visibility alliance with former Prime Minister Yevgeni Primakov. Primakov's eight months in office, from September 1998 to April 1999, marked a decisive, albeit brief, break with the policies of the so-called “liberal reformers,” who looted Russia to the bone, with the full connivance of British and Wall Street financier oligarchs and the International Monetary Fund (IMF).

On behalf of the Fatherland-All Russia bloc in the State Duma (lower house of parliament), Primakov issued a statement on Aug. 23, calling for the revival of the Russian mili-





*Surveillance of naval maneuvers by U.S. and South Korean submarines.*

tary-industrial complex, through adequate state investment, and a revival of Russia's scientific and technological capabilities.

Second, Putin issued a decree on Aug. 21, asserting more direct control over relations with the International Monetary Fund, by appointing a top member of his cabinet as Russia's IMF Governor, in place of the Central Bank chief. Coming three days after the IMF formally demanded that Russia cancel its recently reinstated oil-export quotas (designed to prioritize domestic fuel needs), Putin's move showed his intention to take relations with the Anglo-American financier-looters more closely in hand.

In the immediate aftermath of the sinking of the *Kursk*, LaRouche had assessed that Russia would launch a "counter-scare" campaign against the Anglo-American oligarchs, demonstrating that their efforts to destroy Russia as a politico-military power had failed, and that their own power would be challenged. Nothing could scare—and harm—these financier madmen more than the wiping out of their Russian mafia looting-partners.

### **Anglo-American Oligarchs Gone Mad**

This brings us back to the fundamental issue: The sinking of the *Kursk*, and the Russian President's effective response to the incident, can be properly understood only in the context of the accelerating collapse of the global financial system, which has posed an existential threat to the continuing power of the Anglo-American financier oligarchy. Faced with the doom of their system, these London- and Wall Street-centered forces have been driven to a state of desperation, where they

are prepared to risk triggering a thermonuclear World War III, rather than surrender their grip on world financial and political power.

The situation today, in that respect, is like that leading up to World War I, when the British Empire was faced with a similar threat to its imperial power, through the emerging alliance among the United States and key nations of Eurasia—from France and Germany through Russia, China, and Japan—to build a zone of peace and prosperity, a "Eurasian Land-Bridge," stretching from the Atlantic to the Pacific, based on an alliance of sovereign nation-states, in the spirit and tradition of John Quincy Adams and the American System of Political Economy. Rather than see their colonial empire defeated, the British launched a string of terrorist actions, to defend their geopolitical power. World War I was the direct result.

LaRouche captured the current state of affairs aptly in an Aug. 20 statement, which was released prior to the public revelation that there had been the Aug. 12-13 near-nuclear confrontation. LaRouche wrote, "At this point, no miracle could save the present IMF-centered global financial and monetary system from collapse in the immediate future. The system is doomed, hopelessly so. That is the good news. The bad news is, that the presently ruling international financier-oligarchy will not willingly accept its inevitable doom peacefully.

"That oligarchy," LaRouche continued, "as self-caricatured by the present editorial staff of the *Wall Street Journal*, is as mad as Lady Macbeth. Under these circumstances, every crisis-spot in the world, inside the U.S.A. itself, in the Ameri-



Russian oligarchs Konstantin Kagalovsky and Natasha Gurfinkel. Kagalovsky are closely linked to Wall Street, Al Gore, and the City of London. Konstantin was Russia's liaison to the International Monetary Fund in the early 1990s, while Natasha worked for the Bank of New York. The two were involved in a scheme that was exposed in 1999, to loot at least \$15 billion from Russia.



One of the Russian oligarchs whom President Putin denounced in his televised interview: Vladimir Gusinsky, general director of the Media-Most Group.

cas generally, in Africa, and in Eurasia generally, is the site of a local political firestorm either in flames, or about to erupt. It is not the tinder of the local hot-spot which causes this phenomenon; it is, rather, the heat of the global crisis of the financial system which seeks out, and tends to ignite all available tinder, such as the case of the sinking of the *Kursk*. In this state of affairs, those firestorms tend to come together, threatening an early global conflagration of awesome, but otherwise unpredictable, intensity, duration, and consequence.”

While the U.S. and European media have all but blacked out any relevant news about the sinking of the *Kursk*, choosing

instead to heap ridicule on the Russian military and on Putin, Russian officials and some Russian press have providing chilling evidence of just how close the world was to thermo-nuclear extinction on Aug. 12-13.

On Aug. 22, Pravda.ru ran a banner headline, “World War III Could Have Begun on Saturday.” The article, one of a series of carefully worded leaks from high-level Russian government sources, is found in the *Documentation* section of our *Feature* coverage. “For several days,” wrote Pravda.ru, “the world hung by a thread, and one false political move could have led to an exchange of nuclear strikes.” “Happily,” the paper concluded, “the incident in the Barents Sea was successfully resolved by political means. Agreement to ‘end the affair in peace’ was reached during a telephone conversation between Vladimir Putin and Bill Clinton.”

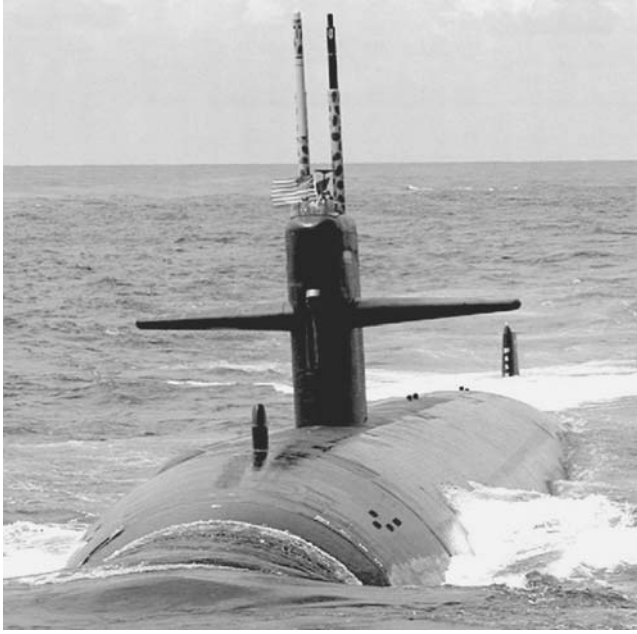
John Helmer, a Moscow-based journalist who writes for

## Clinton’s Los Angeles Speech Hinted at Crisis

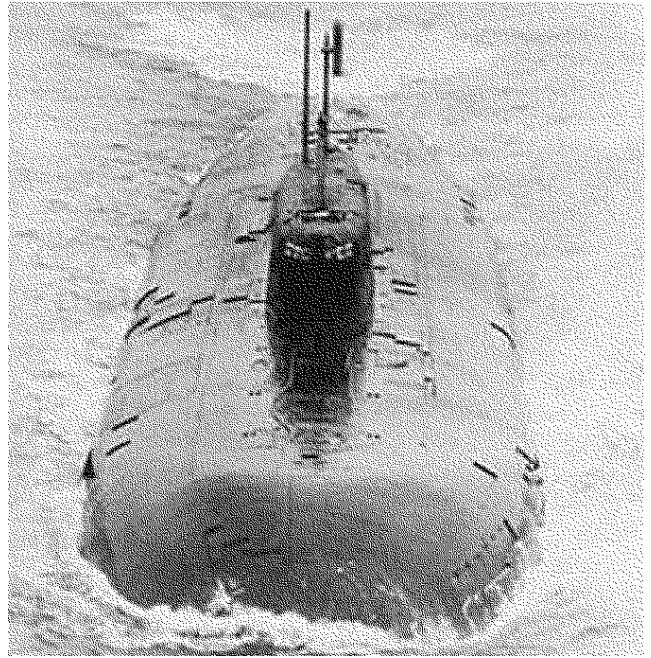
On Aug. 12-14, as the *Kursk* affair was beginning to play out, President Bill Clinton was in Los Angeles, in preparation for the Democratic National Convention. It was during this time frame that the crucial Moscow-Washington military and Presidential consultations were occurring. Clinton, in his address to the opening session of the convention, made no direct mention of the crisis in the Barents Sea, but, at one point, made an historical reference, to emphasize that a sudden sequence of events can alter the course of history in a profound manner.

Near the end of his address, Clinton stated, “When I graduated from high school in 1964, I assumed, like most Americans, that our economy was on automatic — nothing could derail it. We thought our civil rights problems would be solved in Congress and the courts. We never dreamed Vietnam would so divide and wound our nation.

“Before we knew it, there were riots in the streets. Leaders I adored as a young man — Robert Kennedy and Martin Luther King — were killed. Lyndon Johnson, a President I admired for all he did for civil rights, the elderly, and the poor, said he would not run again because our land was so divided. The next election took America on a far different, more divisive course. And within months after that election, the last, longest economic expansion in history was, itself, history.” — Jeffrey Steinberg



A nuclear-powered American submarine, the Los Angeles-class USS Key West.



A Russian submarine of the same Oscar II class as the sunken Kursk.

the *Journal of Commerce* and the *Moscow Tribune*, in an article in the Aug. 22 Singapore *Straits Times*, reported, “The Russian sub drama looked like war at the start.” Helmer’s article is also given in *Documentation* below.

Despite a farago of lies from the media of the NATO countries about Putin’s so-called “uninterrupted vacation,” Putin acted: He ordered an immediate rescue effort, and ordered the military high command to make a strategic assessment of whether the sinking of the *Kursk* had been a conscious act of war by some elements in NATO—either American or British, or both.

According to Washington sources, it was through a series of military-to-military back-channel communications, and a personal phone conversation between Putin and Clinton, that World War III was averted. But for nearly 48 hours, from Aug. 12-14, the world’s survival hung in the balance—due to the insane antics of the Anglo-American oligarchy.

The momentary avoidance of such a superpower thermo-nuclear confrontation should offer little solace, because until the underlying issues are addressed, the kinds of wild miscalculations and flights-forward that caused the *Kursk* affair, are bound to recur. Until the power of the Anglo-American financial oligarchy has been stripped, they will continue to operate like a wild beast in its death throes, committed to taking the rest of the world down with them.

Consider that just prior to the *Kursk* incident, the Russian Federal Security Service (FSB) had exposed that a British intelligence front, a “charity” called the Halo Trust, had been providing demolitions training and equipment to hundreds of Chechen rebels, under the guise of removing land mines in-

side the breakaway Russian republic (see “Russia Accuses British ‘Halo Trust’ of Hand in Chechen War,” *EIR*, Aug. 25, 2000).

More recently, a so-called Islamist insurrection has been launched against the Central Asian republics of the former Soviet Union. This destabilization along the southern tier of Russia, targeting the oil and strategic raw materials wealth of the Caucasus, the Caspian Sea, and Russia’s Central Asian borders, conforms precisely to Zbigniew Brzezinski’s “arc of crisis” geopolitical agenda for the total destruction of Russia. At the recent “World Democracy Forum” fest in Warsaw, Poland (see “French Foul Up Albright’s ‘Democratic’ Fascist Scheme,” *EIR*, July 7, 2000), both U.S. Secretary of State Madeleine Albright and global speculator George Soros highlighted the “New Great Game” for control over the Fergana Valley in Uzbekistan. That valley is now the scene of an invasion by the Taliban rulers of Afghanistan.

### Publication of Record

Unless you were privy to confidential national security cable-traffic, none of the shocking developments reported here were likely brought to your attention until this moment. As during the 1991 Operation Desert Storm, the Spring 1999 Kosovo war, and other similar crises, the major U.S., British, and continental European media maintained a nearly total, uniform blackout of the truth—not in the interests of national security, but on behalf of the very Anglo-American oligarchy that was pressing this new global showdown. In the present case, the reality that the world was on the brink of nuclear World War III was hidden beneath a “Bodyguard of Lies.”

# Aug. 12-23: World Was on Verge of War

by Edward Spannaus

**Saturday, August 12:** As part of Russian naval exercises being conducted by the Northern Fleet in the Barents Sea, the Russian nuclear submarine *Kursk* was to launch a cruise missile, and then to identify specific vessels and hit the main target with a torpedo. The commander reported having fulfilled the first task, and was expected to report having fulfilled the second task by 1800 hours (Moscow time). When he fails to do so, and does not respond to orders communicated from the North Fleet Command, the Fleet Command alerts, and then deploys, search and rescue forces.

Meanwhile, at least two explosions are detected by Western sources in the Barents Sea, and Russian hydroacoustical instruments detect three powerful explosions.

**Sunday, August 13:** At 0300 hours, Defense Minister Igor Sergeev gets his first report from the Central Command Post. Sergeev reports to President Vladimir Putin at 0700 hours that the *Kursk* had failed to establish communication.

At 1840 hours, the location of the *Kursk* is detected, with a second object at its side, which is comparable in size to the *Kursk*. Rescue efforts begin amidst high seas. Buoys are also sighted, of the type ejected in the case of a submarine accident.

For the first 48 hours after the sinking of the *Kursk*, the world is on the verge of nuclear war. Russian officials spend the first two days after the sinking of the *Kursk*, determining whether this is an act of war by the United States and/or NATO, or an accident. This involves top-level secret discussions in Russian and U.S. military channels, and then between Presidents Putin and Clinton. This is reported both by sources in Russia, as cited below, and confirmed by well-informed U.S. intelligence sources.

**Monday, August 14:** The first Russian announcement to the public of the loss of the *Kursk* is released. Russian Navy Commander Adm. Vladimir Kuroyedov says it is likely that the *Kursk* collided with another vessel, perhaps a foreign vessel spying on it.

The last knocking sounds by surviving crew members is heard from the *Kursk*.

U.S. National Security Adviser Sandy Berger speaks to his counterpart, Sergei Ivanov, asking if there is any assistance that the United States could provide, according to official U.S. statements.

**Tuesday, August 15:** The first official offers of assistance

are received, according to President Putin. NATO sources say that a group of Russian military officers went to NATO headquarters in Brussels to discuss assistance. Russian sources say that a Russian Navy delegation was also in the United States.

An official Pentagon spokesman says that there are no U.S. subs involved in the incident, and that the U.S. cannot say whether it was an explosion or a collision. U.S. Secretary of Defense William Cohen sends a note to Russian Defense Minister Sergeev offering U.S. assistance.

**Wednesday, August 16:** Putin meets with former Prime Minister Yevgeni Primakov and other members of the Academy of Sciences, at his office in Sochi. Russian TV coverage of Putin's remarks on the Russian state's need for science and technology shows Primakov standing beside the President.

Clinton has 25-minute conversation with Putin. According to an official White House statement, Clinton renews the U.S. offer of assistance; they also discuss other matters, according to the White House.

**Thursday, August 17:** *Krasnaya Zvezda* (*Red Star*, the official Russian Defense Ministry daily) cites Defense Minister Sergeev's reference of "irrefutable evidence" of a collision with some foreign object, and presents various elaborations of such a scenario. It notes that the fact that the *Kursk*'s periscope was raised, making it likely that the *Kursk* struck the bottom during a crash dive from at or near the surface.

Deputy Prime Minister Ilya Klebanov, heading up an official investigatory commission, confirms that his team now believes that the *Kursk* had collided with a heavy unidentified object.

CIA Director George Tenet begins a visit to Moscow, described as pre-planned.

**Friday, August 18:** Putin says that a "collision with a large object remains the main version explaining the cause of the accident."

Secretary of Defense Cohen says he received a response from Sergeev on Thursday, asking that the United States work through NATO channels, which Cohen says the United States is happy to do.

Viktor Ilyukhin, member and former head of the State Duma (lower House of Parliament) Security Committee, says that a high-ranking delegation of the Russian Navy has gone to Washington, "which suggests that they are there to try to discuss the question of a collision of our submarine with a NATO submarine."

*Segodnya* reports that the *Kursk* collided with a U.S. submarine. *Segodnya* says that the U.S. submarine was overheard by the Russian military calling for permission to dock in a Norwegian port, where it proceeded at reduced speed; that Moscow and Washington could have agreed secretly not to reveal the incident; and that the United States admitted that two of its submarines had been in the same zone, although it firmly denied that any U.S. vessel had been in a collision.

**Saturday, August 19:** Russian Vice Adm. Mikhail Motsak says that a British submarine may have collided with the *Kursk*. “We do not exclude the possibility of a collision with a foreign submarine which was on an intelligence mission. . . . Three submarines were undertaking maneuvers and one could have been a British submarine, because the site of the accident is in an area where Britain usually carries out intelligence operations.”

The British Defense Ministry denies that the *Kursk* may have collided with a British submarine. “There were no British submarines in the area at the time of the accident,” a spokesman says. An Agence France Presse wire reports that the “claim by Russian Vice Adm. Mikhail Motsak that a British spying operation might have been to blame for the Barents Sea tragedy sparked a diplomatic row late Saturday, just as a British rescue team was arriving at the disaster scene.”

Northern Fleet spokesman Vladimir Navrotsky says that foreign subs are always present when Russia holds exercises in neutral waters, and they practice some of their own maneuvers.

Former Black Sea Fleet Commander Adm. Eduard Baltin reports on a computer simulation of a possible collision, based on the type of damage sustained by the *Kursk*, saying that it was most likely with a foreign vessel.

*Segodnya* now asks, “Did the *Kursk* collide with a British submarine?” Citing sources in the Northern Fleet command, the paper reports: “*Segodnya*’s version, that the *Kursk* was sunk as a result of colliding with a foreign submarine, received some confirmation on Friday. Our source in the Northern Fleet staff reports that the nationality of the culprit in the tragedy has also been established—it was a British submarine.” *Segodnya* also cites RTR television reports on the foreign distress buoys as indirect confirmation, asserting that green-striped buoys are the colors of Her Majesty’s Navy. “According to the information of our source in the Northern Fleet staff, the British sub lay on the seabed for a day after the collision,” made repairs, and made way for Norway.

*Segodnya* adds: “The Russian side also has information, that London (at least initially) was inclined to cover up what had happened and even to point the finger at Washington, the latter being already under suspicion for unlimited submarine expansion. Moreover, American subs were shadowing the Northern Fleet exercises, as the Americans themselves acknowledge. The British were the first to offer assistance to Russia. Indeed, their rescue equipment is built closer to Russian standards, than the equipment of others. At the same time, *Segodnya* has information that Russian special services presume that the British intended to use the presence of their specialists at the scene of the accident, to destroy the evidence, that there had been a collision with precisely a British submarine.” This evidence could have been fragments of plating from the damaged sub, as well as the emergency buoys.



Vice Adm. A. Pobozhy of Russia, at a meeting on Aug. 17 between NATO military officers and members of the Russian Naval Staff to discuss the recovery of the *Kursk* from the Barents Sea.

In an accompanying article about CIA Director Tenet’s presence in Moscow, *Segodnya* writes: “In light of the latest leaks, that the *Kursk* may have collided with a British vessel and London attempted to hide the evidence and blame Washington, Tenet now has a chance to get the situation under control.”

John Helmer, the Moscow correspondent for the *Journal of Commerce* and the Singapore *Straits Times* circulates an article, entitled “Russian Sub Drama Looked Like War at the Start,” in advance of publication, saying that for first 48 hours after the disappearance of the *Kursk*, Russia officials had “to decide whether to go to war with the United States and NATO,” or whether to cooperate in a peaceful rescue effort.

**Sunday, August 20:** Deputy Prime Minister Klebanov says that Russia has asked Washington and London to share their information on the *Kursk* accident.

**Monday, August 21:** Defense Minister Sergeyev provides the most complete official description of the events around the sinking of the *Kursk*, in an interview with Vremya ORT television. Sergeyev describes the sequence of events around the disappearance, and later discovery of the sunken *Kursk*, along with the discovery of a second object on the sea bottom about the same size as the *Kursk* (see events described for Aug. 12-13).

Interfax and Tass report that a section of railing from a British submarine conning tower was found 1,100 feet from the *Kursk*; the British Ministry of Defense denies that it came from a British sub.

Russian Northern Fleet Commander Adm. Vyacheslav Popov confirms that the *Kursk* is completely flooded, and all crew members are dead.

**Tuesday, August 22:** *Segodnya* publishes “The Dossier of the *Kursk* Murderer,” giving as “one of the possible versions” of the shipwreck, that the *Kursk* collided with a “foreign nuclear multi-purpose submarine” while it was at a depth of 25 meters, and was rising close to the surface to carry out

a torpedo attack. The force of the collision was registered by Norwegian seismologists. The *Kursk* lost power, and with the flooding of its forward compartments, fell rapidly to the bottom, causing catastrophic destruction and a second explosion.

John Helmer article on the near-outbreak of war between Russia, and the United States and NATO, cited above, is published in the Singapore *Straits Times*.

The Internet news-site Pravda.ru publishes an article, "World War III Could Have Begun on Saturday," reporting that the *Kursk* incident "nearly led to the outbreak of full-scale combat—a third world war." The dispatch says: "For several days, the world hung by a thread, and one false political move could have led to an exchange of nuclear strikes." *Pravda* says that an agreement was reached to resolve the matter peacefully, in discussions between President Putin and U.S. President Clinton.

**Wednesday, August 23:** President Putin addresses the Russian nation, taking personal responsibility for the tragedy, and saying that the tragedy will unite people, rather than divide them, and that he will *not* accept the letters of resignation that were offered by the Defense leadership. "Our country has survived a lot. Our country has surmounted other catastrophes. The events we are going through today are very painful, but I am absolutely convinced that events of this kind do not divide society, but unite it," he says.

"Those who are in the front ranks of the sailors' defenders, they have turned out to be those people who in their time promoted the breakdown of the army, navy, and the state," Putin says.

"I am with the army, the fleet, and the people, together we will restore the army, the fleet, and the state," he says. "I don't like talk that the dignity of the state sank with the *Kursk*. . . . Our country has lived through far more serious catastrophes. We have survived them."

---

## Documentation

---

### A 'Pearl Harbor' Reaction

#### **Putin: 'Rebuild The Army, Navy, and State'**

**Russian President Vladimir Putin** was interviewed by RTR-TV on Aug. 23 (translation from Russian website *Gazeta.ru*).

No words are enough, it's difficult to find them and I want to wail. At last night's meeting [with the families of the *Kursk*'s crew], one of those present said, "It was only recently that you took up the post, just over 100 days ago, but you took that cross upon yourself and now you must



*Russian President Vladimir Putin*

bear it." That person was right because, despite the fact that I've been at the post in the Kremlin for just over 100 days, I feel absolutely responsible and feel I am guilty for this tragedy.

I feel bitter that over the last few days some have been attempting to use this disaster, what's more in a very unscrupulous way, to puff up their political gills, in order to gain political capital or sort out the interests of some groups. It's exactly those people who are the first to say they are the defenders of the sailors, but it turns out that they are the ones who over a long period of time have caused the breakdown of the army and the state. Some of them have already raised a million. Better they should sell their villas on the Mediterranean in France and Spain. But then they would have to explain why all that property is registered in the names of commercial companies, and we would ask where that money came from. But God will judge them. . . .

The day before yesterday, the Minister of Defense Igor Sergeyev and yesterday the Chief Commander of the Navy [Vladimir Kuroyedov] and the Commander of the Northern Fleet [Vyacheslav Popov] offered their resignations. However, their resignations won't be accepted and will not be accepted until there is a full understanding of what happened, why it happened, and whether anybody is to blame—really to blame—or, if it was just a coincidence of tragic circumstances, a tragedy. There will be no hasty and unfounded punishments, under the influence of emotional outbursts. . . .

I shall stand with the Army, I shall stand with the Navy,



Former Prime Minister Yevgeni Primakov

and I shall stand with the people. Together we shall rebuild the Army and the Navy and the country. I have no doubt about this. It troubles me a great deal that the thesis has emerged that together with the *Kursk*, the Navy's honor and the country's pride have also drowned. Our country has seen worse times of troubles than we have lived through over the past few years. We and our ancestors have faced worse tragedies, yet we have survived them all. Russia has always had a future. What we are living through now is a very hard to bear, but I'm absolutely convinced that this sort of tragedy must not divide, but unite society and unite the people. I'm convinced that together, not only shall we overcome the natural, social and technological disasters that we have come up against in recent years, but we shall overcome them and rebuild the army, the navy and the state. . . .

You know the relatives of the crew of the *Kursk* sub are a match for their husbands, brothers and sons. They are courageous people, and they are bearing with fortitude the tragedy that we all feel deeply, but they are most affected by the tragedy. I think the state they are in—I wouldn't wish it on anyone—but still, I had the impression that we understood each other. . . .

I walked the streets of the town [Vidyayevo] and I was in the submarine commander's flat—I myself used to live in such flats. There was nothing unexpected or surprising [about the conditions]. It is a great misfortune, that our military, and even the elite of the army and navy, live in such conditions. But if you think it was a discovery for me,

you are wrong. The question is, how can we get out of this humiliating situation. There is only one possible answer—our military forces must on the one hand meet the requirements, and on the other hand the possibilities of the state.

The Army must be compact, but modern and well paid. This will take a certain amount of time and this was what the last session of the Security Council was devoted to; the size of the army and navy, their armaments, and the material allowances for servicemen. . . . I think that we have every reason to hope that in implementing the recent Security Council decisions, we will finally meet the requirements behind these decisions. What we need are not hopes and promises, but concrete actions, actions that people can actually feel. We must stop talking and start acting. . . .

*On behalf of the Fatherland-All Russia faction in the State Duma, former Prime Minister Yevgeni Primakov on Aug. 23 called for increased spending on the military, and other measures to strengthen Russia's sovereignty.*

We will consider it to be our sacred duty to seek the clarification of all the circumstances and causes of what happened in the Barents Sea, however bitter the truth may be.

But this is not the only reason why the faction is issuing this statement. The tragedy of the submarine, like a flash of lightning, has illuminated the situation in the country, the state of our Armed Forces and the situation in the Navy. There is no point in recounting what every conscious citizen of Russia knows already. It is necessary to draw concrete conclusions from what we have just felt and experienced. . . .

Beginning already this year, it is necessary to draft the national budget in such a way that the Armed Forces get all they need not only in wartime, but also for peacetime service. . . . Yes, missiles with nuclear warheads provide reliable protection for us. But this need not make us turn a blind eye to the fact that we have no modern equipment for the rescue of submariners in distress, that because of lack of fuel the necessary exercises are not carried out, that the Armed Forces are not getting enough modern armaments, that those who, in the ranks of the Armed Forces, often at the risk of their lives protect the territorial integrity of Russia, and its interests, and ensure the country's defenses, get pitifully small salaries.

The Russian Army and Navy should be provided with state-of-the-art hardware. Russia with its huge intellectual and technological potential in the defense industry is capable of accomplishing this. . . .

It is necessary to put an end to the practice of using the services of middlemen, which has been imposed on the Defense Ministry and results in the enrichment of businessmen and corrupt officials. The military reform should be brought to its completion, because without this any attempts to reverse the present grave situation in the Armed Forces are doomed to failure. . . .

## Global Showdown Leaked in Russian and Other Press

**“Killer Sub,”** *Segodnya*, Aug. 21. *The Russian daily followed up its two earlier reports on the evidence of a collision with an American or a British sub (Aug. 18 and 19, respectively):*

According to *Segodnya*'s sources, several scenarios of the *Kursk* accident have been modelled. Here is one of them. On the evening of Aug. 12, the plan of the maneuvers called for the *Kursk* to carry out a night-time torpedo attack on a practice target, from periscope depth. At a depth of 20-25 meters, most likely at the moment of preparations to surface, when the *Kursk* was moving slowly (around 5-6 knots), there was a collision with a heavy tonnage underwater object of some 6,000 to 8,000 tons, which was moving faster, and at the same depth or slightly higher. So far, this underwater object is identified as “a multipurpose nuclear submarine of a foreign state.”

The approaching ships evidently were aware of each other, but could not “hear” at that precise moment. This has to do with the hydrology of the relevant region of the Barents Sea, as well as the fact that both objects were in the area near the surface, where the layers of water are highly turbulent. Under certain circumstances, this negatively affects the quality of hydroacoustical contacts.

According to the preliminary scenario, the two submarines hit on the starboard side of each, at an angle of 20 to 30 degrees. It is not excluded, that the killer submarine attempted to turn away to the left at the last moment, simultaneously diving. Therefore, it probably struck the *Kursk* on the starboard side, moving with a slight trim to the bow. Presumably, this was the “blast”—actually a dynamic blow—equivalent to 100-150 kg of TNT, which was recorded by Norwegian seismologists. The vector of the blow ran tangent to the starboard side of the submarine, approximately at the base of the guardrail of the conning tower. This is where a large dent is supposedly visible, running to the hole in the hull, the margins of which are bent inwards. . . .

Meanwhile, the destruction of the *Kursk* continued. The force of the collision changed the course of the killer submarine, which was now moving very tightly towards the *Kursk*. The right horizontal stabilizer of the foreign submarine acted like a can-opener, ripping the outer shell of the *Kursk* up to about the sixth compartment, and the hull to the third compartment or even the fourth. The submarines then moved apart, continuing in opposite directions. The *Kursk* was in a desperate situation. Water had immediately flooded the first compartment, including the battery wells. . . . The defense system on the reactor worked, shutting it off. The submarine lost power to move. From the rapid flooding

of the forward compartments, the *Kursk* acquired negative buoyancy and began to sink with (as much as 45 degrees) trim to the bow. . . .

The submarine fell for about 120 seconds. At high speed and at a significant angle of attack the *Kursk* slammed into the sea bottom at a depth of 108 meters. Probably, the weapons in the bow detonated on impact (this was the second blast, several kilotons in magnitude, recorded by seismologists). Then the stern of the submarine hit the bottom. There was catastrophic destruction. From the blow against the sea bottom and from the explosion, probably, the hull cracked from the third to the sixth compartment. Two-thirds of the submarine was flooded.

What kind of damage did the killer submarine sustain? Specialists believe that it “just had to” have left some traces of its presence, at the scene. . . .

### ‘World War III Could Have Begun on Saturday’

**Pravda.ru, Aug. 22.** *The Russian-language website cited “Kremlin sources” on what happened during the first 48 hours after the Kursk sank. A subhead on Anton Ponomarev’s dispatch added, “It was a question of a possible exchange of nuclear strikes between Russia and the U.S.A.”*

On Saturday, Aug. 12, an incident occurred in the Barents Sea, where the Russian Federation’s Northern Fleet was conducting exercises, which nearly led to the outbreak of full-scale combat—a third world war. Pravda.ru has learned this from Kremlin sources. For several days, the world hung by a thread, and one false political move could have led to an exchange of nuclear strikes.

On Aug. 12, Northern Fleet hydroacoustical instruments on board Northern Fleet ships detected three powerful underwater explosions in the Barents Sea. Investigating the location of the explosions, the nuclear missile cruiser *Pyotr Veliky* discovered the nuclear submarine *Kursk*, lying on the bottom, as well as another submarine. Insofar as the dislocation of the submarines, taking part in the Northern Fleet exercises, was known, this object was identified as a foreign submarine, presumably American. The three explosions, registered by the hydroacoustical instruments, indicated the possibility that the *Kursk* had suffered a torpedo attack. . . .

In view of the seriousness of the situation (the sinking of a Russian nuclear submarine missile cruiser by a foreign submarine is a *casus belli*, the possibility of the President’s immediate return to Moscow, to the main command point, was considered. This option was rejected, however. The Head of State’s residence in Sochi is equipped as well as the Kremlin offices are, so Putin could run the country just as effectively from Sochi. Moreover, Putin’s appearance at the main command point in Moscow would have indicated explicit war preparations by Russia. Both Russia and the United States, were aware of the emergency nature of the



situation. Incidentally, it was for these same reasons, that Putin did not fly to Murmansk or Severomorsk during those first days.

Pravda.ru has not been able to ascertain why the American side initially came under suspicion — this can only be guessed. Evidently, there was some evidence, which will unlikely ever be made public. The mass media have to be content with indirect “evidence,” such as the report from Norwegian Intelligence, circulated today in the Western press, that the American nuclear submarine *USS Memphis* entered a Norwegian port for repairs. Happily, the incident in the Barents Sea was successfully resolved by political means. Agreement to “end the affair in peace” was reached during a telephone conversation between Vladimir Putin and Bill Clinton. The Presidents’ conversation lasted 25 minutes, and nothing of its content was reported in the mass media. . . .

On Aug. 20, American journalist **John Helmer** circulated his article, “*Russian Sub Drama Looked Like War at the Start*,” which was published two days later in the *Singapore Straits Times*.

If you were the ruler of Russia, and you were told late one night that one of your most powerful and secret submarine weapons had been hit by a mysterious explosion, and sent to the bottom without word from the crew, would it be prudent for you to suspect an attack? An attack by a nuclear superpower and old rival?

And if it is your sworn duty to defend your country from attack, would it be reasonable for you to determine whether there was a cause of war, or an accident?

And finally, is 48 hours too long or too short a time, from your point of view, and for the rest of the mankind, to decide whether Russia should go to war with the United States and NATO; or cooperate in a peaceful rescue mission?

Those Russian and western critics of President Vladimir Putin’s performance since the *Kursk* submarine crisis began haven’t considered those questions. The rest of the world should.

The Kremlin is not saying publicly that it withheld the first news of the *Kursk* submarine disaster, until the Russian Navy could report to Putin the vessel had not been attacked by a foreign power, but that is what caused the delay in releasing the first news, sources close to the drama now believe.

Russian naval sources said the acoustic recordings available to the Fleet command showed two loud noises or explosions. One occurred at 7:30:42 on Saturday evening. It was relatively small. The second occurred at 7:32:57, 135 seconds later. It was at least four times more powerful. The details have been confirmed by a seismic center in Norway which initially did not connect its recordings to the *Kursk*, because reports of the loss of the submarine did appear until later.

Popov said there are still too many details lacking to



*Russian Defense Minister Igor Sergeev*

form a clear picture of the cause of the crash. Asked to say what he thought caused the sinking, he said there were two versions of the sequence. In the first, the admiral said the submarine hit a foreign object, registering the first acoustic signal, and then exploded internally. . . .

Some Russian officials, including Defense Minister Marshal Igor Sergeev, have continued to imply that a foreign, presumably American submarine may have been in the area, and that a collision underwater is what caused the first recorded sound, triggering the internal explosion that wrecked the *Kursk*.

U.S. officials have denied this; they have admitted there were two U.S. submarines in the area, which picked up the sonar signals of two explosions inside the vessel. Russian officials are reported as saying they know of no surface vessel in the vicinity of the *Kursk*’s position at the time of the incident.

A Kremlin source says that although the picture looks clearer now, “at the time last Saturday, the command had to deal with the possibility there had been an attack on the *Kursk*. There was no way that could have been released to the press.” When critics of the Russian leadership’s handling of the crisis jump to the conclusion that Putin should have acted differently, and faster, they ignore the much greater danger if Putin and his military advisors had jumped to any conclusion too quickly, at the start of the crisis. . . .

## From the Russian Military

On Saturday, Aug. 19, at 17:00 Moscow Time, the **Russian Northern Fleet's Chief of Staff, Vice Adm. Mikhail Motsak**, appeared on RTR television with an official statement. Calling the sinking of the *Kursk* the most serious accident in the history of the submarine fleet, Motsak confirmed that the forward sections of the ship were destroyed, and that the members of the crew who were in those sections evidently died within minutes. He elaborated his analysis the next day at a press conference, given in Murmansk together with **Deputy Premier Ilya Klebanov**.

**Admiral Motsak:** "At this time, we are 80-90% sure that all the scenarios come down to two, with possible sub-scenarios and with some interconnection between these main two.

"The first, is that it is highly likely that the initial cause of the submarine accident was a powerful dynamic blow. There could have been several reasons, in turn, for such a powerful dynamic blow. The first is a collision with some object, and on this we are investigating various possibilities. The second would have been an explosion inside a compartment of the submarine. . . . The third is a World War II mine."

The Fleet investigators believe that one of these causes drove the *Kursk* to crash into the sea bottom, whereupon some of its torpedoes exploded, Motsak said. "That covers 80-90% of the versions of the possible cause of this catastrophe. But, I stress that there are scenarios we have not yet worked through, also sub-scenarios, versions and sub-versions, which we will also investigate."

Admiral Motsak also specified, "There were three foreign submarines in the vicinity, one of which could have been British, since the Barents Sea is a traditional area of operations for British Naval intelligence. . . .

**Marshal Igor Sergeev, Defense Minister of Russia**, spoke in an interview with *ORT television's Vremya program*, on the evening of Aug. 21.

**Q:** . . . If it is not a military secret, can you say what assignment the submarine was fulfilling in the Barents Sea and how did it all happen?

**Marshal Sergeev:** The submarine was fulfilling its task as part of the exercise. Its objective was to launch a cruise missile, and then, in a certain area, to identify vessels and hit the main target with a torpedo salvo. The commander reported having fulfilled the first task and by 18:00 he was expected to report the fulfillment of the second task. At 18:00 the submarine failed to establish a communication link. Northern Fleet Commander Admiral Popov sent an order to the submarine to report on its location and its actions. According to regulations, the submarine was to report back within four hours. But it did not. The submarine did not respond.

So, beginning from 18:00 the Commander of the Fleet put

on alert the search and rescue forces. So, work began on Aug. 12 after 18:00 when the submarine was supposed to report. Preliminary orders were issued by that time to heighten the alert of staffs, command points and to start deploying the search forces. On the 13th, as early as the 13th the location of the submarine was detected, initially as an unidentified object, and by its side was a second object. The identification occurred at 18:40 on the 13th. . . .

**Q:** What was the object near our submarine? Could it have been the cause of the disaster?

**Marshal Sergeev:** We have not been able to identify it. . . . But, . . . indeed, the commission is inclined to credit the version that the accident was caused by a collision. And what we see on the bottom, the submarine, is a consequence of the collision involving the submarine. There are other suggested causes, but in the opinion of the commission and of experienced sailors they are less probable. . . .

**Q:** Have you identified it?

**Marshal Sergeev:** Not yet. But I am sure that when we search more thoroughly we will find something on the spot, either to confirm or deny it. We have requested through our representative to NATO to provide us with information as to whether any vessel was present in the area of the disaster. And we were told that no NATO vessels were in the area. But they added, rather oddly, but this was not told to us, it was said in Brussels that even if the incident had occurred, "we would never have admitted it."

**Q:** There were reports of two explosions registered by Norwegian seismic services. Did our services register the explosions?

**Marshal Sergeev:** Yes, our services too registered the explosions—the *Pyotr Veliky* and a submarine. It is another matter that a third explosion was registered at 11:44. It was registered by our submarine.

**Q:** What could it have been?

**Marshal Sergeev:** Further investigation is needed. . . .

## Anglo-American Signals of Intent to Break Russia

**Jim Hoagland, "The Concorde and the Kursk," the *Washington Post*, Aug. 20.**

Britain, France and Russia simultaneously confronted last week the costs of maintaining an inflated and obsolete sense of national grandeur based on technological overreach. . . .

In Russia, the grim fate of the *Kursk* will play into an even sharper debate about national resources and national pride. Whatever the specific causes, the disaster illuminates the difficulties of trying to maintain a great-power military machine on a small-power military budget. . . .

While wishing no more atrocities on the Chechens, Americans have a horse in this race and it is [Chief of Staff Gen. Anatoli] Kvashnin. [General Kvashnin is reported to

have argued for relatively more spending on conventional forces—ed.] Russia’s conventional forces will present no threats to NATO for decades to come. The rusting rockets Sergeyev clings to can still destroy the world.

American politicians should be doing everything they can to encourage the devaluing of nuclear weapons as national status symbols and to lessen Russian fears that the Pentagon seeks a “first-strike” ability. . . .

The Clintonites also cling to outmoded arms control negotiations that reinforce Moscow’s pretensions to military superpower status. Despite some promising beginnings, George W. Bush has yet to show how he would change U.S. strategic forces to spur Russia to live down to its foundering technological base.

Helping Russia understand how to make that adjustment should be a high-priority U.S. political objective. Grandeur through unneeded and expensive technology is a bad investment in a world where even nationalism must pay its own way or yield.

### **Marilyn Rauber, “Arctic Tag ‘Game’ Is Cold War Throwback,” *New York Post*, Aug. 15.**

Lawrence Korb, former Reagan assistant secretary of defense, and Brookings Institution military analyst Michael O’Hanlon strongly attack the continuing U.S. and NATO practice of stalking Russian naval maneuvers as a dangerous throwback to the bad old days of the Cold War. “The Cold War has ended. . . . Why the heck are we still doing this?” Korb commented.

O’Hanlon warned that such tailing of Russian subs could trigger a bloody incident. “The Navy acts like the undersea areas are its own universe, and I think their attitude is dangerous. . . . It’s provocative.” He warned, “Russia says to itself, if the Americans are coming after us and our nuclear forces early on in any crisis, we can’t afford to let down our guard, and that raises all your ‘Red October’ scenarios.” He continued, “This sort of behavior reinforces Russian paranoia, and therefore makes us less secure, because it makes the Russians more likely to launch.” The *Post* reported that, at any given time, the United States has around four nuclear submarines near Russia, and many more scouring the waters for Chinese subs.

## **The New Storm over Russia, and LaRouche’s August 1999 Forecast**

On Aug. 22, the truth began to penetrate the Western media’s “soap opera” concerning the supposed “human tragedy” of the *Kursk* submarine. Pravda.ru headlined, “The Saturday World War III Almost Broke Out.”

That same day, the Singapore *Straits Times* published an article acknowledging what Russian President Vladimir Putin had actually been doing during five critical days, Aug. 12-16, when supposedly “extending his vacation”: Putin had been talking to President Bill Clinton, and other leaders, seeking to ascertain, and to decide, whether world war had already begun.

Do not leap to the comforting conclusion, that that was the case then, but that now war has been averted. Rather, read the forecast published in *EIR* just one year ago by Lyndon LaRouche, “Is World War III Coming?,” which we reprint below.

“For maniacs such as Blair, Brzezinski, and Albright, the orchestration of the recent war against Yugoslavia was only the prelude to a nuclear confrontation with Russia,” wrote LaRouche. The same is true in spades for the George W. Bush foreign policy team, “The Vulcans,” as *EIR* demonstrated in last week’s *Feature*. The escalating path of that nuclear confrontation—the *confrontation over whether NATO can force Russia to cease to be a nuclear superpower*—has led to a potential trigger for war, in the sinking of the *Kursk*. The strategic implications of the presently unfolding global financial crisis, in which the Russian economy has been looted and destroyed by Western financial speculators, are tilting the path sharply downward.

### **Escalating Toward Confrontation with Russia**

LaRouche’s August 1999 strategic statement was issued five months after his U.S. Presidential campaign committee had circulated a mass leaflet on the danger of war. That leaflet warned Americans that Gore’s foreign-policy team had used the impeachment threat to overrule President Clinton and plan a new NATO war against Iraq, to be followed by more direct threats against Russia. From that March 1999 leaflet until LaRouche’s August warning, these events, steps on that downward path toward war driven by global financial desperation, occurred:

- In March 1999, the bombing of Iraq was intensified, reaching the war-level of 100 sorties daily.
- In April, the NATO bombing of Yugoslavia began, accompanied by shrill British demands for a NATO ground-force invasion of Yugoslavia through the Czech Republic and Hungary. The NATO bombing was ineffective against the Yugoslav Army and military police, and could only be ended after Russia intervened to get Yugoslav dictator Slobodan Milosevic to pull out of Kosovo.
- Russia responded to the NATO war on Yugoslavia, by holding “all-ocean” naval maneuvers, including nuclear naval missile launches, involving three of the four Russian fleets. These “all-ocean” maneuvers *had not been held since the breakup of the Soviet Union*.
- In April, NATO held its 50th Anniversary meeting in Washington, D.C. Though President Clinton rejected British Prime Minister Tony Blair’s public demands for a ground invasion of Yugoslavia, NATO shifted to a new war doctrine,

allowing its powers to intervene militarily outside its western European area, and potentially anywhere in the world. NATO's bombing campaigns, first in Iraq and then in Yugoslavia, were moving toward Russia.

- At the same NATO meeting, British spokesmen in particular called for NATO to expand rapidly to include all, or nearly all, of the countries once part of the Warsaw Pact and even the old Soviet Union.

- On May 7, the Chinese Embassy in Belgrade was bombed "unintentionally" by NATO warplanes—in what may turn out to be a precise pre-figuring of an "unintentional" sinking of the premier Russian attack submarine *Kursk* by collision with a NATO submarine.

- In mid-May, the bombing of Yugoslavia contributed to the sacking of Russian Prime Minister Yevgeni Primakov and his government, after Primakov, en route to the United States on March 23, was insulted by Vice-President Al Gore and told to turn his plane around. The firing of Primakov was headlined "A Step Toward World War III" by *EIR* (May 21, 1999).

- In May and June, NATO countries' naval forces stopped and/or seized three different Russian oil tankers,

charging them with breaking the ten-year, genocidal blockade of Iraq.

- In June, the first indications came, in statements by senior Russian military officers, that the Russian military and the government of Putin were reacting to the NATO war-shift, by moving toward a shift in Russia's military doctrine, to allow for the possibility of a nuclear "first strike."

- In July 1999, began the fighting between Islamic guerrilla forces and Russian police and Army forces, in Dagestan, then in Chechnya (and during this year, near the Russian border with Uzbekistan). It is clear that the Russian Armed Forces and government considered the "Chechen War" to be instigated and supported by British assets and special forces within NATO. The war-fighting pressure was now at the borders of Russia.

- In August, the Russian Armed Forces officially adopted a new strategic doctrine, a so-called "first strike" shift in doctrine which allowed that Russia could *initiate* the use of tactical or strategic nuclear weapons, under conditions where the sovereignty or territorial integrity of Russia were threatened.

On Aug. 11, 1999, Lyndon LaRouche issued his urgent strategic warning, "Is World War III Coming?"

# Is World War III Coming?

by Lyndon H. LaRouche, Jr.

*The following statement appeared in the Aug. 20, 1999 issue of EIR.*

August 11, 1999

Among those who are paying attention to reality, one of the two big questions of the day is, "Is Nuclear World War III Now Inevitable?" My answer is, that I believe it is not inevitable; but, the danger is serious enough that serious people will ask themselves that question.

The drive toward a nuclear world war comes from the British monarchy, as the policies of the current Prime Minister and 1931 Ramsay MacDonald look-alike Tony Blair typify this impulse. However, although the British monarchy is by far the world's dominant financial power, and also the world's presently leading political power, the thrust for war depends upon that monarchy's ability to push the world's leading military power, the U.S.A., into adopting London's current geopolitical adventurism.

It is from this standpoint, that we must understand the significance of madman Zbigniew Brzezinski's current policies, which are more or less identical to those of Brzezinski crony and U.S. Secretary of State Madeleine Albright. For maniacs such as Blair, Brzezinski, and Albright, the orchestration of the recent war against Yugoslavia was only the

prelude to a nuclear confrontation with Russia, in Transcaucasia and Central Asia more widely. Blair, Brzezinski, Albright et al., are depending upon their belief that this drive toward a nuclear confrontation with Russia is a strategic bluff, to which they are confident that Russia will back down. London's attempt to orchestrate a nuclear attack on India, by London-controlled assets in the Pakistan military, is part of the same post-Balkan-War thrust. There, in brief, lies the risk of an actual nuclear World War III.

What these nuclear maniacs, such as Blair, Brzezinski, and Albright, assume, is that Russia could not win such a war. They have asked themselves the wrong question. Perhaps Russia has no hope of winning such a war; but, perhaps the U.S.A. has no hope of winning it, either. Even if the U.S.A. might appear to secure a victory in such a showdown, just as the famous King Pyrrhus defeated the Romans in one battle, perhaps the U.S.A. would not long outlive the end of such a military confrontation.

Go back to 1905, where we may find a comparable case. Recall the discussions between the two cousins, Kaiser Wilhelm of Germany and Czar Nicholas of Russia, discussing the need to spoil their uncle's, King Edward VII's, clear intent to push them into war against one another. When the two cousins failed to prevent the British from manipulating them



*Maniacs (left to right) Zbigniew Brzezinski, Tony Blair, and Madeleine Albright orchestrated the 1999 war against Yugoslavia, as the prelude to a nuclear confrontation with Russia.*

into war against one another, the result was that both lost the war, and the Czar lost more than that.

The British monarchy's use of its assets in Turkey, to orchestrate a post-Balkans spread of warfare throughout Transcaucasia, and into Central Asia beyond that, has already erupted into open warfare in the north Caucasus, and threatens to pull fools in NATO into military deployments against Russia, in both Transcaucasia and in Central Asia. This would constitute a threat to the very continued existence of a Russia which is still a thermonuclear power. Russia's warfare capability would then go on alert status.

When one presents a chosen adversary with an absolutely hopeless situation, that adversary may find itself impelled to strike back in absolute desperation. As every qualified military professional since Machiavelli knows, what NATO is implicitly threatening to do, creates precisely the kind of military situation, in which the unthinkable may become the inevitable. When the fires of hatred are stoked to the highest possible degree in the passions of the intended military victim, all ordinary strategic and diplomatic calculations, especially the calculations of madly desperate fools such as Blair, Brzezinski, and Albright, are no longer controlling. There lies the short-term risk of an actual, early outbreak of nuclear war-fighting.

Now, look at another crucial element of the same strategic equation: the current world economic situation.

It is an open, repeatedly verified fact, that, since 1989, the U.S.A. and NATO as a whole, have lost the ability to conduct

regular warfare. The chief reason is economic. As in "Desert Storm," and as is shown in the resumed war on Iraq, and the recent war against Yugoslavia, NATO is not capable of fighting war to win with military force on the ground. The very adoption of the lunacy of "Air-Land Battle 2000" by the U.S.A. attests less to what the U.S. military forces can do, than what they have lost the capability of doing.

In the war against Yugoslavia, NATO did not fight war; indeed, both NATO and the President of the U.S.A. insisted, that this was a punishment expedition, not an actual war. What NATO's bombing attacks did, was to destroy the economy of most of the nations bordering the Danube east of Vienna. Once the British monarchy prevailed upon President Clinton to abandon the reconstruction perspective he had announced earlier, that entire region of southeastern Europe has been transformed into a bloody mass of attrition which will soon destroy, chain-reaction style, the entire economy of both northern and western Europe.

To assess the larger strategic realities in which the Blair-driven search for nuclear confrontation with Russia is situated, the war-threat becomes more immediately ominous than would be implied by the facts I have referenced thus far. We must take into account the strategic military implications of the presently onrushing meltdown of the world's financial system, including that of the U.S. economy.

Significantly, the British state apparatus (representing a much higher level than lackey Tony Blair) has announced a

special security program, named “Operation Surety,” to go into effect, beginning September 9, 1999. This operation is designed to anticipate a deadly social crisis’s eruption under the conditions of the world financial meltdown expected for the interval between September 9, 1999 and the close of the year. No one I know — and I do have many high-level sources in various parts of the world — can give me a definite date, other than “soon, perhaps next week, perhaps October,” for the expected date of the chain-reaction collapse of the world’s financial system. However, that kind of collapse, of a kind far worse than October 1929, is already onrushing; it is not something which could happen; it is something which, in fact, is already happening.

The intervention of the effects of this world financial collapse into the present strategic situation, automatically and immediately changes all of the determining parameters of the worldwide strategic situation. No existing government could last long enough to carry out a pro-warfare posture effectively under such circumstances.

Notable is the situation in Russia itself. Whatever else may happen there, and there are many possibilities, virtually all extremely dramatic ones, the present situation in Russia is not to be expected to last past the end of September, if that long.

Were I President of the U.S.A., I would know how to deal with this mess. Given the very advanced state of sundry presently ongoing world crises, I could not guarantee success, but I am the only figure who might have a chance of success.

## The Kursk Was Target of NATO

by Paul Gallagher

All Russian military and other official accounts of the destruction of the *Kursk* and its crew, have converged on the hypothesis that the submarine, while engaged in the Russian all-ocean naval maneuvers, collided with a foreign submarine. At least three NATO submarines, two American and one British, are known to have been conducting general surveillance of the part of the Russian maneuvers taking place in the Barents Sea; but that is not the whole story. The *Kursk*, an attack submarine of the class known as “Oscar II,” was an object of special NATO attention.

During the Cold War, United States submarines enjoyed for 30 years the advantage of being quieter than their Soviet counterparts. Using this advantage, U.S. submarines routinely followed Soviet subs — in particular, Soviet subs which could launch ballistic nuclear missiles — for months at a time without being detected. Their purpose was to eliminate, as far as possible, the Soviet capability to use their major subma-

rines in time of war, either to launch a retaliatory nuclear “second strike,” or to stop U.S. carrier battle groups from attacking. The U.S. attack, or “hunter” submarines would pick up their Soviet surveillance “targets” coming out of the Barents Sea, by the time the Soviet subs entered the North Atlantic through the so-called “Greenland-U.K. Gap.”

In the course of this surveillance and stalking over decades, collisions occurred which were never officially acknowledged.

But during the Cold War, the rule of engagement for the U.S. submarine captains so engaged, was to break off pursuit and lose the Soviet sub, rather than let the surveillance be known by the Soviet side.

The Soviet Navy had much more difficulty employing this tactic, both because American submarines launch from Norfolk, Virginia or San Diego, California directly into deep and open ocean, and because the Soviet subs were noisier. But by 1990, this had changed: For example, Russian Commander of the Northern Fleet Oleg Yerofeyev stated on June 3, 1992: “In the end of last year and the beginning of this year we performed a search exercise with flying colors. For five days our new submarine was following [an] American strategic submarine and [this] was interrupted only by the order of General Staff. In other words, the Americans were unable to escape from us. Even this simple fact speaks volumes.”

### Soviet Collapse

It is known, that after the collapse of the Soviet Union, this U.S. and NATO tactic, of attempting almost constantly to follow all major Russian submarines, continued without let-up. This military tactic continued in a new context: the Soviet Union had collapsed; the Russian economy was being looted systematically by Western financial interests and their junior-partner Russian “oligarchs”; Russia’s devastated economy had collapsed the Russian defense budget to the equivalent of \$5-10 billion annually. And as the global financial crisis worsened, NATO launched more and more direct strategic provocations toward Russia, seeking to humiliate and eliminate it as a superpower.

Yet the Russian nuclear navy introduced the new “Oscar II” attack submarines, including the *Kursk* in 1995, which caused consternation in NATO circles. The *Kursk* was one of the most advanced and robust attack subs in the world, extremely quiet, with the firepower potentially to destroy half an entire carrier battle group, and with two nuclear engines, to keep fighting if one were disabled. The U.S. “Seawolf” class attack submarine was developed during the 1990s specifically to try to regain the advantage in quietness, which had been lost to the likes of the *Kursk*.

Thus, in August, the *Kursk*, participating in Russian Navy all-ocean maneuvers which had been suspended for eight years, and which would see it break into the Atlantic and then enter the Mediterranean, would have been a particular target of submarine surveillance.

But more: NATO was seeking to humiliate these particu-

lar maneuvers and force Russia to abandon them for the future: The poison-pen column of Hoagland in the *Wall Street Journal*, and a *Washington Post* editorial (see *Documentation*), make this clear. The Cold War rule of engagement for this submarine surveillance may have changed, dramatically, in the current period, contributing to the danger of war. If U.S.,

British, and other NATO subs were ordered to *provocatively* follow the *Kursk* and other major Russian submarines, in order to “send the signal” that these maneuvers were a waste of Russian resources, as the Western columnists were claiming, then the likelihood of unintentional collision with one of the targetted submarines, will have become far greater.

FIGURE 1  
**Area of Operations for the Russian Northern Fleet**



---

## The Anti-Science Hoax of 'Global Warming'

---

*Peter Toynbee exposes the lying methodology of the UN's Intergovernmental Panel on Climate Change (IPCC), which has become "the authority" for global warming propaganda.*

---

*Mr. Toynbee is a retired engineer in Wellington, New Zealand, and a former director of the Coal Research Association. He writes frequently on scientific topics in the national press, in particular on questions of energy and resources and the extremist policies of New Zealand's greens, as well as the government. This report is adapted from his article "The Scientific Feet of Greenhouse Clay," which appeared in The Free Radical, a New Zealand publication dated December 1999/February 2000.*

In the mid-1980s, a group of scientists raised the concern that increasing levels of carbon dioxide in the atmosphere would increase the "Greenhouse Effect." Earth's stable temperature is maintained by transmitting thermal (infrared) radiation out into space, to balance the incoming solar radiation. It was claimed that higher CO<sub>2</sub> levels would increase the atmosphere's absorption of this thermal radiation, increasing the temperature of the atmosphere and the re-radiation of energy back to Earth. The horrendous estimates of the resulting global-temperature increases scared the pants off a gullible public who too easily accepted the claim that this would be due to man's increasing use of his fossil fuels.

A few years before this, publicity had been given similarly to scientists' fears of an early appearance of the next Ice Age. Despite its scientific inevitability, this scare did not catch on with the public as the warming one did, and most of the scare-mongers transferred their energies to the new bogey.

Responding to this concern, the United Nations established its Intergovernmental Panel on Climate Change—"the

cornerstone of an action which assumed climate change to be the great threat of the next century"—and the stage was set for the growth of the largest environmental industry ever. The first IPCC reports of 1990 and 1992 startled the world with their assumptions, scenarios, computer models, and predictions of permanent temperature rises of between 1.5 and 4.5°C in just 50 years. (It should be recorded that the temperature record for the last 1 million years shows great variations, especially as ice ages alternated with interglacial periods, but the trend in Earth's average temperature change over that million years, has been only about 1°C!)

IPCC organized its meeting for concerned nations at Rio in 1992. The assembled bureaucrats agreed that something should be done to reduce the perceived problem, but the resulting "Rio Treaty" embodied nothing more specific or official than that.

IPCC's eagerly awaited "Second Assessment of Climate Change" was planned for publication in 1996. Grand meetings were held in 1995 by the participating scientists in Madrid and by the full IPCC in Rome—their draft 1995 report was accepted as the official "consensus" view. It was characterized by many doubts, expressed by the scientists involved, as to whether the technical information could support the greenhouse fears. But when the report was finally released in June 1996, there was an immediate uproar,<sup>1</sup> when it was

---

1. Frederick Seitz, "A Major Deception on Global Warming," *Wall Street Journal*, June 12, 1996.





*Today's climate scaremongers ignore the known long-term astronomical cycles, which indicate that the Earth is leaving the warmer, interglacial period and entering a new Ice Age. Shown here: Glacier National Park, Patagonia, Argentina.*

realized that the report finalized in Madrid and Rome had been changed to suit a few further up the tree of authority. All mention of the doubts originally expressed had been expurgated.

The IPCC has been careful always to be seen as conforming with the best scientific principles, quoting only from “peer-reviewed” papers in their acclaimed search for the scientific truth. Independent scientists have always been rather skeptical, and this alteration of a scientific report to something more politically acceptable, was the first real demonstration that IPCC was not the paragon of scientific virtue as claimed.

The hullabaloo that arose would normally have destroyed any scientific body guilty of such misconduct. But somehow, IPCC was sheltered from the public criticism—and it just kept its head down until the furor blew over.

### **Dishonest Science**

The remodelled report, released in June 1996, contained the subtly worded and much-quoted conclusion: “The balance of evidence suggests a discernible human influence on global climate.” This was released to the international media, not by IPCC, but by Greenpeace, which said that “world scientists and governments have agreed for the first time, that some global climate changes are caused by humans.” The resulting headlines read—“Humans Blamed for Climate Change.” (In fact, despite the Greenpeace words, this conclusion had been considerably watered down from previous official state-

ments.) Independently of this, it was becoming obvious that not one of the computer models on which the greenhouse theory was based, had been validated. Many of the underlying assumptions were incorrect and other unacceptable facets of the greenhouse fallacy were emerging. As pressures came on to IPCC to justify their faulty predictions, there were indications of further relaxation of their scientific standards—examples of bad, and even dishonest, science,<sup>2,3,4</sup> should have destroyed the credibility of IPCC completely.

It is hard to understand, in the light of all this, how the greenhouse scare has been sustained. But sustained it has been—because IPCC and their associates have been able somehow, to maintain some scientific standing.

IPCC leaders, challenged with the truth and their incorrect predictions, are likely quietly to excuse themselves by (correctly) stating that their predictions are only scenarios. They then leave it to their “associates”—bureaucrats, Greenpeace, etc.—to make definite statements assuming the predictions to be correct. These are the statements that the public continue to hear—and assume to be official IPCC statements.

In the detail of the 1996 report, the IPCC prediction of the rate of temperature increase was reduced to about one-third

2. B.D. Santer et al., “A Search for Human Influence on the Thermal Structure of the Atmosphere,” *Nature*, 382:39, 1996.

3. Patrick J. Michaels and P.C. Knappenberger, “Human Effect on Global Climate,” *Nature*, 384:522, 1996.

4. Arthur B. Robinson, “Dishonesty in Science,” *Access to Energy*, July 1997.

of the original figure,<sup>5</sup> but the change was not publicized for the public ear. Even now, the original level of 1.5 to 4.5°C is commonly stated.

And a gradual, subtle change in the technical qualifications of the IPCC spokesmen was occurring. Economists, lawyers, accountants, diplomats, and bureaucrats in general, admitting their lack of technical understanding, seemed to be taking over the responsibility for the official statements. They were able to state their acceptance of the technical issues, excusing the scientists from having to argue those opinions in the light of the developing knowledge that refuted their greenhouse theory. If they have to make an official statement, the IPCC scientists tend to state that no one could be sure of these complicated issues, and the possibility of calamity could not be ignored.

But we should not be condemning all the IPCC scientists—those, numbering some 2,500, who are claimed to support the IPCC consensus. Most of these are reviewers and authors of internal reports who express their views to IPCC. They could perhaps be criticized for their passive acceptance of the omission or manipulation of their submissions, but they are largely earnest, honest scientists such as expressed their “doubts” in 1995. (The two such New Zealanders in this category known to the writer, whose feet are not in the greenhouse trough, certainly cannot be accused of such passivity. But their voices seem largely to be ignored.)

It seems certain that the main fault of the IPCC reporting lies with the upper echelon, such as lead authors and those who write the “Executive Summaries” and “Policymakers’ Summaries” to the reports—for the consumption and satisfaction of governments and politicians who have little concern for the exact truth on which science depends—and for the media.

The terminology of the IPCC doomcasters typifies their chicanery. Their original theme was the danger of “greenhouse warming”—warming from an increased greenhouse effect. But the term “global warming” came generally to be adopted in its place—it obviously describes the world average, but it includes all the natural changes in temperature. Even then, the “increased” temperatures failed to come anywhere near the level of IPCC’s predicted rises, and the problem was redefined as one of “climate change,” so as to include every extreme of climate—hot or cold, wet or dry—that TV brings into our living rooms. The doomcasters had no compunction in blaming extreme cold conditions on an increase in greenhouse warming! And the gullible public, who should have realized that there’s nothing more natural and changeable than weather, just accepted it all. The Royal Society of New Zealand, in supporting the IPCC, said,<sup>6</sup> “There are likely

5. S. Fred Singer, “A Preliminary Critique of IPCC’s Second Assessment of Climate Change,” a chapter from *The Global Warming Debate* published by the European Science and Environment Forum, 1996.

6. Royal Society of New Zealand, “Major Points from the IPCC 1995 Assessments,” press release, Dec. 18, 1995.

to be more severe droughts and/or floods in some places, and less severe droughts and/or floods in others.” Everything was to be blamed on greenhouse warming!

These IPCC scientists are destroying the standing of their profession in the eyes of a public becoming more and more critical of the overall greenhouse process—they are discouraging recruits from entering the profession, and leaving the public unwilling to trust their technical advice on even more important issues.

## The Kyoto Conference

The next item on the IPCC program, after the debacle of the Second Assessment, was the Kyoto Conference in Japan (1997), the latest ploy of the international assembly of bureaucrats, their previous wounds licked and forgotten. This conference featured largely non-scientists, who were promoting the claim that the signatories to the Protocol can profit, through a nebulous scheme for the international trading of carbon emissions, in an (as-yet undefined) agreement to control the level of the “pollutant” CO<sub>2</sub> in the atmosphere. Certainly, someone would have to pay for the utterly unnecessary carbon tax (by whatever name) which they promote; but they encourage the countries to sign the Protocol, telling each of them that there’s a profit in it for every one of them.

The Kyoto Protocol envisages the international control by bureaucrats, with no concern for the technical truth, of the energy use of all the signatories to the Protocol—surely a

## ‘Nobody Wants the Kyoto Protocol Except Us’

*In an April 12, 2000 article in the New Zealand newspaper The Independent, Peter Toynbee noted the absurdity of the nation’s zeal in signing on to the Kyoto Protocol, requiring the reduction in “emissions” from fossil fuel plants, in the name of alleviating “global warming.” Here are excerpts from his article.*

The Kyoto Protocol seeks to persuade most developed countries to undertake a substantial reduction in their carbon-dioxide emission. No country has, as yet, ratified the Protocol. None, for various reasons, seems likely to do so in the future.

If we were to assume that the world had to reduce its emission of carbon dioxide, why does little old New Zealand have to be involved? . . . Why is this international body encouraging such a small country to sign the Kyoto Protocol?

New Zealand is a small country, with a population about 1% of that of the United States, a carbon-dioxide

gravy train to surpass all gravy trains.

There is no official international pressure for New Zealand to sign the Kyoto Protocol—our 80% power generation from renewable sources and our relatively small industrial activity ensure that our carbon emission is one of the lowest. Bangladesh and Nigeria are excused from Kyoto responsibility because their carbon emission is no more than 1% of that of the U.S.A.; and New Zealand's is less than one-half of one percent!

The pressure for New Zealand's involvement comes from within—from New Zealanders seemingly motivated only by the personal benefits available from their selfish gravy train—bureaucrats from some 15 government services and sundry other vested interests.

These are the people who claim that New Zealand is committed to the Kyoto Protocol (through their irresponsible, unofficial undertakings at expensive international conferences) while, at the same time, their publicity tries to persuade the government to ratify their unofficial undertakings.

Fortunately, the powers that be seem to be seeing the technical light—for instance, from recent presentations at the International Institute of Economic Affairs and, subsequently, at the New Zealand Institute.

Most of the countries look to United States for a lead in this Kyoto-ratification business. It would be unlikely that any U.S. ratification would occur when the Senate, which has to approve any such international agreement, has stated its

unanimous opposition to any agreement which applies only to 20% of the world's nations, and which excludes several of the most rapidly developing economies—China, Mexico, South Korea, India, and Singapore. These countries would not sign any Kyoto agreement and are not being asked to.

One important factor in the Senate's decision is the realization that the United States would have to compete with these free-loaders for international markets and they would be voluntarily hog-tying themselves thereby. That thought seems not to have occurred to the New Zealand gravy-trainers—motivated only by their shameful “public choice” aspirations.

### More of the Same To Come

The IPCC is now preparing its Third Assessment,<sup>7,8</sup> which threatens more of the ridiculous same. They have authors preparing draft reports calculating predictions up to the year 2100, based on various scenarios and assumptions on carbon emissions, population levels, etc. Given their dismal failure to predict to the year 2000, with what confidence can they contemplate 2100? But that doesn't seem to stop them pro-

7. Fred Pearce, “All Bets Are Off,” *New Scientist*, Sept. 18, 1999.

8. Vincent R. Gray, *Greenhouse Bulletin* No. 125, September 1999, published also as “Forecasting Climate Disaster,” *The New Australian*, Oct. 4, 1999 (No. 136)—and as “IPCC Scenarios Old and New” in John Daly's website, [www.vision.net.au/~daly](http://www.vision.net.au/~daly).

emission per capita of about a half of that of the United States, a relatively trivial consumption of fossil fuel in industry, and 80% of its power generated from renewable energy.

It's not the international body that's applying the pressure, but the local scientists, their feet deep in the greenhouse trough, with a vested interest in sustaining their research activities.

It's not for them to worry about the damage that abandoning traditional science—the search for Truth—is doing to their once-proud profession, or to the economy of their country. At every opportunity, these local people stress that New Zealand is letting the world down by not complying with this international movement.

Typical of the local subterfuge, is the recent exercise in which they expressed each country's increase in carbon emission as a percentage.

Expressed in tonnes of carbon per year, New Zealand's contribution is one of the lowest of the OECD [Organization for Economic Cooperation and Development] countries considered, but when the annual increase in emission is expressed as a percentage of this low figure, this new criterion shows us as the second highest “polluter” on the list.

We were ten times worse than U.S.A.! In a blare of publicity, the results of these shonky calculations by Ministry of Commerce, were blazoned through the New Zealand newspapers.

The list of countries that are being asked to sign the Kyoto Protocol does not include China, India, South Korea, Mexico or Singapore, which would certainly not agree to sign anyway.

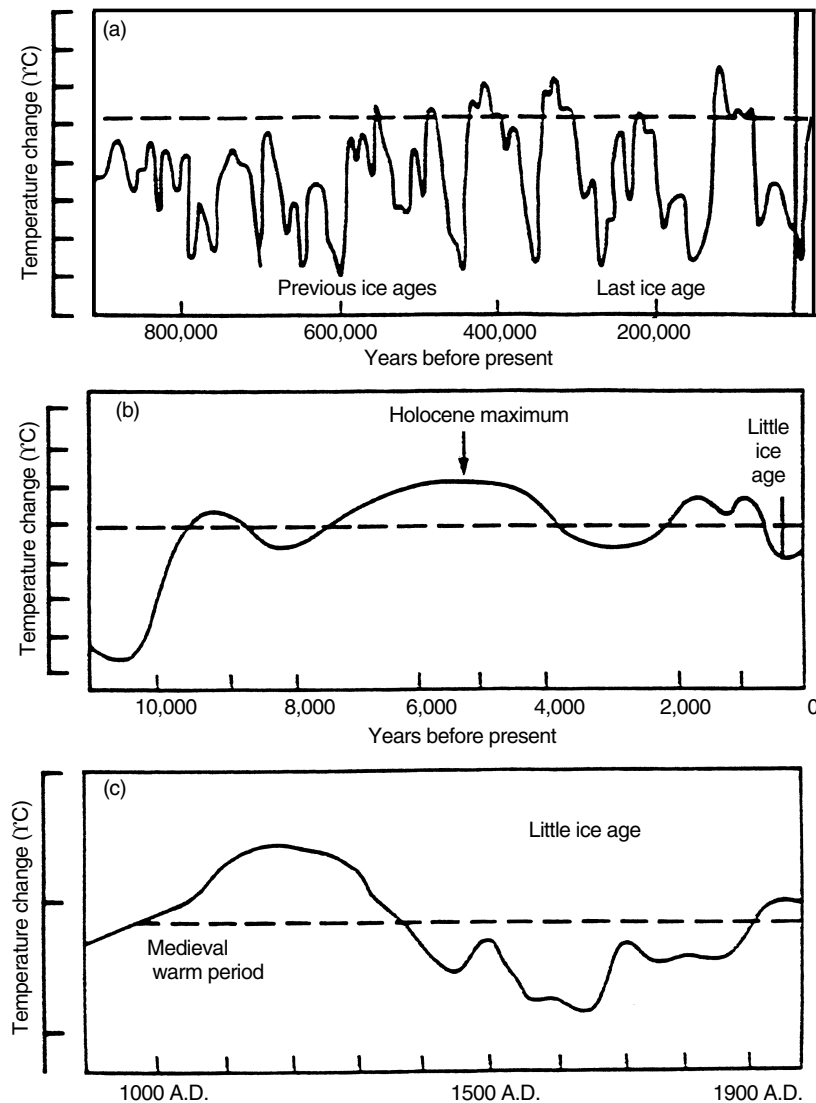
It is thus not surprising that the U.S. Senate has voted unanimously not to sign. Without the U.S.A.'s example, no other country is likely to sign—except perhaps New Zealand.

Absolved from any responsibility to conform with international requirements for reduced emissions, are Nigeria and Bangladesh, because in each case, their carbon emission is less than 1% of that of the United States. Each has a population some 20 times that of New Zealand, and a potential for much greater industrial activity in the future.

In comparison, New Zealand has a carbon emission of less than one-half of one percent of the United States. You don't see Nigeria and Bangladesh insisting that they be players in the Kyoto Stakes—they're too clever to mess up their economy in that way. . . .

FIGURE 1

**Global Temperature Variations on Three Time Scales**



These are schematic diagrams of global temperature variations since the Pleistocene: a) the last million years, b) the last 10,000 years, and c) the last 1,000 years. The horizontal dashed line represents conditions near the beginning of the 20th Century.

Source: Intergovernmental Panel on Climate Change, 1990. J.T. Houghton, G.J. Jenkins, and J.J. Ephraums (eds.), *Climate Change: The IPCC Assessment* (Cambridge: Cambridge University Press), Figure 7.1.

maybe Greenpeace again, will publicize the report, praise the findings, still leaving IPCC with an option to say that the opinions expressed are those of their associates, should their scientific reputation be questioned. Again, they will select a few scenarios, varying in the conditions promoting climate change, on which to base their projections. If they repeat past operations, they will arrange these in descending order of assumed levels of carbon emission, each deliberately overstated, with the anticipated average condition at the lowest level. When they come later to assess the average condition, obviously they will look to something in the middle of the range. Thus, they will have—subtly, dishonestly—achieved an unreasonably high prediction of the most likely event.

IPCC’s nebulous statement that “the [new] scenarios are neither predictions nor forecasts, but alternative images of how the future may unfold,” may serve to placate some. It may bring some hope that they have given up predicting temperature increases, but it seems unlikely that they will depart from past practice—or the practice of their associates. No doubt, they expect to keep the gravy train rolling for another year at least.

Over the decade there have been several statements by independent, established scientific organizations condemning the greenhouse theories, seeking a reappraisal by governments of the technical issues involved. But always, IPCC’s opposition has been such that no notice is taken of the earnest pleas, even though these have been steadily gaining universal credibility. The latest example was last year’s petition organized by Access to Energy and headed by Frederick Seitz, U.S. arch-doyen of the physical sciences. The petition, accompanied by an eight-page review of greenhouse warming,<sup>9</sup> urged the government to reject the global-warming agreement that was written in Kyoto, and other similar proposals. Low-cost circulation amongst scientists gathered signatures for this petition, the

ceeding with this latest exercise, which might be interpreted as an admission of the failure of Kyoto and of the previous assessments.

We can see it all happening again. IPCC, without accepting responsibility for the reports of its agents, will present them in their report as IPCC scenarios. Then, other associates,

number exceeding that of the claimed supporters of the IPCC consensus by a factor of seven. IPCC put up spurious arguments in opposition and, as they had done so often

9. Arthur B. Robinson et al., “Environmental Effects of Increased Carbon Dioxide,” *Access to Energy*, February 1998.

in the past, seem to have won out over the efforts of the inspired organizers.

## Simple Facts That Destroy the Greenhouse Fallacy

Man's knowledge of weather and climate is steadily increasing—take for instance our new appreciation of the Southern Oscillations (El Niño/La Niña), a natural phenomenon which has existed just about forever. But even as his knowledge expands, it becomes more and more doubtful that man will ever come to grips with all the complications.

This acquired scientific knowledge through the decade of the 1990s, has not only failed to validate the wild greenhouse theories—it has proved them to be very wrong.

Reasoned discussion of the greenhouse claims between the opposing factions will be achieved only by keeping to the simple issues. But unfortunately, it is a common ploy for the doomcasters to downplay the expertise of the disbelievers, confusing them by introducing unnecessary complications—attempting to destroy their confidence in their ability to comprehend.

In these circumstances, the disbeliever must frankly admit that he does not comprehend the issues raised (or the multitude of acronyms used!)—and insist that the doomsayer speak in a language he understands. Even better, the skeptic can specify the subjects for discussion, by posing a series of simple questions.

Anyone with a modicum of scientific understanding, who has studied the subject, must marvel at the departure from the scientific truth which enables these scientists and hangers-on to maintain their lucrative existence on the greenhouse gravy train. The closing sequence of this article is devoted to a description of some simple basic facts, well within the grasp of an intelligent layman, which destroy the greenhouse fallacy.

These facts are all that is required to prove that mankind need not be concerned about any greenhouse calamity of his own making. Study them, understand them; the greenhouse doomsayers, if you can restrict them to your argument, will have no answer to your knowledge. But make sure that you're not arguing with a greenhouse advocate with a vested interest in the scare-mongery on which his gravy train depends.

1. *CO<sub>2</sub> not a pollutant.* Within the limits of its concentration in the atmosphere, real or imaginary, CO<sub>2</sub> has no adverse effect on mankind. (Its concentration has always varied—currently the level is less than 0.04% by volume.) It is produced by animals' oxidation of the carbon in the food eaten to provide energy, by combustion of fossil fuels, and, most important, from a multitude of natural sources. It is consumed by plant photosynthesis where, with water vapor, it is converted by sunlight into plant material to provide food for the animal kingdom.

2. *The greenhouse effect.* If it were not for this phenome-

non, whereby most of Earth's thermal radiation is absorbed by greenhouse gases, and some 50% of the absorbed energy is returned to Earth, the temperature of the planet would be so low that man would not have developed in the way he has—if he had developed at all. The greenhouse gases—water vapor is by far the most important, CO<sub>2</sub> is much less effective—have their own specific wavelength bands at which they can absorb, but generally, the concentration of the gases is sufficient, that practically all of the thermal radiation within the specific absorption bands, is already being absorbed. Hence, no matter how much the concentration of the CO<sub>2</sub> might increase, the radiation it can absorb cannot increase above the virtual 100% that is now absorbed.

Some 10% of the Earth's total thermal radiation passes out directly into space—it is of the radiation bands at which no greenhouse gas absorbs—escaping out through the “radiation windows.” The greenhouse effect could increase only by reducing this 10%, but, there is no greenhouse gas which absorbs at the right wavelength.

So it's not a surprise that the greenhouse effect contributes nothing to any global-temperature increase.

3. *Earth's natural variations in temperature.* Our increasing knowledge relates to three natural phenomena which affect the global temperature: solar radiation, the Southern Oscillations (El Niño/La Niña), and volcanic activity, each with its own variable time frame. Scientific research is being devoted to an understanding of the relationship among these three, and to the correlation of the overall effect with the temperature record. Already, such attempts<sup>10</sup> have produced promising results, and some consensus seems certain to emerge from the international discussion.

4. *The major temperature changes of this millennium.* One of the most serious errors in the IPCC's computer modeling was the assumption that the Sun's radiation was constant. The Danish Meteorological Institute was largely responsible for the important breakthrough—first, in 1991<sup>11</sup> by demonstrating a correlation between global temperature and the length of the solar cycle. The significance of this finding was not understood at that stage—indeed it was dismissed out of hand by the doomsayers—but the quality of the correlation was so high that it could not be ignored.

The second and even more important discovery was in 1997,<sup>12</sup> again by the Danes, who realized that the small change

---

10. Nigel Calder, “The Carbon Dioxide Thermometer and the Cause of Global Warming,” *Energy and Environment*, 10:1-18, 1999. Paper presented at a seminar, University of Sussex, Oct. 6, 1998, and subjected to “open review” of online guest papers—available on <http://www.microtech.com.au/daly/calder/calder.htm>.

11. Eigel Friis-Christensen and Knud Lassen, “Length of the Solar Cycle: An Indication of Solar Activity Closely Associated with Climate,” *Science*, 254:698, 1991.

12. Henrik Svensmark and Eigel Friis-Christensen, “Variation in Cosmic Rays and Global Cloud Cover: a Missing Link in Solar-Climate Relationships,” *J. Atmospheric and Solar-Terrestrial Physics*, 59:1225, 1997.

in the solar radiation could not, on its own, be responsible for the earlier observed changes in temperature—obviously, the small change in radiation triggered some greater effect. Their solution, was that the change in the solar radiation was associated with sunspots and magnetic variations on the Sun's surface, which affected the level of cosmic rays which, in turn, affected the formation of clouds. So, the small change in solar radiation was amplified by the clouds' reflectance of more or less of the incoming solar radiation.

Beyond the normal solar cycle (9-14 years), these solar variations can explain all the significant temperature variations of the millennium—the Medieval Climatic Optimum, the Little Ice Age, and the temperature rise in the first 40 years of this century. The theory is confirmed by an associated effect of the change in cosmic rays: the variation in the isotopic ratio of atmospheric carbon which is obvious in the wood that grew in those times.

5. *The record of global average temperature.* Traditionally, surface temperatures are measured at selected sites around the world, and the "global average" calculated. Sometimes the record is only land-based, sometimes temperatures measured at sea are included—opinions vary as to which is the better. Both suffer from an inadequate coverage of the Earth's area, from various factors that limit the accuracy, and from the variety of methods of calculating the world average. The limited accuracy of the surface measurements (and the suspicion that the average figures are being massaged to suit) is the subject of critical assessments by a well-known New Zealand skeptic<sup>13</sup> and others. In another paper on the IPCC projections,<sup>14</sup> the same author concludes, "A combination of exaggeration and unreliability in the IPCC projections makes these unreliable as a guide to future projections."

The introduction, some 40 years ago, of radiosonde measurements, where the measuring devices are carried up into the atmosphere by balloons, gave a greatly improved, universally accepted record—from some 60 such sites around the world.

Then in 1979, satellite measurement of temperature in the lower atmosphere was introduced.<sup>15,16</sup> This senses vibrations in oxygen molecules, providing a ready, highly accurate measurement and accurate averaging of temperatures from all over the world, whether over sea or land—overcoming the limiting aspect of the radiosonde system, the number of measuring sites.

---

13. Vincent R. Gray, *Greenhouse Bulletin*, No. 112, March, and 113, May 1998.

14. Vincent R. Gray, "The IPCC Future Projections: Are they Plausible?" *Climate Research*, 10:155, 1998.

15. Roy W. Spencer and John R. Christy, "Precise Monitoring of Global Temperature from Satellites," *Science*, 247:1558, 1990.

16. John R. Christy and Richard T. McNider, "Satellite Greenhouse Signal," *Nature*, 367:325, 1994.

Most important, the satellite record for the past 20 years has shown that there has been no trend in the global average.<sup>17</sup> (There was a sensational increase for year 1998, obvious in all three temperature records, and ascribed entirely to the extreme El Niño conditions of that time; but since then, the record has returned to its stable level.)

The IPCC and their associates do their utmost to discredit the satellite temperatures, which are obviously so damaging to their claims based on the surface record. But the near-perfect agreement between the satellite and the radiosonde methods serves to establish, beyond all doubt, the reliability of the satellite methods.

6. *A prospect for greenhouse sanity.* The last 12 months have seen even more exciting ideas,<sup>10</sup> which turn the whole issue of greenhouse warming on its ear. New information is coming to hand that, instead of CO<sub>2</sub> levels determining the temperature—as per greenhouse theory—natural temperature changes occur, due mainly to solar variations, and also to volcanic activity and El Niño, as already described, and these bring changes in the equilibrium between CO<sub>2</sub> in the atmosphere and that in the oceans. (The quantity of soluble CO<sub>2</sub> in the oceans is some 50 times as great as that in the atmosphere.)

The release of CO<sub>2</sub> from a warmer ocean is exemplified by the bubbles of CO<sub>2</sub> that disengage from a cold bottle of champagne opened, undrunk. The new reasoning explains how changed CO<sub>2</sub> levels are the result of changes in temperature, not the cause of them. It is supported by a ten-year-old paper<sup>18</sup> which showed such a correlation between temperature and CO<sub>2</sub>, with the temperature change preceding the CO<sub>2</sub> change by a period of five months. At the time, scientists accepted this correlation as support for the greenhouse theory, conveniently overlooking the timing of the changes.

Whereas the greenhouse theory has not provided any acceptable correlation between CO<sub>2</sub> and temperature, these new ideas (see footnote 10), with adjustments for the time delays involved, provide an unprecedented reproduction of the effect of natural forces on world climate, unfettered by any greenhouse illusion. Furthermore, they can explain several cause/effect anomalies that always condemned the greenhouse fallacy.

The new theory is still evolving, with details yet to be ironed out by the ever-growing corps of real scientists who can be trusted to examine the new hypothesis in the best scientific traditions. It may well be modified in some way, but already, a reasoned explanation of climate variability, independent of the greenhouse effect, seems a real, thrilling prospect. Not surprisingly, no support is forthcoming from the IPCC or their associates!

---

17. "World Climate Report," Sept. 13, 1999.

18. C.C. Kuo et al., "Coherence Established Between Atmospheric Carbon Dioxide and Global Temperature," *Nature*, 343, p. 709, 1990.

FEATURED IN THE SUMMER 2000 ISSUE

# 21<sup>st</sup> CENTURY SCIENCE & TECHNOLOGY

## ■ SDI Revisted: In Defense of Strategy

*Lyndon H. LaRouche, Jr.*

In order that society might enjoy the benefits of discovered universal physical principles, it is essential to engage cooperation among the higher, cognitive processes of individual persons. The modern concept of "information," embedded in today's educational and scientific practice, makes such further advancement of cognition, and therefore of science, impossible. Such are the kind of underlying matters which must be addressed, to grasp the flaw in the arguments surrounding today's missile-defense debate.

## ■ It's Time to Tell the Truth About the Health Benefits of Low-Dose Radiation

*James Muckerheide*

Low-dose radiation is documented to be beneficial for human health but, for political reasons, radiation is assumed to be harmful at any dose. Radiation-protection scientists, and others, who cover up the data that contradict present policy should be investigated for misconduct.

## ■ Discovery Challenges Existence of 'Absolute Time'

*Jonathan Tennenbaum*

Russian scientists have discovered unexpected regularities in radioactive decay, linked to astronomical cycles.

## ■ AIDS and Infectious Diseases Declared Threat to U.S. National Security

*Colin Lowry*

## ■ Yes, the Ocean Has Warmed; No, It's Not 'Global Warming'

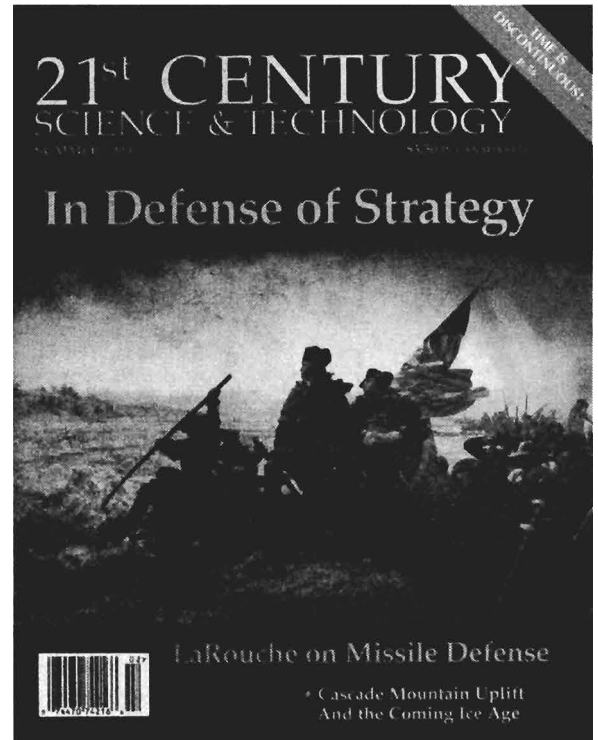
*Dr. Robert E. Stevenson*

## ■ Cascade Mountain Uplift May Explain Strengthening Ice Age Cycle

*Jack Sauers*

## ■ Genetically Engineered Crops Can Feed the World!

*Dr. C.S. Prakash*



SUBSCRIBE TO 21ST CENTURY | \$25 for 6 issues (U.S.) or | \$50 foreign airmail.

Send check or money order (U.S. currency only) to

**21st Century**

P.O. Box 16285

Washington, D.C. 20041

Single copies \$5 postpaid. [www.21stcenturysciencetech.com](http://www.21stcenturysciencetech.com)

## Mad Madeleine Pushes for War in South America

by Gretchen Small

In a mere five-day tour of five South American countries from August 15-19, the much-despised U.S. Secretary of State Madeleine Albright managed to push policies which so threaten the continued existence of those countries as sovereign nations, that she has succeeded in placing the United States on a collision course with the entire South American continent. The confrontation threatens to blow up in the United States' face, possibly as soon as Aug. 31-Sept. 1, when the Presidents of the 12 nations of South America meet in Brasilia for their first-ever summit.

The policy of limited sovereignty and regionwide war which Albright seeks to impose on Ibero-America in the name of "democracy," is so dangerous, that she has forced even the hitherto largely compliant governments of Ibero-America, to begin rethinking their entire relationship to "globalization," the Anglo-Americans' would-be world empire. In this regard, what is emerging in Ibero-America is not unlike the growing rebellion in Asia, Russia, and elsewhere, against the insane policies of the Anglo-American oligarchy. Made desperate by the disintegration of the global financial system on which their power rests, that oligarchy is brandishing policies which threaten the very existence of entire nations and their populations. And growing numbers of such nation-states are waking up to this fact, and are preparing to fight, rather than vanish.

### Supranational Plans Exposed

Albright's trip followed upon the State Department-led attempt to overthrow Peruvian President Alberto Fujimori during Peru's two-round Presidential elections this past April 9 and May 28. Despite nasty pressure upon the governments of the region, the Foreign Ministers of the Organization of American States (OAS), led by Brazil, refused to go along with that attack on sovereignty, and the attempt backfired.

Undaunted, Albright used her trip not only to insist on the

urgency of driving President Fujimori out of office, but she had the arrogant stupidity to propose to the five countries she visited—Brazil, Argentina, Chile, Bolivia, and Ecuador—that they allow their territory and/or troops and supplies to be used for a supranational military operation into Colombia, which is being prepared under cover of the State Department's "Plan Colombia" program.

While the smaller four countries she visited were careful to offer no public opposition (and the Argentine government of Fernando de la Rúa appears willing to accept Albright's proposals, whatever they may be), this was not the case in Brazil, South America's largest nation in territory, population, and economy. It was on the two points demanded—multilateral efforts to drive Fujimori from office, and multilateral military action on Colombia—that Brazil was forced to take a stand. When Albright and Brazilian Foreign Minister Luiz Felipe Lampreia came out of their meetings to hold a joint press conference on Aug. 15, Lampreia issued a sharp statement asserting Brazil's right to maintain its own, independent policies, and warned that Brazil will have nothing to do with proposals for multilateral action in Colombia.

According to diplomatic sources in Brasilia cited by Argentina's *Clarín* daily on Aug. 22, Albright asked President Fernando Henrique Cardoso to permit use of Brazil's military bases in the Amazon for Plan Colombia operations. Genilson Gonzaga of Brazil's *Jornal do Commercio* reported that Albright had asked Cardoso for Brazil to participate in an international "peacekeeping force" to be sent into Colombia.

Brazil's *Folha de São Paulo* daily reported on Aug. 20, that the Brazilian government rejects any direct involvement into Colombia, whether it be by providing soldiers for a hypothetical international force to defend the Colombian government, or by providing its air bases and radar for logistical support for operations inside Colombia, or by giving the



strong public support for Plan Colombia which Albright requested last week. *Folha's* sources say, however, that the United States will continue to insist that Brazil join in, citing U.S. intelligence reports which show that it is almost impossible to control the Colombian Amazon without the support of Brazilian radar and air bases.

### **Brazil Says 'No'!**

Only a desperado would ask the Cardoso government to use Brazil's Amazon bases for a multilateral action at this time. As anyone knows who has the most minimal familiarity with the mind of the Brazilian military and nationalist elite today, that is not something which Cardoso could deliver and survive in office, even should he wish to comply.

It has not been admitted by any official, U.S. or foreign, that any such request was made. But only such a request, or something very similar, could have produced the uncharacteristic, vehement public response which Brazilian Foreign Minister Lampreia delivered, with the U.S. Secretary of State standing at his side.

Lampreia delivered a careful, but very sharp statement distancing Brazil from even the appearance of adopting a subordinate policy vis-à-vis the United States. A reporter asked Lampreia if Brazil had demonstrated any interest in participating in joint plans with the United States as regards other countries in the region. Lampreia replied that he must preface his answer by explaining that the United States and Brazil share important values, and their positions at many times coincide. He then continued: "However, it is also very important to explain that both Brazil and the U.S. also should have their own independent, autonomous position, because that is their national interest and their convictions. And there shouldn't be, between our two countries, any relation that is different from autonomous independent decisions that may converge—or not—depending on the situation.

"Now, your question about plans or possible common action programs: no, I would say that we do not have the same degree of commitment with the drug-trafficking program of President Pastrana or his Peace Plan. But, that said, we've told President Pastrana that we will review with interest, and, of course, within our possibilities, we will try to answer positively to any request from Colombia to try to help their development and their peace process, *but we have no intention of participating in any common or concerted international action in the country.*

"Another important case is Peru. Regarding the Peruvian issue, we have had different—slightly different—views. . . . In other words, we will not participate in any specific programs or plans, but very often our views coincide and our actions converge with those of the U.S. in order to promote our shared values."

Coming from the Brazilian Foreign Minister, these are very harsh, undiplomatic words.

The extent of distrust towards the United States which Albright provoked with her trip was captured in an article

signed by the editorial board of *Folha*. "There is a second question which troubles many Brazilians about a greater U.S. involvement in Colombia: the possibility that it be merely a smokescreen to seize control of the Amazon," *Folha* wrote. " 'There is a widespread sensitivit on this,' admits, for example, Foreign Minister Luiz Felipe Lampreia. He himself is the first to doubt that there is 'a deliberate plan' of the U.S. government to interfere in the Amazon region. 'But, as for whether here are things that are not clear and which should cause concern, there are,' Lampreia states, referring to the concern for the environment and the international greed over the minerals and timber of the Amazon."

### **Plan Colombia: A Monstrous Fraud**

Brazil, like other nations in the region, is girding for war, as a spillover from the Colombia fiasco. The government has announced that it is establishing a "crisis command center" to coordinate defense of its 1,640-kilometer border with Colombia from drug traffickers and guerrillas attempting to cross over into the largely unpopulated Brazilian Amazon region. Named "Operation Cobra" (abbreviating Colombia and Brazil), the command will be headquartered in Tabatinga, just across the border from Leticia, Colombia. Officials from the Defense Ministry, Itamaraty, the Army, the Air Force, the Brazilian Intelligence Agency (ABIN), and the Federal Police are to be posted there. Smaller bases will be established in seven municipalities along the border; eight new helicopters for the Army, appropriate for operations in this terrain, have been ordered; and increased air surveillance of the region for signs of spreading deforestation, possibly indicating an increase in coca plantings inside Brazil, will begin.

The State Department's effort to depict any country which fails to line up behind its so-called Plan Colombia as soft on the drug trade, is worse than lying. The issue under dispute is not over whether the accelerating disintegration of the nation of Colombia at the hands of competing narco-terrorist armies constitutes a threat to the hemisphere as a whole, nor whether other nations can and should aid their neighbor. What is being fought out, is what is a viable strategy to accomplish the task, before the entire region is overwhelmed.

President Bill Clinton's anti-drug czar, Gen. Barry McCaffrey (ret.), originally rang the alarm bells on Colombia, and launched the fight for the United States to provide emergency aid to Colombia so that it could defend itself. But the policy finally elaborated under State Department direction as the much-heralded Plan Colombia, is a monstrous fraud intentionally designed to fail, much as the Vietnam War was a deliberate plan for destruction, not victory.

Plan Colombia is premised on three pillars which, together, will lead to conflagration across the region:

- 1) The Fujimori government in Peru, the one government which demonstrated that narco-terrorists can be defeated and peace restored by the mobilization of the entire resources of a sovereign state, is to be isolated and driven from office.
- 2) The Colombian state is not to be permitted to defeat

the narco-terrorists, but must instead limit its efforts to forcing them to the negotiating table. To ensure this, U.S. policy has focussed on taking down the Colombian Armed Forces, while the State Department actively builds up the Revolutionary Armed Forces of Colombia (FARC), the leading narco-terrorist murderers and kidnapers terrorizing the country. The State Department is openly encouraging and facilitating international delegations to engage in direct talks with FARC leaders, for the express purpose of arranging new international financing for the FARC, be it from Wall Street or from governments allied with the United States.

3) Simultaneously, as the Albright trip revealed, preparations have begun for an eventual supranational military intervention into Colombia — with as much chance for success as NATO’s destructive, failed Kosovo war of 1999 — to impose a peace with the narco-terrorists which the Colombian people do not want, and which is inherently impossible to enforce.

### Sovereignty Can End the War

When U.S. policy towards Colombia was battled out a year ago, President Fujimori warned against any attempt to resolve the crisis through foreign intervention, as opposed to coordinated actions by sovereign nations. In a Lima press conference with Brazil’s President Cardoso in July 1999, Fujimori reported that both Presidents agreed upon the need for a coordinated regional security strategy against narco-terror-

ism to be developed. Other Ibero-American nations must help defend the human rights of Colombians to live free of attacks from the narco-terrorists, but this can and must be done without foreign intervention, Fujimori specified.

A year later, on Aug. 21, as Albright was concluding her waltz around South America, Fujimori reiterated that warning, in a press conference called to announce that Peru’s National Intelligence Service (SIN), in an operation under the direction of Vladamiro Montesinos, had dismantled an international arms-trafficking ring supplying the FARC. The ring had already supplied 10,000 sophisticated Russian-made assault rifles to the FARC, and was preparing a fourth shipment, which was stopped when Peruvian authorities arrested six members of the trafficking ring.

These are the kind of concrete measures, carried out by cooperating national intelligence services of different countries, which Colombia needs, Fujimori emphasized. This is how to defend regional security. From that standpoint, he noted how “very peculiar” Madeleine Albright’s trip was to South America, in which “she skirted Peru, as if we were an island.” It is the FARC which threatens democracy in the region, not Peru, he pointed out. Had she come to Peru, the Peruvian government could have informed her directly about the arms trafficking to the FARC, “but regional security lies elsewhere” for her, he noted.

Plan Colombia, on the other hand, is a matter for concern.

# The Plot To Annihilate the Armed Forces And the Nations of Ibero-America

INCLUDING:

**The Bush Manual** to Eliminate the Armed Forces

**Limited Sovereignty:** Objective of the Inter-American Dialogue

**Stop the ‘Africanization’** of Ibero-America!

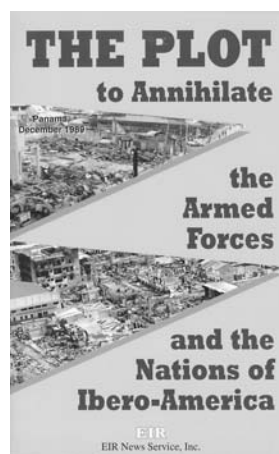
With a **PREFACE** by Col. Mohamed Alí Seineldín, **INTRODUCTION** by Lyndon LaRouche, and **PREFACE** by Michael Billington

**\$15** AVAILABLE ALSO IN SPANISH AND PORTUGUESE

Order from:

**EIRNews Service**

P.O. Box 17390, Washington, D.C. 041-0390



**The Plot is “required reading at several regional military academies and staff colleges. Students of Latin America affairs will ignore this book to their own detriment.”**

—James Zackrisson, *Defense Force Quarterly*

Fujimori warned that, while he did not know all its details, he feared it would only prolong the conflict, not win it, and become “the beginning of a new Vietnam.” “I cannot conceive that, in a South American country, there could be a force which is foreign to that country, and that it is invaded, or advised, by foreign agents,” he said.

Colombia’s former Army Commander, Gen. Harold Bedoya (ret.) echoed President Fujimori’s warning, in interviews given to several Peruvian radio and television stations after the announcement that the Peruvians had broken up the FARC arms ring. The FARC and the international drug mafia which it supplies is a threat to the entire Amazon region, General Bedoya emphasized, but Plan Colombia is absurd. How could it be otherwise, when it is based on the Colombian government giving “political rights” to this group of drug traffickers and terrorists, while the military aid it provides—30 refurbished Vietnam-era helicopters now, and 30 modern helicopters two years from now—is insufficient, except to prolong the war.

### South America for the South Americans

It is in this heightened state of regional crisis that the 12 heads of state of South America will gather for their first ever summit in Brasilia. The official agenda of the summit, from which a final declaration is expected to be issued, covers everything from democracy and fighting drugs, to integrating transport infrastructure, communications, and energy generation and distribution in the region.

Wall Street and the State Department have been nervous about this summit since the Cardoso government began organizing it earlier this year. They are suspicious that it, along with Brazil’s drive to create a South American free-trade zone by unifying Mercosur (whose members are Argentina, Brazil, Paraguay, and Uruguay) and the Andean Pact (most of the rest of South America), are part of a Brazilian strategy to set up an independent body, under its own sphere of influence, separate from, and perhaps counterposed to the North American Free Trade Agreement bloc.

Despite its free-trade parameters, the upcoming South American Summit has become a wild-card, under today’s crisis conditions. President Cardoso briefed Albright that the goal of the summit is to intensify relations between the 12 South American countries, by going outside bureaucratic procedures and by increasing the number of agreements on common infrastructure and transportation projects. Foreign Minister Lampreia has said they will seek the physical integration of the subcontinent, “which would have political effects upon the cohesion of South America in any international negotiation,” according to the report by Clovis Rossi, *Folha de São Paulo*’s senior journalist and member of the editorial board.

The concept taking shape, according to Argentina’s *Clarín*, is that it is Brasilia’s intention to argue at the summit that the best formula to resolve conflicts in the region, is “South America for the South Americans.”

---

## Venezuela

---

# Chávez: a Circus Abroad and Vote Theft at Home

by David Ramonet

The U.S. State Department, along with much of the international news media, made a great deal of fuss over the visit of Venezuelan President Hugo Chávez Frías to Iraq in August, where he met with President Saddam Hussein and invited him to an Organization of Petroleum Exporting Countries (OPEC) summit that will be held in Caracas in September.

Less concerned about that are the Venezuelan people, who are more worried about the economic and political disaster over which Chávez is presiding at home, and in particular, his shameless theft of votes in the July 30 national elections. There already exist multiple legal suits, as well as opposition street protests—with at least one person dead so far—against the “cynical and arrogant electoral fraud” through which Chávez was legitimized in the Presidency.

Despite notable irregularities in the electoral process, and the flagrant dirty tricks by means of which the Chávez forces claimed victory not only for the Presidency, but also for 16 of 23 state governorships and 60% of the 165 seats in the National Assembly, it appears that neither former U.S. President Jimmy Carter, nor the observers from the Organization of American States, nor the outgoing U.S. Ambassador to Venezuela, John Maisto, could discover any hints of illegality.

It is worth contrasting this silence with the worldwide scandal that the U.S. State Department raised around the recent Presidential elections in Peru, after which the Venezuelan elections had to be postponed from their original May 28 date, because National Electoral Council directors could not conceal the mountain of irregularities that existed then, and which continued to exist at the time of the election.

One returns then to the question that is circulating in political layers throughout the Andean region: What does Chávez have that Peruvian President Alberto Fujimori doesn’t, that the U.S. State Department is so conciliatory toward the one, and so opposed to the other? What comes to the mind of any sharp observer is that Chávez, all his radical hyperbole aside, feels very comfortable with globalization, and in particular with the ongoing dialogue that the State Department has approved with Colombia’s FARC narco-terrorists, while Fujimori defends the sovereign nation-state against that same narco-terrorist threat.

## The Numbers Don't Add Up

Ever since last Dec. 15, when the new Bolivarian Constitution of Venezuela was passed, the country has been living in “temporary legality,” as interpreted by the Chávez regime’s “strongman,” veteran leftist Luis Miquilena. As head of the National Constituent Assembly, Miquilena has named the “temporary powers”: a National Legislative Commission (also known as “the little congress”), which he heads; a committee to “restructure” the Judicial Power, headed by his “former” partner Manuel Quijada; and a Supreme Court of Justice (TSJ), temporarily named by both him and Quijada.

It was hoped that the election of the National Assembly, the unicameral legislative power which now reigns, would open the doors to a pluralist grouping that could supersede the “temporary legality” status. But the July 30 elections sank the possibility of any kind of credible legality, given that the Chávez forces unexpectedly succeeded in controlling the absolute majority of the new congress. The National Electoral Council awarded 77 seats to the Fifth Republic Movement (MVR) of Chávez, and 21 seats to his allies in the Movement to Socialism (MAS). With three “indigenous” deputies and another five minor groups, Chávez’s forces took 111 seats, a two-thirds absolute majority. The result is that the Chavistas could now name the magistrates of the TSJ, the Prosecutor General, the Comptroller, the People’s Defender, and the board of the National Electoral Council (CNE).

Strangely enough, of the 322 mayoralties up for grabs, some 150 of them were won by the traditional parties—the social democratic Acción Democrática took more than 100, and the social Christian COPEI party won 47—versus only 80 going to the MVR and 20 to its MAS allies. It is strange indeed that these vote results on the local level do not correspond to the votes apparently obtained by the traditional candidates to the National Assembly.

In two of the gubernatorial races (in the states of Táchira and Cojedes), the MVR won through a dirty deal with the CNE, which agreed to combine the votes of the Patria Para Todos (PPT) party with those of the MVR, in a last-minute deal. So suspicious were the local CNE officials, that the first tallies released did not agree with this, and it wasn’t until the MVR began to put on the pressure that the Chavista vote tallies suddenly began to climb. What made a definite difference was what has been dubbed “the miracle of the nulls”—because the automatic voting machines registered a large amount of null votes, the MVR was able to impose its victory with a margin of scarcely tens or hundreds of votes.

There are more than 100 legal challenges pending before the CNE and TSJ at the present time, but despite the strong substantiation of many of them, it is not expected that they will cause any change in the final electoral results.

There are also doubts about Chávez’s own victory. He

won with *more* votes than in December 1998, which is truly stunning in view of the very evident disenchantment with his government that can be perceived on the street. During this year and a half of “temporary” government, Chávez has lost a large part of the support he had among the educated middle class, the organized working class, and the agricultural sector, those now most strongly affected not only by the economic recession, but also by the constant diatribes and threats of President Chávez himself. It was expected that, while he would win the Presidential elections, Chávez would be receiving between 10-15% less than in 1998.

However, the CNE gave Chávez 3,757,773 votes, against 2,359,459 votes won by his main rival, Francisco Arias Cárdenas, less than that won by Chávez’s rival in 1998. At that time, Chávez won 3,674,021 votes against 2,613,814 by his main adversary, Henrique Salas Romer.

## Circus Without Bread Continues

Chávez has announced a plan for jobs and street kitchens, to ease the effects of the recession on the population. For the moment, thanks to the fact that the price of Venezuelan oil has remained above \$32 per barrel, in contrast to the \$15 per barrel that had been calculated for the budget, the public budget has been raised by more than 50%, from the 12 trillion bolívares of last year, to more than 19 billion this year. However, this flood of money is not apparent in the economy, despite the fact that the government insists that the economy began to grow as of the second half of this year. Inflation is contained, estimated to reach 15% by year’s end, thanks to the brutal decline in consumption by the population, and in expenses of the private sector.

There is, in fact, nothing in sight to allow for predictions of an economic recovery, and the private business sector continues to be nervous. In a discussion at the headquarters of the Andean Development Corp. in Caracas, President Chávez rejected “the development model of the developed nations,” arguing that they consume too many natural resources. According to his calculations, if all the countries of the world wanted to be at the development level of the industrialized nations, we would have to take over several Earths. Thus, in his worldview, there is only room for the small, which in practice translates into officially organized street hawking.

Most recently, Chávez gave us all a glimpse of what he has in mind. He states that during his trip to Europe, he was especially inspired by the windmills of Holland, by means of which wind energy could be converted into electricity. He said that this was an example of what could be done in the Venezuelan plains. For 20 years, the World Bank has been “educating” the leaders of the so-called Third World to forget cutting-edge technologies, machine tools, and other heavy industry, because they could not afford such “luxuries” while simultaneously paying off their foreign debt. It would appear that in Chávez, they have a ready pupil.

# Abortion Polemic Is Splitting Mexico

by Rubén Cota Meza

“The view that [Mexican President-elect Vicente] Fox’s victory is the incarnation of 19th-Century ‘conservatism’ vs. modern ‘liberalism,’ is an extremely dangerous scenario, designed by the international financial oligarchy headquartered in London. Also highly dangerous is the idea of re-staging a new fratricidal ‘Cristero war,’ like that which caused such damage to the country in the 1920s and ’30s,” the Ibero-American Solidarity Movement (MSIA) warned a July 10 statement.

One month after that warning from Lyndon LaRouche’s co-thinkers, the plot to splinter the nation is advancing around the provocative issue of abortion. Radical sectors of the “left” and “right,” as throughout history, have begun to play out the roles assigned them by the oligarchy. Given the imminence of the disintegration of the global financial and monetary system, the only legitimate division is between those who seek to defend the nation from speculative deprecation and are the nation-builders, and those who favor the economic policies of the International Monetary Fund (IMF) and globalization, which are truly the policies which murder both the unborn, and those already born.

Using their majority in the outgoing legislature of the Guanajuato state congress, the bloc of the “rightist” National Action Party (PAN) of Fox, won approval on Aug. 3 for a law which penalizes women who get abortions, even if the pregnancy is the result of rape (an exception permitted by federal law). In a predictable reaction, Federal District Gov. Rosario Robles, making use of the majority of Cuauhtémoc Cárdenas’s “leftist” Party of the Democratic Revolution (PRD) in the Federal District legislative assembly, approved a law on Aug. 18 which adds new justifications for abortion, representing its gradual decriminalization.

The most diverse political and social forces and institutions have been trapped in the heated measures and counter-measures around the issue, finding themselves without an outlet from the confrontation. These include the Catholic Church, the traditional sectors of the PAN, and, to some degree, the Institutional Revolutionary Party, and even Fox.

It wouldn’t take much to unleash violent physical confrontations among fascist shock-troops, the “brown shirts” that have emerged following Fox’s electoral victory among the so-called “golden youth” that worked on his election campaign, and also from among the urban leftist Jacobin gangs who are partisans of the Zapatista National Liberation Army.

These latter have been sheltered by the PRD and incubate in groups such as the General Strike Council of the National Autonomous University, and in the neighborhoods controlled by the PRD, which governs Mexico City.

## ‘More Important Problems to Solve’

This divisionary scenario had been attempted by these same forces in the immediate aftermath of the July 2 elections, using the issue of religion in education. At the time, the intervention of two Catholic Cardinals, Msgr. Norberto Rivera and Juan Sandoval Iníiguez, deactivated the “bomb” before it could explode. Cardinal Sandoval, in particular, insisted on July 14 that the Fox government will have more important problems to solve, before proposing any modification of Article Three of the Constitution, which oversees lay and universal education. The government needn’t preach the gospel, he said, for the government already has a mission: to provide for the needs of temporal society. Fox has many problems to deal with “before thinking about minor things,” the Cardinal stated, including “the serious problem of the poverty of so many Mexicans, of insecurity, of a destroyed and abandoned countryside—these are things to which he must dedicate himself.”

Fox’s proclivity for “New Age” ideology so condemned by the Catholic Church, alienated the country’s more conservative sectors. To attract their support, Fox staged theatrical scenes, such as carrying the banner of the Virgin of Guadalupe at a campaign rally—a cheap effort to echo themes from Mexico’s religious Cristero War of the 1920s. These and other excesses awakened certain sectors of the so-called “right,” who began to throw their support to Fox’s candidacy.

Having gained the Presidency, Fox has backtracked from more radical statements, and is now declaring that he would not take any initiative to modify the penal code, which permits abortion under certain circumstances. In response, taking advantage of Fox’s first absence from the country since his election, and without informing the national party leadership, a group of PAN legislators in Guanajuato, whom some identify as belonging to a kind of “brotherhood” known as “La Causa,” staged a legislative “coup” which immediately triggered its “leftist” complement. The result: The country is stymied.

An additional problem is Fox’s intent to give space in his administration to “everyone’s ideas,” and to amalgamate them “by consensus”—as if a nation were merely the sum of its parts and not a universal concept—while at the same time, Fox would dismantle the national institutions and the very mechanisms that have given social and political stability to the country for decades, and would hand Mexico over to the voracious pirates of globalization.

Given the reality of imminent global financial collapse, any posture “in defense of life” which does not explicitly reject the murderous economic dictates of the IMF, imposed on nations under the rubric of “globalization” and “modernization,” is a total fraud.

# The British Empire Retaliates Against Argentine Lawyer

by Cynthia R. Rush

On Aug. 6 at Rome's Leonardo da Vinci airport, Italian authorities arrested Argentine lawyer and retired Army Maj. Jorge Olivera, as he prepared to board an Aerolíneas Argentinas flight back to Buenos Aires. Olivera and his wife were told that he was being detained on orders of French Judge Roger LeLoire, who is seeking Olivera's extradition to France on charges of involvement in the 1976 disappearance of French-Argentine citizen Marie Anne Erize in the Argentine province of San Juan. As a first lieutenant, Olivera had served in the 22nd Army Regiment in San Juan in 1976, during the terrorist offensive which shook Argentina throughout much of the 1970s and early 1980s.

A bewildered and surprised Olivera told Italian police that he had no knowledge of the case against him, and denied the charges. His wife stated after her return to Buenos Aires that the arrest had nothing to do with human rights violations, but rather with the fact that her husband had just spent a month in France, where he brought before the European Court for Human Rights in Strasbourg, the case against former British Prime Minister Margaret Thatcher, for ordering the May 1982 sinking of the Argentine Navy vessel *General Belgrano*, as it moved away from the British-created exclusion zone around the Malvinas Islands.

Representing some of the families of the 323 sailors who died as a result of that torpedo attack, Olivera and his law partner, Jorge Appiani, also a retired Army officer, demanded indemnization from the British government, as well as Thatcher's extradition to Argentina to stand trial for war crimes.

The European Court refused to hear the case, arguing that the statute of limitations had expired. But London wanted more—who are the upstart Argentines to question Britain's globalist designs? “This is a case orchestrated by Great Britain,” Rabassi de Olivera told media in Buenos Aires. “[My husband] dared to present a case against Thatcher, which is like stepping on the tail of the Empire.” But, of course, she added with a note of sarcasm, “we are only a peripheral country, and this is a set-up: They won't let us touch Margaret Thatcher.”

## No One Is Safe

Inside Argentina, news of Olivera's detention provoked a national furor, among both political and military circles angered over the way the arrest was carried out, and at the

despicable response of President Fernando de la Rúa's government, which has decided to throw Olivera to the wolves, alleging that sovereignty, and “extraterritoriality” are not an issue. Justice Minister Ricardo Gil Lavedra unabashedly told the daily *La Nación* that “there is no principle which determines that Argentina should adopt any other attitude” than the slavish course it is currently following.

Descriptions of Olivera's arrest as an “ambush,” “kidnaping,” and “hostage taking,” were heard from numerous military and political figures, newspaper editorials, and even from individuals not particularly known for their defense of national interests, so enraged were they at the circumstances surrounding the arrest. A lawyer representing French families whose relatives disappeared in Argentina in the 1970s, revealed that police had had Olivera under surveillance for a month, mostly when he was in France, but waited until “the right moment” to arrest him in Italy. Why not in France, where he made many public appearances and statements? After all, Olivera's case is considered important because he is on a list of 140 Argentine military officers wanted for “genocide” by Spanish magistrate Baltazar Garzón, an agent of Transparency International's anti-nation-state apparatus. Yet, the arrest warrant and extradition request were reportedly only issued on July 21, *after* Olivera had left France.

A manic human rights mob and media associated with Fidel Castro's São Paulo Forum, hailed Olivera's arrest as a great victory, calling it a “Pinochet II,” referring to the precedent set by the October 1998 arrest in London of former Chilean dictator Gen. Augusto Pinochet, also at the request of Spain's Garzón. Most media filled their pages daily with long lists of accusations and numerous “eyewitness reports,” portraying Olivera as a sadistic rapist, torturer, and murderer. Pro-terrorist media also reported as proven fact, that Olivera had served as defense lawyer for Erich Priebke, the octogenarian Nazi who was extradited to Italy from Argentina in 1995, to stand trial on charges that he massacred Jews in Italy during World War II. *EIR* has no independent knowledge of Olivera's Army background, including the Erize case for which he was detained, but it has confirmed from Olivera's law firm that he was never Priebke's lawyer.

The assertion that this case is a “Pinochet II” also bears careful examination. In reality, it goes far *beyond* the terrible precedent set in the Pinochet case. True, London's intent is the same—to impose its global doctrine of “universal juris-

diction,” whose only purpose is to destroy the institutions of the sovereign nation-state, under the guise of defending “human rights.” Ibero-America’s military institution also remains a primary target. To the degree that it is still a repository for nationalist sentiment, its destruction is a prerequisite for limiting these nations’ sovereignty.

What is very different about Olivera’s case, however, was underscored by Argentine Army Chief of Staff Gen. Ricardo Brinzoni, when he was asked by the pro-terrorist daily *Página 12* whether Olivera’s arrest were like the Pinochet case. No, he said, the difference lies in the fact that, in Chile, “Pinochet was not tried.” “Here there was justice and there were laws applied,” such as the “Due Obedience” and “End Point” laws. Olivera’s case had already gone through the Argentine court system, and was dismissed under the Due Obedience law, approved by the national legislature in June 1987. Together with the End Point legislation, it exempted military personnel from prosecution for human rights charges stemming from the anti-terrorist war of the 1970s, and was intended to foster reconciliation after the long and difficult period of national upheaval and bloodshed.

But the globalizers in London and their collaborators in U.S. Secretary of State “Mad” Madeleine Albright’s State Department could care less about Argentina’s sovereign institutions. From their standpoint, *anyone* is fair game, even if he has been tried, and convicted or acquitted by his national judicial system. In an article in *La Nueva Provincia* on Aug. 9, Olivera’s law partner Appiani warned that “Olivera is a magnificent, insuperable leading case for continuing world judicial domination. It begins with military officers, in the name of sacred values,” but will end up “with those senators and deputies who would dare to review the eventual monopoly of the [multinational] telephone companies” which have moved into several Ibero-American countries.

Is anyone safe? Not according to French Judge LeLoire, who ordered Olivera’s arrest. He has asked Argentina’s Foreign Ministry for permission to travel to Buenos Aires to interrogate the 140 officers on Garzón’s list. This, despite the fact that most of these 140 individuals, some of them still on active duty, also had cases against them dismissed by the Due Obedience and End Point legislation. Although some of the names of the 140 officers have been made public, French lawyer Sophie Thonon said that she won’t release all of them, so as not to “alert” them. Should any of them travel outside of Argentina, she warned, they will be arrested, just as Olivera was.

### **Mad Madeleine: The Military Is the Problem**

Barely a week after Olivera’s arrest, Albright embarked on a tour of five Ibero-American countries, to promote London’s policy. During an Aug. 17 meeting with representatives of Argentina’s human rights non-governmental organizations (NGOs), she stated that “the role of the military has been the major problem in Latin America. We work with governments

to affirm the idea of civilian control. . . . That is *the center* of our foreign policy.” Then, on Aug. 18, in neighboring Chile, she did something similar. With tensions within that country’s Armed Forces running extremely high, as a result of the Supreme Court’s Aug. 9 ruling to strip Pinochet of his parliamentary immunity so that he may stand trial, Albright praised the court’s action, and asserted that the Chilean model of “democracy” requires prosecution of the military.

Stating that “it is possible for a country to have a stable democratic transition without *sacrificing the principles of accountability*,” Albright implied it were better to overturn the amnesties and similar legislation, which many South American governments approved in the 1970s and 1980s, as a means of reducing societal tensions associated with the 1970s war against terrorism, and moving on with the task of stabilizing these nations politically and economically.

Albright’s Aug. 17 meeting with NGOs in Buenos Aires included the hard-core leadership of the legal apparatus of Argentina’s still-intact terrorist networks, among them the Mothers and Grandmothers of the Plaza de Mayo, and people such as *Página 12*’s Horacio Verbitsky, the former intelligence director of the terrorist Montoneros who now sits on the board of George Soros’s Human Rights Watch/Americas. These Argentine “Rigoberta Menchús” demanded that Albright do more to help them prosecute the military, putting particular emphasis on getting classified U.S. documentation on Operation Condor, the intelligence-sharing program by which the Chilean, Argentine, Paraguayan, Uruguayan, and Brazilian governments coordinated anti-terrorist activities throughout the 1970s.

The Aug. 18 arrest for insubordination of Navy Adm. Alfredo Fernández (ret.), president of the Armed Forces Officers Center (COFA), makes clear that London and Washington will brook no resistance to their policy. Fernández, a staunch nationalist, was placed under arrest for 20 days, after an Aug. 17 speech before 400 active-duty and retired military officers, in which he denounced in the harshest terms, President de la Rúa’s slavish obedience to Albright’s pro-terrorist “democracy” agenda. The Admiral blasted the government for “explicitly recognizing foreign penal jurisdiction over acts which took place in our country,” a reference to Olivera, and also for acting as apologists for the crimes committed by terrorists during the 1970s. Today, he said, “Argentina faces the greatest challenge to its existence: Either it will consolidate as a nation, or resign itself to . . . even its geographical partition or dissolution, due to the . . . plundering by the dominant interests which assault us.” When “those who occupy public posts, unabashedly and deliberately place themselves at the services of the alleged human rights of one part of society, to the detriment of the rest, . . . it is because anarchy is installing itself in the Argentine Republic.” Without grandstanding, Fernández said, “We affirm that to assault the Armed Forces, whatever the method, procedures, or intention, is an assault against the nation itself.”

# Where's the Peace?

by Linda de Hoyos

August 28 will be the day, and Arusha, Tanzania, the place, for the signing of the Draft Peace and Reconciliation Agreement of Burundi, the chief mediator, former South African President Nelson Mandela, announced in July. President Bill Clinton, along with the heads of state of Kenya, Botswana, Malawi, Rwanda, South Africa, Tanzania, and Uganda were all committed to attend the signing, which, it had been hoped, would end the seven-year civil war that has taken hundreds of thousands of lives and displaced nearly 1 million of Burundi's 5 million people. The signing ceremony was to culminate two years of negotiations in Arusha orchestrated first by Tanzanian elder statesman Julius Nyerere, and, after his death in 1999, by Mandela.

Despite Mandela's heavy-handed attempt to bring extreme pressure to bear on all parties to the conflict, beginning with the presence of the American President, as of Aug. 24, the big question remains: Where's the peace?

Caught in the cauldron of Great Lakes wars, Burundi is a victim of extreme bitterness between the largely Hutu population and a mono-ethnic Tutsi military, which has ruled Burundi with an iron hand since 1965, with only a brief interlude of democratic rule from June to October 1993 under the leadership of the first elected and first Hutu President, Melchior Ndayaye. From October 1993 until July 1996, Burundi was ruled by a "coalition government" imposed by the United Nations and donor community, while the military carried out massacres against Hutu civilians and an assassination campaign against ministers, members of Parliament, and governors, who were either Hutu, or worse still, from the standpoint of the military, Tutsis who disagreed with the Tutsi military monopoly. The Tutsi murder campaigns produced a full-scale civil war, as Hutus were forced to take up arms in self-defense. In July 1996, former military dictator Pierre Buyoya (who had lost the 1993 elections) "pulled the plug" on the hapless coalition government, as the military returned to power and also began its long-standing deployment into Zaire/Congo with its allies Rwanda and Uganda.

### Manipulated Negotiations

The negotiations in Arusha were constructed by Nyerere and by various Western diplomats, including U.S. special

envoy to the Great Lakes, Howard Wolpe, to protect the Tutsi military, bring the Hutus to bay, and re-create the political fig leaf of a "coalition government."

A plethora of Hutu and Tutsi parties were brought into the negotiations to nullify the primary standings of the Tutsi military on the one side, and the National Council for the Defense of Democracy (CNDD), led by Ndadaye's Interior Minister, Leonard Nyangoma, on the other. The CNDD was further split by intrigues involving Wolpe and Ugandan President Yoweri Museveni. Nyangoma was further personally threatened in June, when his brother, a medical doctor who remained in camps in Tanzania to treat Burundian refugees, was brutally murdered along with his wife and children. Two of the major fighting forces on the Hutu side—the Forces for the Defense of Democracy (FDD), which split from the CNDD, and the Palipehutu-FLN—boycotted the talks, but were in discussions in the third week of August with Mandela in South Africa.

With only four days before the date Mandela had projected for the signing of the peace agreement, the following issues remain outstanding:

- Who will be President during the 30-month transition period?
- What are the provisions of a cease-fire?
- How will an ethnic balance be created in the military?
- What security guarantees will the Tutsi population have if they lose their monopoly grip on military power?

In a statement released on Aug. 20, the CNDD's Nyangoma noted that on the issue of armed forces reform, "The future army will be a fusion of the current army and forces fighting against it." The CNDD and the other six Hutu parties at the negotiations are now calling for an international peace-keeping force to oversee such a transition.

### War on the Ground

This is bitterly opposed by Tutsi forces. Police in the capital city of Bujumbura broke up demonstrations of Tutsis opposed to the draft agreement organized into the Amaskanya ("The Power of Self-Defense"). Charles Mukani, leader of the radical wing of Buyoya's own Uprona Party, declared in July that the draft peace agreement is a "bad document that the people of Burundi must immediately tear up without further ado." Buyoya emerged on Aug. 21 from four days of discussions with Mandela in Durban, South Africa, to say that Aug. 28 was too soon to sign the agreement, and that he and Mandela had not even discussed issues of the transition period. Buyoya, who would likely be replaced as President in the transition, further said on Aug. 22 that there were "no solid grounds for peace"—in obvious recognition that even if he were to accept a peace, a settlement would be unacceptable to his military and political base.

There is no peace agreement coming out of Arusha that can be translated into peace on the ground. The rural province of Bujumbura, which surrounds the capital, has been the



scene of bitter military fighting. Artillery assaults have forced the population to flee back to the camps they were released from earlier in August. On Aug. 23, a grenade attack on a marketplace in Bujumbura left at least 11 dead and 25 critically injured.

In short, there is no cease-fire, there is no agreement, there is no peace. Nevertheless, under the cover of such prolonged negotiations, the international community has placed pressure on the democratic Hutu forces (already operating without international support) and sat idly by in silence as the Tutsi military:

- escalated its illegal military rule;
- incarcerated 850,000 Hutu civilians in concentration camps with no means of subsistence;
- carried out massacres against Hutu civilians as their primary military rebuttal to any rebel attack; and
- deployed its troops illegally in the Democratic Republic of Congo, in alliance with British-backed Uganda and Rwanda, in pursuit of that country's gold and diamonds.

### **The Problems Are Straightforward**

The issues put forward by the warring parties, fraught with distrust, bitterness, and hatred, are difficult in the extreme. But, they are at least straightforward. It is the mediators, the facilitators, and "donors to the peace process" who are neck-deep in double-talk, saying they want peace, even claiming that there is peace, as they pursue their real agenda for continued conflagration—and death of Africans—in the mineral-drenched Great Lakes region. Witness the Aug. 23 interview of U.S. Assistant Secretary of State Susan Rice with AllAfrica.com, downgrading the purpose of President Clinton's visit to Arusha to one of "supporting the peace process" for Burundi: "The negotiations have been ongoing for years and they continue as we speak," Rice intoned. "In the short time he [President Clinton] is there he won't be able to get involved deeply with the substance of the issues with the parties, but I don't think that was the reason for which he was invited by President Mandela. He was invited to show yet again, as we've been working on this since 1996, that the United States is committed to supporting a lasting peace; that we will make the necessary investments along with others in the international community should there be a comprehensive and solid peace achieved."

However, Rice is the chief enforcer for the policy of U.S. backing to the invasion and continuing occupation of the Congo by the allied forces of Uganda, Rwanda, and Burundi. Until that support is decisively withdrawn, peace in Burundi is highly unlikely, as any foreign service officer would know. Under the current framework of U.S. policy in the Great Lakes region, a peace settlement is likely to be a re-run of the disastrous September 1994 coalition government imposed on Burundi, which will only result in continuing assassinations of Hutus and Tutsis opposed to the Tutsi military, and the slaughter of innocent civilians.

# Pope Mobilizes Youth To Change the World

by Claudio Celani

If only a fraction of the immense crowd of young people who gathered in Rome for the World Youth Day, were to accept the challenge thrown out to them by Pope John Paul II, it was worth the effort. It was less a "demonstration of strength" of the Catholic Church, as some commentators wrote, than a meeting of as many young Christians (there were also non-Catholics) as possible with the Pope. Not an abstract idea of Christianity, but its embodiment in the figure of the Pope, is the reason why so many young people poured into Rome in the week that culminated in the meetings of Aug. 19-20, where more than 2 million gathered. John Paul II once again proved to be the most charismatic leader of the world, which he has shown through the greatness by which he interprets his mission as the Vicar of Christ on Earth.

Even if many of the youth could only see the Pope as a white dot in the distance, or, coming from all over the world, could not understand a word he said (the Pope spoke in Italian) and will have to read the translation when they return home, coming here was worth it for them to contribute to the success of such a gathering. Whereas 1 million were expected, more than 2 million came. The logistical effort was comparable to a war mobilization. More than 2 million people had to be fed, lodged, and transported daily from one side of the city to the other, many of them for an entire week. And, to the final meeting on Saturday, Aug. 19, everybody converged on the Tor Vergata campus outside of Rome—which meant a walk of up to 20 kilometers, with temperatures sometimes reaching 40°C. At the campus, there was enough space for everyone spread out a sleeping bag. The next day, after the Sunday celebration, the immense crowd returned to the city as a body, mostly to leave Rome by train or by plane.

The gathering was therefore already a logistical success, beyond expectations. The Rome authorities in charge of the logistics, managed to supply the crowd with enough water, food, toilets, and medical assistance. About 2,000 people were medically treated, mostly for sun stroke, and almost all of them were immediately released. (All this will increase the chances of the Mayor of Rome, Francesco Rutelli, to become the next Prime Minister, but that is another story.)

### **A New Image of Youth**

For once, 2 million young people projected an image of themselves antithetical to what the usual rock concerts, "love parades," and so on, give of a young generation corrupted by



*Pope John Paul II called on his youthful audience “to engage yourself with humility and perseverance to improve yourself and society, making it more human and brotherly.”*

a hedonistic, self-destructive culture dominated by drugs and sex. They gave the image of youth seeking a universal meaning of life, looking for an idea, as the Pope said, “able to satisfy the deepest aspirations of the human heart.” Sure, outbursts of infantilism belong to those of young age, and a formalist could have listed millions of examples, including the soccer game variety, in which an enthusiastic uproar broke out when the Pope arrived and repeatedly expressed itself even during his speech. But, if their youthfulness was their excuse, that cannot be said of the organizers of the cultural offering in preparation for the Pope’s arrival. The crowd was entertained with a “Christian” version of pop music, which is as primitive and banal as pop music can be. The Italian Bishops Conference was responsible for organizing the entertainment, which has set up a whole structure, including a school (“Hope Music School”) and a concert organization (“Hope Music Management”), which trains and manages pop singers and concerts!

It seems as if the Bishops provided an additional cross for the youth to carry, who had come to Rome to be uplifted, but had to wait for the arrival of the Pope in order for the uplifting to occur. And the Pope issued a challenge for all of them. To be a Christian today, he said, means to be active in improving the world, to make it better for man to live in the image of God. Never cease to work for that, never lose your faith, even if today’s world seems to be so full of evils that one easily becomes demoralized.

“I think,” the Pope said, “of those who want to live relationships of solidarity and love, in a world where only the

logic of profit counts, or of personal or group interest. I think as well of those who work for peace, and see growing and developing in various parts of the world, new war spots; I think of those who work for man’s freedom, and see him still enslaved by himself and by others; I think of those who fight to allow human life be loved and respected, and must witness frequent assaults against it, against the respect which is due it: Dear Youth, is it difficult to believe in such a world? In the year 2000, is it difficult to believe? Yes! It is difficult. There is no sense in hiding it. It is difficult, but with the help of Grace, it is possible.”

The Pope continued: “It is Christ who provokes in you the desire to make of your life something great, the will to follow an ideal, the refusal to let yourself be swallowed by mediocrity, the courage to engage yourself with humility and perseverance to improve yourself and society, making it more human and brotherly.”

Reminding his listeners of the mass insanities of the 20th Century—fascism and communism—the Pope said: “Today you are here gathered to state that in the new century you will not lend yourself to being instruments of violence and destruction; you will defend peace, paying even with your person if necessary. You will not be resigned in the face of a world where other human beings starve, are illiterate, have no job. You will defend life in each moment of its Earthly development, you will use all of your energy to make this Earth more and more livable for everybody.”

The Pope has indicated that the mission of the Christian today is a highly political one. Without mentioning it, he has condemned a system which today rules the world, called “globalization,” by condemning the principles on which it is based (“the logic of profit”), and condemning its effects (war, hunger, illiteracy, unemployment). Go out and fight to put an end to that, said the Pope. And Christ indicates how: not through an anarchist rebellion, but “with humility and perseverance to improve yourself and society.”

To take up the Pope’s challenge means to engage in a process of self-education to be able to offer solutions, to provide leadership. It means to educate oneself and others to the power of reason. Only a reasonable man can believe in God: “That is Faith: the answer of Man, reasonable and free, to the word of the living God,” the Pope said. A practical application of this approach is found in the battle against poverty, one of the campaigns launched by the Catholic Church. A true Christian is the one who refuses to accept easy, empiricist explanations for underdevelopment, such as “corruption of local leaders,” and does not fall into the trap of environmentalist paganism, like “appropriate models of development” for the Third World. A real Christian fights for supplying the highest technologies, the best fruit of the creative human mind, to all peoples in the world, in order to liberate them from a state of need and ignorance.

Let us pray that as many as possible will accept that challenge.

# Germany Must Learn the Lessons of 1923-33 To Overcome Neo-Nazi Threat

by Rainer Apel

Listening to the radio or television news, or reading the newspapers in Germany these days, tells one little about the state of the world or the global economy. News items about monetary and economic turbulence have disappeared from the media, while 90% of coverage is occupied with updates on the “new threat from the right-wing extremists” and related incidents in numerous German cities. And indeed, one should not minimize the fact that there are 25 to 30 such incidents throughout Germany every single day. These range from racially motivated insults or displays of racist or neo-Nazi emblems (which are illegal in Germany, and which comprised 70% of all incidents), to dissemination of racist and neo-Nazi propaganda, to fistfights with leftists, arson attacks (35 last year), and bomb attacks (two last year). All in all, there were 10,400 such incidents in Germany in 1999, and there is no reason to feel complacent about that. There is no place in Germany for racism and related ideologies, and effective action must be taken to change the social and economic conditions that encourage their spread.

But, hysteria of the kind that has been building in the public debate in Germany over the last few weeks, is not a good basis for making decisions on how to deal with the problem. The exclusive focus of the news on the issue creates the false impression that Germany is on the brink of takeover by neo-Nazis. This is utter nonsense.

(In fact, the situation in Britain is far worse. There, racist and neo-Nazi incidents have more than doubled during the three years that Prime Minister Tony Blair and his “New Labour” have been in power and have repeatedly stated their commitment to fight racism. London alone reported some 23,000 such incidents between April 1999 and April 2000—more than twice the figure reported for all of Germany. Britain as a whole reports 46,000 incidents—four times the figure for Germany.)

The hysteria in Germany has developed in the wake of a shrapnel bomb explosion in Düsseldorf on July 27, which wounded ten immigrants from the former Soviet Union. Six of these are Jews. But, now, four weeks later, none of the known neo-Nazi or racist groups, nor any new group, had claimed responsibility. The terrorists may have been from

the right-wing extremist camp, but police have yet to find any evidence of that. The incident, in which a hand grenade was used as the basic device for the bomb, is a most unusual one, and some experts would link it to the Russian or other eastern European and Balkan mafias, who use hand grenades as part of their *modus operandi*. Approximately 100 incidents of this type have occurred in Germany during the last ten years.

## Anglo-American Sabotage

Most of the racist and neo-Nazi incidents have been occurring in eastern Germany, and, although there is never a simplistic connection between the social and economic environment and the eruption of violence, youth unemployment is highest in Germany’s eastern states, and general unemployment is two or three times as high as in the western states. And, there is broad disgust at, and even hatred toward western Germany, among many eastern Germans, because of the humiliating treatment most of them have suffered over the ten years since the reunification of the two German states.

People in eastern Germany are not just “losers” in the process of globalization, as many experts say, using a euphemism to describe something very nasty. Rather, they are the victims of an economic warfare that has been only slightly less brutal than what the Russians have gone through during ten years of shock therapy. In eastern Germany, 90% of the industry that had existed before 1990 was willfully destroyed, and with it, more than 4 million industrial jobs and many important trade links to Russia. Only a few industrial jobs have been restored; most of those who found jobs after 1990, did so in the unproductive service sector. If a big crisis hits in the so-called “new economy,” most of those new jobs will be gone in an instant.

All kinds of phony excuses have been made by politicians to justify that economic destruction, but the scenarios of Anglo-American geopoliticians for the economic destruction of Russia were behind it. The policy was forced upon the Germans as a precondition for unification, by the governments of Britain, France, and the United States, in 1990. Before that,

East Germany was one of the prime suppliers of industrial goods to the Soviet Union (Russia being its dominant part), and therefore, all the firms in East Germany that had commercial links to Russia, were made to disappear.

The last real attempt to keep those industrial links to Russia intact, was made by Detlev Rohwedder, the chairman of the Berlin-based Treuhand agency, the institution in charge of the former East German state-sector industry. Rohwedder was assassinated in April 1991, and his post at the Treuhand was taken over by Birgit Breuel, a radical neo-liberal—essentially a German version of Britain's former Prime Minister, Baroness Margaret Thatcher—who pursued a strategy of brutal privatization and liberalization from May 1991 on. If the economic conditions of eastern Germany this Summer are to blame, at least in large part, for the overproportionate rise of xenophobia, racism, and neo-Nazism among eastern youth, it is Breuel's policy that created those conditions.

### **A Drastic Change in Policy Is Needed**

Politicians and experts who acknowledge that these conditions in eastern Germany bear a major part of the responsibility for the problems with the youth there, have to think about a drastic change of policy, lest all their talk be meaningless. To date, very little has been done in this respect; rather, most of the recommendations are for repressive emergency measures against the neo-Nazi groups: political bans, more police, harsher sentences in trials, and the mobilization of leftist groups and organizations against the "far right." The last aspect, which comes up prominently in remarks by Social Democrats and Greens, is dangerous, because it implicitly encourages agitated leftists to commit acts of violence against the agitated rightists, who will strike back. This is already happening, according to police reports, as many acts of "politically motivated violence" are related to such clashes between leftists and rightists. It is still far from the situation that prevailed 70 years ago, in the clashes during Weimar Germany, but it resembles that situation, and it can escalate.

The intensity of such clashes will escalate rapidly, once martyrs are created on either side, and the way these clashes are being prepared, with a lot of hype and hysteria on both sides, leads one to the conclusion that it is being done willfully, with the purpose of provoking bloody incidents. The string-pullers behind these scenarios are at work, who want to turn the amorphous groups of the left and the right into mass movements, terrorizing each other and paralyzing the state, as was done during 1923-33 in Germany. Investigations into who those string-pullers are, inevitably leads to the higher-level controllers among the financial oligarchy, who are faced with the imminent collapse of the global financial system, and are desperately seeking to eliminate all opposition to their continued rule. Whether every politician who is fuelling the mass hysteria about the "threat of the extreme

right," is fully aware of what he or she is actually doing, is doubtful: It is "politically correct" to act that way nowadays, in German politics. But the fact that they are doing a great disservice to the state, is beyond question.

### **The Growth of the 'New Violence'**

One has to measure this particular hysteria-mongering against the two main errors committed by the politicians:

First, they are not talking about the fact that violence, and not just political violence, has become an accepted practice of everyday life—has become virtually a life-style. For most Germans, particularly the youth, it is a so-called "New Violence," which proceeds from the Internet and video games, and in which great passion is being invested by millions of Germans. And in most recent killings or serious attacks committed by German youth, the perpetrator frequently is found to have been playing of video games and Internet variants. In stark contrast to France, where the authorities are trying to impose national restrictions on everything that global Internet providers such as Yahoo are doing within French borders, no such thing is being actively considered in Germany. Politicians do not really want to interfere with the free market of the Internet, and therefore, the battle to shut down use of the Internet by neo-Nazi organizations is a relatively futile effort in Germany, because 80-85% of all racist and neo-Nazi Internet websites are registered in the United States, the United Kingdom, and other European countries.

A society that tolerates mindless Nintendo and other such video games, with their crude "kill or be killed" matrix, will be unable to contain either the neo-Nazis who are using the same matrix, or the many leftist counter-organizations which are operating in the same manner.

Second, an economic reconstruction program to rebuild eastern Germany's industry, to create 4 million high-skilled industrial jobs, and to make sure that every youth who finishes school either gets a job or can enroll at a university to learn and become employed in a productive profession, is an urgent need. If the average official jobless rate of eastern Germany remains at 20%, with youth unemployment even higher, and with many cities reporting 30-50% of their population as being without a regular job; if eastern Germany remains a region where many areas lack even a minimal social infrastructure, the emotional mixture of frustration, disgust, and hate among its residents, will not be overcome. There is potential for populist, radical, even extremist movements to emerge. And as long as the problems in eastern Germany remain, Germany as a whole will be unstable.

One has to look into the not-so-distant future, with the much larger economic problems and crises that will hit Germany because of the volatility of the global monetarist system, to get an idea of the instability that is about to emerge. Whether a society and an elite that acts as Germany's has, that cannot even solve the problems of today, will be able to survive those storms of the future, is doubtful indeed.

## Is the Army To Kill Australian Citizens?

*The Coalition government and the Labor Party are pushing shoot-to-kill laws, to defend globalization.*

**T**he House of Representatives has rushed through a bill giving the government power to call out the military against Australian citizens, authorizing it, on “reasonable grounds,” to shoot to kill. The timing of the new law, entitled the Defense Legislation Amendment (Aid to Civilian Authorities) Bill 2000, is linked to the Sydney Olympic Games in September. Under its powers, defense forces would be allowed to enter buildings, cordon off areas, erect barricades, and stop traffic to search, seize, and detain people and property, and to use “lethal force” if “domestic violence” flared or if it was felt that the “Commonwealth’s interests” were threatened.

With the support of the opposition Australian Labor Party (ALP), the Liberal Party/National Party Coalition government got the House to pass the bill in record time on Aug. 17, and it was expected that the Senate would pass it and that it would become law around Aug. 28.

However, that is where its support ends: It has been met with outrage by state governments, whose constitutional powers it infringes, and a host of others, including unions, civil rights groups, immigrant communities, and other political parties. Its real agenda was nailed by the state chairman of the Curtin Labor Alliance party in Western Australia, former federal Member of Parliament Adrian Bennett, who on Aug. 21 said the bill is “a fascist form of social control, which is aimed at only one thing: providing the government of the day the right to effectively become a military dictatorship, complete with the ‘right-to-kill.’”

Bennett charged, “The purpose of

this legislation is to enable the government—whether ALP or Coalition—to deal with the looming global financial crash. Both major parties have endorsed this legislation, because both are committed to the globalist policies which will inevitably cause such a crash, and that in the near future.”

Australia is a member of what U.S. statesman Lyndon LaRouche has called the “Gang of Five”—Britain, the United States, Canada, Australia, and New Zealand—which are the enforcers of globalization and free trade, through which the Anglo-American financial oligarchy is assaulting every nation in the world. New symptoms of the financial crash are bombarding Australia with increasing frequency, including a blow-out in fuel prices; institutional chaos in the over-stretched public health system; and escalating crises in key parts of the agricultural sector, such as in sugar, dairy, and wheat; and in what is left of the manufacturing sector.

In turn, these symptoms are fueling a rapid rise in opposition to the major political parties. The establishment’s intelligence agencies have been working overtime to create countergang insurgencies which are used as a pretext for the new laws. Most prominent among these is the so-called S-11 group, a rainbow coalition of green, union, indigenous, and social activist groups, which is planning a demonstration against the Sept. 11 World Economic Forum meeting in Melbourne, to follow on from last November’s demonstrations at the World Trade Organization meeting in Seattle, and the Washington demonstrations against the International Mone-

tary Fund earlier this year. “Seattle + Washington = Melbourne,” S-11’s website promises.

S-11 pledges to be non-violent, but the presence of expatriate Brit David Glanz, and other leaders of the British Socialist Workers Party subsidiary and British intelligence asset, the International Socialist Organization (ISO), on its organizing committee, portends the opposite. The ISO has made a name for itself carrying out violent demonstrations and infiltrating trade unions and union demonstrations as a provocative element, in its role as the left-wing “guard dog” for Melbourne’s Anglophile establishment.

The strongest official opposition to the federal government’s new powers are state governments and police force commanders, who, in the case of New South Wales, are responsible for Olympic security under their constitutional role of keeping the domestic peace, as distinct from the role of the military in defending against foreign aggression. Victoria Police Acting Deputy Commissioner Peter Nancarrow bluntly stated, “There is no demonstrated need for the legislation.” N.S.W. Cabinet office Director General Roger Wilkins warned that the bill “leaves open the possibility of conflict between state police and Commonwealth defense forces.”

There is a precedent for what the government is planning: the dark days of the 1890s in colonial Australia, when the British Crown-appointed governments used the military to smash the fledgling trade union movement. On Aug. 31, 1890, during the great Maritime strike, 1,000 troops were called out against a peaceful union demonstration in Melbourne, whose commander, Capt. Tom Price, ordered, “Fire low and lay them out—lay the disturbers of law and order out. Let it be a lesson to them.”

# International Intelligence

---

## ***Central Asia Leaders Confer on Security***

Four Central Asian Presidents and the head of Russia's Security Council met in Bishkek, Kyrgyzstan on Aug. 21 to confer on their mutual security problems, especially the "Islamic" insurgencies which are being encouraged by the ruling Taliban movement in Afghanistan. Kyrgyzstan President Askar Akayev hosted the meeting, which included Uzbekistan President Islam Karimov, Tajikistan President Emomali Rakhmonov, Kazakhstan President Nursultan Nazarbayev, and, representing Russia, Sergei Ivanov.

The group called for strengthening the Tajik-Afghan border, and asked Russia to sign an agreement reached in Tashkent, Uzbekistan in April aimed at eliminating international terrorism and security threats. "While there is war in Afghanistan, we can't guarantee security just in Central Asia. The source of conflict and rebel groups are people in Afghanistan," said President Karimov.

The Central Asian leaders, however, decided against launching preventive air strikes on suspected rebel training camps in Tajikistan. "There will be no strikes on foreign land, and we are not prepared to do that," Karimov told reporters.

One day earlier, President Akayev had reconnoitered Batken in the south, where the "bandits" (as the Islamic rebels are commonly called) had infiltrated over the border from Tajikistan.

---

## ***Blair's Britain Blasted for 'Thuggish Behavior'***

A British journalist based in Hong Kong wrote of his impressions after returning home for a visit, in the Aug. 21 issue of the *International Herald Tribune*, with a very unflattering portrait of life under Prime Minister Tony Blair. The kind of "thuggish attitudes and behavior" in Britain "that in Germany or Austria would be condemned as signs of incipient fascism," wrote Philip Bowring, "are here regarded as mere boorishness."

"There has been a marked increase in viciousness in British, or at least English, public life," Bowring wrote. The recent "anti-pedophile" riots in Portsmouth, were "some of the worst mob violence and intimidation seen in recent years in western Europe," he said. "This mob action followed directly on an [anti-pedophile] campaign launched by a new editor of the *News of the World*," one of Rupert Murdoch's worst "sex and murder" publications.

The Blair government's response, to treat the paper's sensationalism as the *vox populi*, was "typical of an administration that more than any in living memory lacks principle or ideology, and is thus driven by perceptions of what it thinks is popular. . . . Tony Blair's presidential pretensions [sic], lack of principle, and petulant obsession with his image will eventually be his undoing at the hands of the electorate or even of his own party." The "pseudo radicals of the Blair era find it 'elitist'" to cover serious international events rather than murders, movie stars, or minor royals, Bowring wrote.

"The Portsmouth anti-pedophile riots have highlighted the erosion of the quality of institutions, including the media, Parliament, and the police, which made for a civilized society. Too easily, breakdown of public confidence in institutions leads to the creation of populist bogeymen and demands for simplistic, mob-approved, remedies. Elsewhere," concluded Bowring, "they call that fascism."

---

## ***Mahathir and Chissano Host African Dialogue***

Mozambican President Joaquim Chissano and Malaysian Prime Minister Mahathir bin Mohamad co-sponsored the Southern African International Dialogue in Maputo, Mozambique on Aug. 20-22 to address how African nations can improve their economies and overcome poverty, by borrowing from the Malaysian concept of "smart partnership." Dr. Mahathir was the only non-African leader at the conference. Among the 400 participants were South African Deputy President Jacob Zuma, President Robert Mugabe of Zimbabwe, President Sam Nu-

joma of Namibia, Prime Minister Pascoal Mocumbi of Mozambique, Vice President Justin Malewezi of Malawi, Prime Minister Barnabas Dhlamini of Swaziland, and Pakilitha Mosisili of Lesotho.

Mahathir, polemical as ever, told the Dialogue to junk the old globalization and liberalism paradigm of the Group of Eight ("a very exclusive club . . . we cannot even give our opinion"). Instead, he urged that national sovereignty, as a basis for self-determination, has been more relevant. Nation-building is not only the least costly way to confront national economic problems, he said, but it is equally about social justice and a conducive environment for the development of human dignity.

By contrast, he said, "From one international forum to another, the proponents of unbridled, supposedly 'unstoppable' forces of globalization and trade liberalization continue to sing their song of 'the ticket to a better life for everyone.' . . . I continue to look long and hard for evidence that this may in fact, be true. But all around, the arrows point in the opposite direction."

---

## ***Russian Minister Flies To Iraq, Breaks Blockade***

A delegation of high-ranking Russians flew into Baghdad's Saddam International Airport on Aug. 19, the first foreign officials to set foot on the tarmac since 1991. The airport, closed for ten years, re-opened to international flights on Aug. 17. The delegation was led by Deputy Minister for Emergency Situations Ruslan Tsalikov. The event marks an important challenge to the UN sanctions regime against Iraq. Although nothing explicitly forbids civilian passenger flights to Baghdad, the UN Sanctions Committee has imposed the arbitrary practice of forcing any such flights to be authorized by the committee, as cargo flights are. But, the Russian plane did not ask permission to land from the UN Sanctions Committee. Deputy Prime Minister Tariq Aziz, who had just returned from Moscow, said, "This flight reflects the higher level of relations between the two countries."

A group of French humanitarian aid or-

**JAPANESE** Prime Minister Yoshiro Mori arrived in Islamabad on Aug. 21, for talks with Pakistan's Chief Executive Gen. Pervez Musharraf about economic sanctions, nuclear non-proliferation, and Kashmir. International terrorism and the civil war in neighboring Afghanistan are also on the agenda. Mori was on a two-day visit to Pakistan following a day's stopover in Bangladesh. He continued on to India on Aug. 22.

**CROATIA'S** highest Catholic official, Archbishop of Zagreb Josip Bozanic, went on an ecumenical visit to Yugoslavia on Aug. 4-8. In Belgrade, he met Patriarch Pavle of the Serbian Orthodox Church, Belgrade Catholic Archbishop France Perko, and the Apostolic Nuncio.

**CRACK COCAINE** has now invaded South Africa, according to the Aug. 13 *Washington Post*. The Sunday issue of the paper noted that, with an unemployment rate of more than 30% and one of the world's highest rates of HIV infection, the growing epidemic of crack cocaine addiction can be a powerful accelerator of the spread of AIDS.

**MORGAN TSVANGIRAI**, the defeated opposition Presidential candidate in Zimbabwe, got his recount . . . and lost more votes in his home district, than he was originally credited with. His Movement for Democratic Change had demanded a recount of 37 districts where it lost. Tsvangirai's district makes the second in which the MDC vote total has dropped after the recount.

**THE TAMIL TIGERS**, Sri Lanka's separatist terrorists, are threatening to wreck the Oct. 10 elections. Their objective, is to unseat President Chandrika Kumaratunga's People's Alliance party. During the 1999 election campaign, the Tamil Tigers made an attempt on her life. Violence from the Tigers will also keep voter turnout low in the Tamil-majority areas of the island-nation. In 1994, only 2.94% of the voters in these areas cast their ballots.

ganizations will now go ahead with its planned passenger flight into Saddam International, in late September. Coming on the heels of Venezuelan President Hugo Chávez's visit with President Saddam Hussein, and preceding that of Indonesian President Abdurrahman Wahid, the Russian and French initiatives signal a possible shift on Iraq policy, since both are among the Permanent Five members of the UN Security Council, with veto rights.

In Baghdad on Aug. 20, Tsalikov signed a memorandum of understanding between the Russian Ministry for Emergencies and Iraq's Interior Ministry on civil defense and prevention of disasters. The document envisages in particular, the establishment of a humanitarian mine-clearing center.

According to official Iraqi data, Iraq has about 450,000 unexploded American and British pieces of ordnance — mostly missiles and bombs — in its territory. Russian ministry specialists will assist the Iraqis in rendering them harmless.

## *Muslim, Christian Youths Celebrate in Maluku*

One thousand Muslim and Christian students joined together to celebrate the 55th anniversary of Indonesia's independence on Aug. 17. The province has been wracked by sectarian violence between Christians and Muslims for years. The youths, ranging from elementary to high school age, held a two-hour dress rehearsal on Aug. 16, accompanied by the local Pattimura Military Command's marching band, during which they sang patriotic songs and songs of reconciliation. During the Aug. 17 ceremony, 34 students, both Muslim and Christian, led a prayer session, and the red and white national flag, emblazoned "Unity in Diversity," was raised.

The *Jakarta Post* reported that many people wept as they listened to the children sing; one observer remarked, "There is no parade, no carnival . . . only the remains of violence. We have lost our homes and our relatives, and yet this still continues." The independence celebration was held in Merdeka (Freedom) Park, in the provincial capital of Ambon. The park, which includes

a statue of national hero Thomas Matulesy (known as "Captain Pattimura"), is neutral territory between the warring camps, and is ringed by military compounds.

In 1999, no celebrations were held because of the fighting. Current estimates are that 3-4,000 people have died in fighting since January 1999, with tens of thousands, if not hundreds of thousands, displaced.

## *Indonesia's President Greets Arafat, Peres*

Indonesia's President Abdurrahman Wahid held separate meetings with Palestinian Authority President Yasser Arafat and Israeli Minister for Regional Development Shimon Peres in an attempt to "break the ice and to begin a new negotiation" for peace between them. Wahid met Peres for breakfast in Jakarta on Aug. 14, but told a press conference at his office that he could not divulge the content of the meeting, only that he expected to meet with Arafat, who was arriving from Beijing later in the day. It turned out that Arafat did not arrive until Aug. 16, after stops in Japan and Malaysia.

Wahid commented on the failed Camp David talks in late July, that they had collapsed because "only one kind of sovereignty" was discussed between Arafat and Israeli Prime Minister Ehud Barak. Regarding Jerusalem, over which the talks had foundered, he said, "So, in my view, we would differentiate between administrative sovereignty, which will be in the hands of the Israelis, and political sovereignty, which will be decided by a committee of seven states," Egypt, Jordan, Syria, Lebanon, Israel, the UN, and the Palestinians.

Peres, the architect of the Oslo Peace Accords and former Prime Minister, proceeded on to visit China for two days. "I feel China is a very friendly country with a very profound understanding of events in the Middle East," he said in Beijing on Aug. 18. Referring to President Jiang Zemin's meeting a few days earlier with Arafat, Peres added, "I have great respect for President Jiang Zemin's call for patience." Jiang had advised Arafat to hold off on declaring a Palestinian state on the set date of Sept. 13.

## LaRouche Dem Wins Primary with Ad Hoc Platform Hearings

by Michele Steinberg and Harley Schlanger

On Aug. 22, LaRouche Democrat Mel Logan won the Democratic Party primary for U.S. Senate from Wyoming by a margin of nearly two to one, to become the challenger against Republican freshman incumbent Sen. Craig Thomas. Logan got more than 16,000 votes to his opponent, Sheldon Sumey's 8,816, despite Sumey's attempt to ally with the Al Gore/Democratic National Committee (DNC) thug machine in smearing Lyndon LaRouche and Logan.

Despite the anti-LaRouche propaganda, Logan's campaign achieved victory through the mass distribution of the Ad Hoc Platform Hearings of the Democratic Party, that had been facilitated by LaRouche's Presidential campaign, on June 22. The Ad Hoc Platform Hearings were called just as Gore and the DNC's Joe Andrew were locking down a police state process that stole convention delegates from LaRouche in Arkansas, and structured a convention that would allow *no* discussion, *no* debate, and *no* dissent. At the point when the Ad Hoc Platform Hearings convened, the Gore/DNC wing of the Democratic Party had refused to schedule any discussion of policies, steering the Democrats toward becoming a second Republican Party, mirroring the GOP's fascist Conservative Revolution.

The Aug. 22 election of Logan, a union leader and member of the United Mine Workers, was confirmation of what LaRouche had said on Aug. 17, when he addressed U.S. and international reporters on an Internet press conference that was broadcast live. LaRouche spoke just hours before Gore's speech at the Democratic National Convention accepting the party's Presidential nomination—and described the Gore nomination as “a catastrophe; it's a national catastrophe.” But, LaRouche promised that he would “pick up the pieces” of

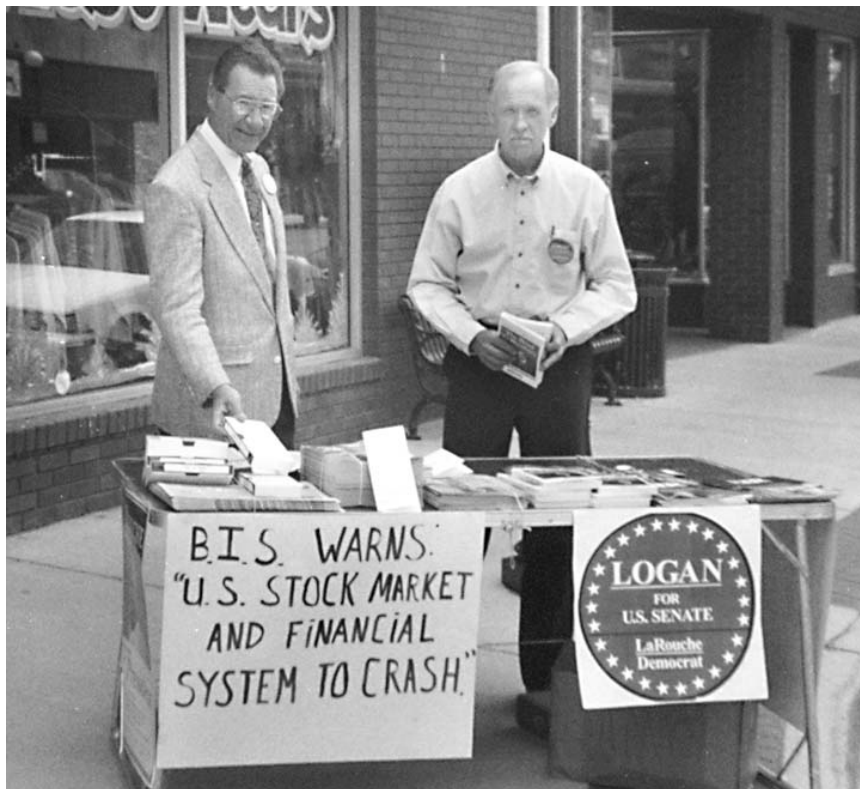
the real Democratic Party in the tradition of Franklin Delano Roosevelt, through the process he had encouraged with the Ad Hoc Platform Hearings.

Elaborating the danger represented by Gore, LaRouche said, “Not only are both of the leading candidates, at this time, totally unqualified for the office of President. . . . But worst of all, we are coming into a period of unusual crisis globally, as well as nationally, with such unsuitable candidates—the fact that the American voter has no apparent alternative to these guaranteed failures—is a catastrophe for the United States, and a potential source of catastrophe for the world.”

In reply to a question from Aurelya Mitchell of the *Mid-South Tribune* in Memphis, LaRouche said, “My job is to keep the Democratic Party alive, despite Al From [head of the Democratic Leadership Council, which Gore founded], and despite Al Gore, and be prepared to pick up the pieces, and save the party, after Al Gore and Al From experience the catastrophe they are bringing on themselves.”

In answer to a reporter from the *Arkansas Democrat Gazette*—where LaRouche won 22%, or more than 53,000 Democratic primary votes, only to have these votes stolen by Gore—LaRouche explained that “once the thug tactics [at the Democratic Convention] were going to prevent any discussion on the floor, what I did immediately, is, I said, I've got a responsibility, a moral one, and therefore, I asked some people to hold an Ad Hoc Platform Committee Hearing, in which former Sen. Eugene McCarthy participated as a coordinating figure, along with others. . . . That Ad Hoc Platform session performed its function very well, brilliantly, in fact, and provided a benchmark for which the American Democratic voters, particularly among the have-nots; those who are senior





*LaRouche Democrat Mel Logan (left), who won the primary for the U.S. Senate seat from Wyoming, organizing in Cheyenne with LaRouche associate Bill Hayes.*

citizens, who are among leading have-nots; those who are in the ethnic minorities, who are among the have-nots; or labor, which is, in general, among the have-nots; that these people who assembled as leading state-level Democrats . . . created a reference point.”

Less than a week after LaRouche spoke those words, Logan won the statewide primary in Wyoming.

### **Victory in Wyoming**

Beginning on June 25-27, Logan, whose hometown is the small mining town of Sheridan, took his campaign for Senate on the road. He addressed a town meeting in Cheyenne, a luncheon meeting in Laramie, and held press conferences in both cities. The tour put LaRouche’s economic forecasts at the center of an election fight, as a model for how Democrats can retake the U.S. House of Representatives and Senate in November.

In every appearance, Logan focussed on the key issue underlined by LaRouche: the global financial collapse. His campaign events called for breaking the U.S. press blackout of the June 5 annual report of the Bank for International Settlements, which warned of an impending collapse of the U.S. financial markets. Slamming the blackout of the BIS report by U.S. media outside of publications associated with LaRouche, Logan stated, “The silence on this topic from the office of my

opponent Sen. Craig Thomas is deafening. Is he complicit with the efforts of Wall Street and Alan Greenspan at the Federal Reserve, trying to pump up the U.S. markets artificially, which is heading us into the disaster of hyperinflation as the flip side of the crash threat?”

Logan’s literature prominently proclaimed that he is a “LaRouche Democrat” running on a platform of “a New Marshall Plan; the New Bretton Woods; the Repeal of HMOs (health maintenance organizations); Fair Trade—Not Free Trade; and the Real Economy.”

But the rallying point was the circulation of more than 3,000 copies of the pamphlet with the full transcript of the Ad Hoc Democratic Party Platform Hearings, which he introduced with an open letter addressed to “Fellow Democrats.” It read:

“My campaign for U.S. Senate is helping to circulate this pamphlet in Wyoming, as part of the effort to circulate 1 million pamphlets nationally leading into the Aug. 14 Democratic National Convention, and 6 million total by the November general election.

“The U.S. economic fundamentals are touted as strong by the Federal Reserve and other financial institutions, but you know our fundamentals are anything but strong. Greenspan warns of irrational exuberance, [Warren] Buffett says there is nothing of value in the market, and even [global speculator and drug legalization advocate George] Soros is putting his money into real investments.

“To repeat FDR’s famous words, ‘We have nothing to fear but fear itself!’ That is, providing we can rededicate the idea of promoting the general welfare that his ‘New Deal’ symbolized.

“While the Democratic Party is generally moving away from its traditional base toward the elite of Gore’s ‘new economy,’ the LaRouche campaign is uniting various traditional Democratic constituencies to build cooperation, and to salvage and revitalize the Franklin Roosevelt outlook within the party.

“This report is an excellent primer on the way things ought to be, by traditional FDR Democrats and their new recruits. Read it, and circulate extra copies yourself. Then, let us replicate this process of discussion and deliberation by farmers, labor, and concerned citizens, in townhall meetings throughout the state of Wyoming.”

The issue throughout the campaign was LaRouche and his economic ideas. The *Casper Star-Tribune* newspaper carried an article entitled “Sumey Blasts Foe’s Allegiance to

LaRouche,” and the *Cheyenne Tribune-Eagle* slandered LaRouche as someone denying the existence of the holocaust, and whined that “if Logan wins the Democratic nomination on Aug. 22, Wyoming will become the laughingstock of the United States.” The *Tribune-Eagle* ridiculed Logan’s warnings of a financial blowout.

But after the election, Wyoming newspapers, including the *Tribune-Eagle*, had a different tone, with headlines such as “LaRouche Dem, Cubin, Green Win Fed Races.” In an interview with Associated Press on Aug. 23, Logan emphasized the strategic crisis with Russia, an issue that LaRouche has identified as the most important event in the world today — and one being kept completely from the American population in an atmosphere of “wartime blackout” (see *Feature* in this issue).

And as LaRouche forecast, in a time of crisis, the population will respond to leadership which tells them the truth, and a Democrat cannot win the White House without the enthusiastic support of the key constituencies which make up that lower 80% of the income brackets of the U.S. population.

## Disgruntled Democrats

Not only was LaRouche finding an open ear from international journalists and voters in Wyoming, but in Los Angeles itself, a revolt against the policies of Gore was brewing. During the Los Angeles Democratic convention, which became a virtual coronation of Gore, it was clear to organizers from the LaRouche national campaign staff, that many of the delegates with whom they met, agree with LaRouche’s analysis that the Gore-Lieberman ticket will not generate the passion among key constituencies needed to hold the White House. And the attempts to use the tightly scripted convention, which had more in common with the Nuremberg rallies of Hitler’s propagandist Josef Goebbels than with the traditional raucous quadrennial gatherings of party leaders to generate a “consensus,” was an empty exercise. Many of the delegates who engaged in in-depth discussions with LaRouche campaign activists, did so because of the Ad Hoc Platform Hearings — the same hearings which helped elect Logan in Wyoming.

Delegates who had read the Ad Hoc Platform transcript or had seen the videotape of the proceedings, expressed concern that such a dialogue had not occurred at the “official” Party Platform hearing, or at the convention.

In contrast, even the pep rallies, which featured cheerleaders such as Sen. Edward Kennedy (D-Mass.) and the Rev. Jesse Jackson, had, at best, a short-term effect. The initial claims of delegates flooding out of these events that “we can win with Gore,” quickly gave way to doubt, with many admitting that the ticket will be a “hard sell to the folks back home.” Rumors flew that emergency meetings had to be held with minority Democratic leaders to assuage their opposition to Vice Presidential pick Joe Lieberman, because of his alliances with the Gingrichite fascists in the GOP on issues including diverting funds from public education to “school vouchers,”

ending affirmative action, and allowing HMOs to destroy health care.

Opposition to Gore was evident all over, from the “Shadow Convention,” a mixed bag of traditional FDR Democrats and special interests financed by Gore supporter Soros, to a dramatic pre-convention town meeting held by LaRouche’s Committee for a New Bretton Woods on Aug. 12, two days before the convention opened.

Speakers at one panel at the “Shadow Convention,” which featured leaders of the newly formed Progressive Caucus, conveyed their outrage at having debate over key issues suppressed. The attempts of this caucus to have “democratic platform hearings” in Cleveland, Ohio, had been shut down with an iron fist by Gore’s enforcers in the DNC. Any attempt to criticize the death penalty, or free trade, was smashed by Gore’s thugs.

Gloria Allread, a civil rights attorney in Los Angeles and a member of the Party’s Platform Committee, described how enormous pressure had been put on Platform Committee members to stifle debate. She said that she had been told that her insistence that there be open discussion, is “a death wish” for future involvement in the party.

Nevertheless, Allread said, there must be a debate. “We can’t be silenced, so they can present a united front.” Among the concerns raised by members of this caucus were the growing gap between rich and poor (the lower 80%) in the United States, and the commitment by both leading candidates to accelerate privatization and deregulation of electricity, prisons, health care, and education.

The most honest voices came out at only the LaRouche town meeting, where the disaffection for Gore was highly visible in the appearance by two Gore delegates from labor unions among the more than 130 activists.

Following speeches by a number of LaRouche Democrats, led by Western States LaRouche campaign spokesman Harley Schlanger, the Gore delegates spoke out against the free trade policies of the Gore campaign. One Gore delegate, a union official from the South, explained how the North American Free Trade Agreement (NAFTA) that Gore helped push through the U.S. Congress in 1993, means that his members, skilled machinists, will lose their jobs, as production moves offshore in search of slave labor.

Another Gore delegate, responding to Schlanger’s remarks, said that while he is not “100% convinced that LaRouche is right,” he sees that much of what LaRouche has said on the economy is true, and he wants to know more. He led the applause when Schlanger said that, under a LaRouche administration, U.S. participation in NAFTA and the World Trade Organization would be nullified.

Most of all, Democrats, and Independents, are welcoming LaRouche’s leadership in the fight for ideas. As LaRouche said in his webcast on Aug. 17, “I am staying with the people who’ve associated themselves with me, in the Democratic Party, who are committed to represent the lower 80% of the family-income brackets in the United States, their rights.”

# ‘Why Shouldn’t It Happen in the State of Wyoming?’

*The following are excerpts of a dialogue between Democratic Party Presidential pre-candidate Lyndon LaRouche and Wyoming coal miner and labor leader Mel Logan, during a web-cast with labor leaders held by LaRouche in December 1999. On Aug. 22, 2000, Logan won the Democratic Primary for U.S. Senate in a statewide election in Wyoming.*

**Logan:** . . . The majority of our workers [in Wyoming] are minimum-wage workers. And they’re all conservative, and vote Republican. They tend to believe that investment in education, or social security, or infrastructure, as an expense, is too much for us to pay for, rather than a security for the United States’ future. What can we do to educate those people who don’t want to be educated?

**LaRouche:** Well, you know the history of Wyoming. Maybe many of the people on the call don’t. But Wyoming was one of the areas which, under the conditions of the 1870s, 1880s, was targeted by the British, through Canada, for checkerboarding. Originally this involved mining rights, involved agricultural systems. So, they had a system of checkerboarding the state, in order to ensure that these British investors, sometimes by way of Canada, would control that area. As a result of that, some of these people who maintain that tradition, from that time, have tried to keep the citizens of Wyoming, which is physically a beautiful state, with many advantages, natural advantages, to keep it as a place where you keep the ordinary people pretty much down, low to the ground, or close to the curbstone, if there is a curbstone.

Now, how do you deal with a situation like that? We’ve had situations like that in the world, parts of the United States, parts of the deep South, for a long time. And under certain conditions, we were able to break that, break that chain, a chain of self-imposed submission to those kinds of conditions. And the way you do it, is generally, it happens only in a time of great crisis.

Now, we’re on the verge of the greatest financial crisis in history. Don’t let anybody kid you, it’s coming. The question is—we can deal with crisis, we handle it. But if we don’t handle it, this is the worst financial crisis in all modern history, and the effects will be felt accordingly.

The shock of this crisis hitting, which will happen on Clinton’s watch—it may happen before the year’s out, it may happen early next year—but this crisis is going to hit, as I’ve said many times, like the Pearl Harbor bombing. In those times, these people who think that they have to submit, like dutiful serfs, to their masters who run the territory, they’re going to change their attitude, as many people changed their

attitude when they realized that World War II was actually on, at the time the Pearl Harbor bomb was dropped.

And that’s the situation. So, my view of this, from a historical standpoint, as well as personal experience, is: Don’t give up the fight. As long as the message is out there, and kept out there, when people are faced with a crisis, a great shock, suddenly the same people who seemed obdurate in refusing to see the immorality of their situation, suddenly change their mind. And if the ideas have been presented to them, if the leadership is presented to them, they’ll rally to it. That’s the way every great movement in history occurred. It was a sudden rallying of a mass of people, who got up out of the ditch, because they were hit by a crisis, they were hit by what they recognized as an opportunity, and they had some leadership to show them the way, and they would go that way.

And every good thing, for changes for the better in history, in modern history, in particular, has happened that way. Why shouldn’t it happen in the state of Wyoming?

*The Aug. 23 Eagle-Tribune of Cheyenne, Wyoming covered U.S. Senate candidate Mel Logan’s primary victory in an article entitled “LaRouche Dem, Cubin, Green Win Fed Races.” Here are excerpts:*

By nearly a 2-to-1 margin, a LaRouche Democrat has won the right to take on U.S. Senator Craig Thomas, R-Wyo., for Thomas’s Senate seat.

Mel Logan, 50, beat retired florist Sheldon Sumey, 56, in the Senate race, sparking a spat within the Democratic Party over whether Logan should be supported.

With 95% of the precincts reporting, Logan collected 16,071 votes, or 65%, to Sumey’s 8,816, or 35% . . .

[Following] the Democratic Senate primary, Sumey endorsed Logan, and Wyoming Democratic Party Chairman Steve Freudenthal said he would call on Democrats to support the LaRouche follower.

But locally, Wyoming [sic, actually County] Democratic Party Chairman Chris Christenson said he would not throw in for Logan, a coal mine worker who ran on a pro-union platform and predicted economic doom for America.

Lyndon LaRouche spent five years in prison for mail fraud and conspiracy and is seen as a radical within the party.

Sumey said a LaRouche-ite is still better than Thomas.

“I will back Mel,” he said. “I’ll swallow LaRouche. I don’t like LaRouche but I’d rather have someone like that in than what we’ve got.”

Freudenthal said he hoped Logan would put up a fight against Thomas. . . . Even though the national Democratic Party has rejected LaRouche, Freudenthal said he wasn’t sure that would hurt Logan’s fundraising ability. . . .

Thomas, who enjoyed no primary opposition in seeking a second six-year term, enters the general election against Logan with name recognition and a superior campaign war chest. The Wyoming Democratic Party is “not at its peak by any means,” Thomas said. But he added he is not taking anything for granted.

## U.S. Death Penalty Is Under Fire

*Richard Dieter has been the Executive Director of the Death Penalty Information Center in Washington, D.C. since 1992. He spoke with Marianna Wertz on Aug. 8.*

**EIR:** Could you tell us about the Death Penalty Information Center, when it was founded, and what its purpose is?

**Dieter:** The Death Penalty Information Center was founded in 1990. It's a non-profit organization. We do research into the problems of the death penalty, and try to have accurate, factual information available for the public, for the media, for legislators, attorneys— whoever is interested in the subject.



**EIR:** I'd like to focus first on the overseas view of the American death penalty. The European Union recently called on President Clinton to place a moratorium on Federal executions. Could you tell us how our European allies—who have all abolished the death penalty—view America's expanding use of capital punishment?

**Dieter:** The European Community [EU] looks on America as a human rights violator, with respect to the death penalty, and they are becoming more focussed, more organized, in their opposition to this. The EU is not only calling for a moratorium, but they have been active on particular executions, asking for clemency, and are particularly disturbed about the fact that juvenile offenders are still executed, and those with mental illness and mental retardation. So, there's been a much more active program on that among the European countries.

I think that their point of view is that the death penalty is a human rights issue. Here, in the United States, we see it as a political issue, a criminal justice issue, but not really as a human rights issue, except for some people. So it's a different way of approaching it. As a human rights issue, it involves the taking of human life, perhaps unnecessarily in their view, and so it should be stopped. We're not at that point here in this country, and also see it as a states' issue as opposed to an issue that the Federal government can decide, although the

Federal government also has its own death penalty, and that, too, has caused concern among the European countries.

**EIR:** The European Union in August called on Texas Gov. George Bush not to execute a mentally retarded man in Texas. Can you tell us something about that case?

**Dieter:** To begin with, mental retardation is one of those areas that the United Nations Human Rights Commission has pointed out as a group that should be excepted. Even if a country has the death penalty, they should not be executing the mentally retarded or juvenile offenders, for the same reason. So, along comes this case in Texas, a man named Oliver Cruz, who tested with an IQ in the low 60s, which is a strong form of mental retardation, and yet, no courts stopped this, no clemency board and no governor intervened. As a matter of fact, he was executed just last night [Aug. 7], despite the concerns of the American Bar Association, and human rights leaders around the world.

**EIR:** Can you tell us some of the other actions that the United Nations or EU have taken, with respect to specific American cases?

**Dieter:** There's been an intervention in a number of cases, going back even ten years, where there was concern about some juvenile offenders, Terry Roach for one. They said that, in particular, someone who is under the age of 18 at the time of their crime should not be executed, even in a country that has the death penalty. None of those interventions or requests for clemency has yet had an effect.

As a matter of fact, the U.S. signed, along with almost all the other countries in the world, a treaty, called the International Covenant on Civil and Political Rights, and that treaty has a very clear clause in it, that those under 18 should not get the death penalty. The U.S. signed this treaty, ratified this treaty in 1992, under President Bush, but took a reservation to that clause and said, we will go along with the treaty, except we want to be able to execute juvenile offenders. A number of the European countries, I think it was ten in all, deliberately and very explicitly said that that reservation is unacceptable. That interferes with the object and purpose of the treaty. You can't sign the treaty and then pull back. You have to take the treaty, or not. That's just one action.

The UN Commission on Human Rights every year for the past three years has passed a resolution calling for a moratorium on the death penalty and, in particular, again calling for an exception for those who are juveniles and mentally retarded. This year, 2000, the resolution was introduced by the European Community, to show their particular support for it.

**EIR:** Pope John Paul II has moved the Catholic Church into opposition to the death penalty in the last few years, including on a visit to the United States on this issue in 1999. Can you discuss the importance and impact of this?

**Dieter:** I think Pope John Paul II is viewed in a number of ways. One, as certainly a religious leader, but also as a world leader on issues of moral concern. And, of course, he's also viewed as a conservative. On many issues, he would side with the more conservative elements, and certainly even within the Catholic Church. But, for him to speak out very clearly and to visit the United States in 1999, as he did, and say that the death penalty should be stopped, I think had a very strong effect.

There are a lot of members of Congress, a lot of governors, a lot of our population, who adhere to the Catholic faith, and this is the strong, moral leader saying that this is really an important issue for Catholics. That is bound, I think, to have some effect on how elections go, what kind of justification politicians can give to the death penalty, if not a moral justification. It falls on much weaker sociological kinds of debates that really are not well proven.

**EIR:** In January, Illinois Gov. George Ryan announced a moratorium on executions in his state (and he's also a conservative), after 13 death row inmates were found to be innocent. Since then, there's been increasing opposition to capital punishment in the United States, including from other conservatives. Could you discuss some of the developments that have occurred since January?

**Dieter:** There's been a real sea-change, I think, in terms of the American public's view of the death penalty. There had been in the past, ample evidence that there were problems. But, it really hadn't been validated by people who believe in the death penalty. They were on the other side.

What Governor Ryan did—he is a Republican, he is the chairman of Governor Bush's Presidential campaign in Illinois, he is a supporter of the death penalty. For him to say that the death penalty is so flawed, at least in Illinois, as to require all executions to be stopped indefinitely, was a statement that these problems are true, they're accurate, at least to some degree.

That opened the door. A lot of people, I think, were fearful to look at this and say, "The emperor has no clothes." This is politically incorrect, so to speak, to be against the death penalty. He said it's right, it's the moral position. So, you have many other people—writers, such as George Will; religious leaders, such as the Reverend Pat Robertson—calling for a moratorium, across the board. You have legislation being introduced to protect the innocent, that is co-sponsored by Republican senators and congressmen. This is really a very different atmosphere, and, I think, some of that should be attributed to Governor Ryan's statement.

**EIR:** The Innocence Protection Act of 2000 is one of those pieces of legislation you mentioned. Do you see prospects for its passage in the near term?

**Dieter:** I think there have been hearings on that bill in both the House and the Senate, and that's a good sign. On the more

pessimistic side, you'd have to say that there's little time left in *this* Congress for new legislation to get through. I think the public is clearly behind DNA testing for those who may be innocent. The polls show 95% concern. So, I think that that aspect of the bill could go through very easily. What's more problematic is that this bill is trying to address *why* innocent people end up on death row, instead of just trying to correct the problem afterwards, in that it advocates for better defense for those facing the death penalty. Some of those issues may need more debate, they may come up again in the next Congress. If those in leadership want it to move, it could still happen. But, I don't know if there's the collective will to make it happen yet.

**EIR:** One of the organizations which has called for a moratorium on executions is the American Bar Association. The ABA's new president announced her support for an intensification of this campaign. Do you see that as significant?

**Dieter:** Yes. I think that's very significant. The American Bar Association was the one that really introduced this idea of, not necessarily opposing the death penalty, but calling for a moratorium, calling for executions to stop until we can figure out and improve the system. They introduced that resolution in 1997. Now, with this new president, Martha Barnett, they are saying they are going to make it a priority.

It's similar to what the Catholic Church is doing. Actually, the Catholic bishops in the U.S. had a long-standing opposition to the death penalty, although not all were in agreement. When the Pope made it a cardinal issue, so to speak, then it started being talked about in churches, in schools, and at family tables. With the American Bar Association, it's going to be talked about in bar meetings and meetings of judges, and even in corporate law firms. This issue is a priority. And that is how opinion is moved in this country. It's got to get down to spreading the word that this is a serious problem, which many people with different views are coalescing on.

**EIR:** There was a moratorium in this country, from 1972 until 1976. I believe it was because of many of the same problems that we have today.

**Dieter:** The problems that were identified in 1972 were that the death penalty, as it was being applied, was too arbitrary, that it was like being "hit by lightning," as one of the justices said; that you couldn't predict it. There was also a sense that it was discriminatory. There wasn't as much talk about innocence. Appeals were so short that there really wasn't much time to develop new evidence, in most cases. There was a sense of problems. It came down to problems with the laws, as they were written.

Where we are now is a little bit similar. There's still a question about its arbitrariness, but the leading issue, which is pushing people, I think, is this issue that the death penalty is making mistakes. We're clearly putting innocent people on death row. We have 87 of these cases that we've discovered



At a press conference introducing the Innocence Protection Act, from left: Sen. Patrick Leahy (D-Vt.); Kirk Bloodworth, the first person freed from death row as a result of DNA testing; and Clyde Charles, exonerated from death row as a result of DNA testing.

just since the death penalty came back, who could have been executed. We've probably executed some innocent people. We're certainly running the risk of it. That's an issue that really grabs people, even those who are in favor of the death penalty.

So, it's still a problem with the laws. It's still a problem with human beings trying to make an irrevocable, almost infallible decision with their own imperfections. In a way, that can't be done. So, it's coming around again to how do you decide who lives and who dies in a society such as ours. And there really is no good way.

**EIR:** The two main arguments for capital punishment are that it "saves lives," as Governor Bush has put it, by ending the threat that the murderer poses; and that it brings closure to the victim's friends and family. Many of our readers support the death penalty. Can you respond to these two main arguments?

**Dieter:** I think what Governor Bush is saying there, when he said he supports the death penalty because it saves lives, is that he believes that if someone is executed, *other* people will not commit murder. That's the deterrence question, and it has been researched for 50 years, and there is very little proof that that's true. It seems like it ought to be true. It seems like people ought to be scared so much by the death penalty that

they don't—but the studies really haven't confirmed that. If we're killing people because it provably deters others from committing murder, then we have to look again at the studies.

If he's saying that it keeps the person who did the first murder from committing another murder, well, certainly, if you execute them, they won't do that. But, that's also true almost exclusively of people in prison for life without parole, for example. They're never getting out. The worst-case scenario is maybe a murder in prison, but that is actually very rare. And it's a problem that exists for the 2 million people who are in prison. It's not a problem of the death penalty. So that's not a societal problem.

The other justification is that it helps the families of victims. Well, there are a lot of problems with that. For one thing, there are a lot of family members who have had this kind of tragedy, who are opposed to the death penalty. So, the death penalty tends to *split* families, and causes a lot of anger and hurt, because for some family members, the last thing they want is an execution, while others

want it. It also drags out the case. Instead of having a sentence of, say, life without parole, which is then served immediately, you have the uncertainty of at least ten years of the death penalty, where, chances are, the case is going to be overturned at some point and have to be done over again, because it was so sloppily handled in the first place.

So, instead of closure, we drag people through a long period of uncertainty with a lot of frustration, and about one in 100 murderers actually ends up being executed. What do the other 99 families feel? They feel short-changed; that their loved one wasn't worth it. So, it creates this community in which, supposedly, one out of 100 families gets this great boon of an execution ten years later, and much of their lives dragged through that, and the other 99 families are frustrated.

So, if we had clearer, swift, and sure punishment, such as life without parole, I think we could also then devote more attention to the victims, provide resources, counselling, financial resources, whatever is needed to help them, instead of offering them another death at the end of this, and of course, another family, the family of the defendant, torn up by the whole situation.

**EIR:** The first Federal execution in 37 years, of Juan Raul Garza, was set for this month, August. It's now been postponed by President Clinton until at least December. Some

say, so that it won't be an issue for Al Gore in the Presidential campaign. But, it is already an issue in the campaign, with Governor Bush's execution record very much in the public eye. What is your view of the death penalty in the election campaign?

**Dieter:** Well, the public doesn't have a lot of choices among the major candidates, with respect to the death penalty. All four of the Presidential and Vice Presidential candidates in the Democratic and Republican parties, it looks like, are supporters of the death penalty. So, it's not going to be an issue over which the candidates are at loggerheads.

I do think it's a concern of the American public. Not so much whether the death penalty should be abolished, but what should be done about its glaring inconsistencies, inaccuracies, unfairness, arbitrariness. People want to know, what are you going to do about innocent people? How are you going to prevent that? Are you just going to say, as Governor Bush has said, that he's confident that everybody who's executed in Texas is guilty? People don't believe that anymore. You've got to have a better solution. How many innocent people should we allow to be executed by mistake? Is just a couple okay? Is that all right for Al Gore? Or, is "none" the right answer to that? And if "none" is the answer, then how do you continue with the death penalty?

I think the candidates are going to be asked about the death penalty, they're going to have tough questions, and people are going to judge *character* by the different ways they respond, even if they tend to agree. It's going to have to come from their genuineness, and it's going to have to come from whether they've thought these problems through thoroughly.

**EIR:** Do you believe innocent people have been executed in America, and do you believe that the legislation now before Congress would prevent future executions of innocent people?

**Dieter:** I certainly believe that there have been innocent people executed in America. Certainly, over the last hundred years, there are a lot of cases where the evidence is very strong. But I think the strongest argument is that, since we've had DNA testing, we have found innocent people on death row. There's every reason to believe that, if we applied that DNA testing to the people who were executed in the 1970s and '80s, that some of them, too, would have been found innocent. They just didn't have the testing. Why should we be perfect in those decades and imperfect in the '90s? It doesn't make sense.

**To reach us on the Web:**

**[www.larouchepub.com](http://www.larouchepub.com)**

So, DNA has opened a window on the fallibility of the system. The Innocence Protection Act would make sure that those cases that have [the possibility of] DNA testing will not be blocked by arcane rules that say you can't have any new evidence. Unfortunately, those are the minority of cases, that have DNA testing. The problems of mistaken eyewitnesses, withheld evidence, jailhouse snitches, are all going to continue, and still present a serious problem for those who support the death penalty.

**EIR:** Your website [[www.deathpenaltyinfo.com](http://www.deathpenaltyinfo.com)] recommends a book by Michael Radelet and Hugo Bedau on the executions before 1976 of innocent people. Can you discuss that?

**Dieter:** Sure. Professors Michael Radelet and Hugo Bedau wrote a *Law Review* article in 1987, in which they discuss this problem of innocence, and named 23 cases in this century where they believe innocent people have been executed. Then, in 1992, along with Constance E. Putnam, they turned that into a book, entitled *In Spite of Innocence* [Boston: Northeastern University Press, 1992]. The main part of that book, and that article, is not about the 23 people who were executed, but about the hundreds of cases of wrongful convictions of people who are possibly facing the death penalty. It's mainly an indictment of the system. A very small part of it is these cases. Everybody should realize that there is no *forum* for deciding whether an innocent person has been executed. There is no court that decides that, as there is before a person is executed. Once they've been executed, it is left up to, mostly, public opinion. That's how you decide things. There is some research, some experts, who have concluded that some of these cases do not involve innocent people, and I'm sure there are others, I'm sure there are some who say they disagree with it.

The bigger problem is, that there are certainly mistakes going on, and we're running the *risk* of executing innocent people. That book and that article clearly categorize and describe those risks, and that's the important thing.

**EIR:** Let me just conclude with a personal question. How did you get into this business? What is your interest in it?

**Dieter:** I had questions about the death penalty ever since it was reinstated in 1976. In 1972, I was active in a group called the Community for Creative Non-Violence here in Washington, and opposition to the death penalty was something that, of course, we believed in, but there wasn't any death penalty all of a sudden, so it wasn't a big issue. But then, when it came back, and when, in 1977, the first execution occurred, it was something I had been involved in, in different states and in different capacities. It's something I like working on. I think it's an issue that touches a lot of other issues. It's one of these fundamental issues about life and justice, fairness, that I think really has reverberations for the whole American system of justice. So, it's an important issue for me.

---

## Half of All Executions Took Place in Texas

So far this year, 90% of the executions in the United States took place in the South, and 50% of them in Gov. George W. Bush's Texas, the Death Penalty Information Center reports. The Aug. 16 execution of John Satterwhite in Texas marked the 60th execution this year, 55 of which have occurred in the South. Of these, 29 have occurred in George W. Bush's Texas, with three more scheduled for August alone. Last year, the United States set a post-1976 record of 99 executions.

Prior to Satterwhite's execution, the European Union under its French presidency, joined by Sweden, the next president, wrote a letter to Governor Bush urging him to commute Satterwhite's execution. The letter stated that executing the man would violate the United Nations Economic and Social Council Resolution 1989/64 of May 1989, and would be contrary to the UN's Commission on Human Rights' Resolution 2000/65, which specifically urges all states that still maintain the death penalty not to execute those suffering from any form of mental disorder. Satterwhite was both mentally ill and mentally retarded.

---

## Gore, Sr.'s Civil Rights Record Exposed

The *Washington Times* on Aug. 17 covered a story that *EIR* readers have known about since our issue of Sept. 10, 1999: that, contrary to the lying claims of Al Gore, Jr., his father was no "fighter for civil rights," but actually voted with the segregationists against the 1964 Civil Rights Act. The lead editorial in the *Times*, titled "Al Gore and Family," reports:

"Repeatedly, Mr. Gore has been recalling his father as a hero in the civil rights wars of the 1960s. Throughout the convention in Los Angeles, moreover, the Democratic Party, in a bit of historical revisionism, has been extolling the 1964 Civil Rights Act as

the party's greatest achievement. Indeed, the Democratic Party platform asserts, 'Passage of the Civil Rights Act of 1964 was one of the proudest moments of our nation's history and a sterling testament to our aspirations as a people.'

"But the very month President Clinton graduated from high school, the U.S. Senate was in the midst of a 57-day filibuster designed to prevent the 1964 Civil Rights Act from even coming to a vote. On June 10, 1964, 20 Southern Democratic senators voted to continue the filibuster. Sen. Albert Gore, Sr. was one of them, despite a personal plea from President Lyndon Johnson. The filibuster was finally defeated—no thanks to Mr. Gore's father, who, once again embracing the segregationist wing of his party, proceeded to vote against the 1964 Civil Rights Act, which passed nonetheless.

"Mr. Gore never seems to explain this version of his father's record, which he continues to revise for his own political benefit."

The whole story was exposed in the above-mentioned *EIR* article by Dennis Speed, "Al Gore, Jr. Caught in Another Lie: Gore, Sr. Opposed Civil Rights."

---

## Opposition Grows To Jailing of Wen Ho Lee

A nuclear weapons consultant to Los Alamos National Laboratory, John Richter, told an Aug. 16 bail hearing for jailed nuclear physicist Wen Ho Lee, a former Los Alamos lab employee who is being held without bond on charges of violating security regulations, that "I think keeping him locked up is much more injurious to the reputation of the United States." Richter, according to the Aug. 17 *Washington Post*, said that the data Lee had downloaded from computers at Los Alamos would not harm U.S. security, even if they did fall into the hands of a foreign power. It would have "no deleterious effect," because no one could build a sophisticated nuclear warhead like America's miniaturized W-88 simply on the basis of the computer simulation codes in question.

Meanwhile, the *Minneapolis Star Tribune* wrote in an editorial on Aug. 19 that the government's case against Wen Ho Lee

"may be going up in smoke."

"The case against nuclear scientist Wen Ho Lee has always had an odd, disconnected feeling to it," the editorial states, "as if something was missing, something not known that fueled the aggressive nature of the prosecution and a judge's decision to keep Lee in jail. Now we know what was missing—at least in regard to the judge's ruling. It was the truth."

Referring to the attempts to get the Taiwan-born scientist out on bail, the editors cite the rapidly changing testimony of FBI agent Robert Messemer. Messemer testified previously that Lee had failed to disclose his contacts with Chinese scientists during an authorized trip to Beijing in 1986. But, when confronted with the fact that Lee had filed a report on the trip, Messemer admitted that he had not consulted the report. The agent had previously testified that Lee had failed to disclose correspondence with Chinese scientists, allegations that were refuted when Lee's lawyers presented a transcript of an FBI interview last year in which that correspondence was discussed. Messemer previously testified that Lee had sent letters to "various foreign institutes—in scary places like France and Switzerland—seeking a job," the editorial states, but the FBI has no evidence such letters ever existed.

The editorial reminds the reader that the files that Dr. Lee downloaded into his personal computer were not even classified at the time, and concludes: "It is increasingly apparent that Lee is the victim of merciless and racism-tinged scapegoating. He had the misfortune to be a native of Taiwan and to get in the way of anti-China security hysteria unleashed by a gang of House Republican fanatics."

---

## Thurman Role on AIDS Noted in South Africa

President Clinton said in Michigan on Aug. 15, where he was campaigning for Al Gore, that "AIDS is now the leading cause of death in Africa, and increasingly threatens Asia and the former Soviet Union. It is reversing hard-won advances in life expectancy and economic growth, and it imperils the stabil-



**BUDGET CUTS** have damaged Federal firefighting capability, according to Lester Rosenkrance, the fire program director of the Bureau of Land Management, in a January memo. The cuts have limited BLM fire preparedness budgets to less than 85% of their previous efficiency level, he said. "We knowingly ask our firefighters to work longer hours in more dangerous circumstances. To do so, in the name of budget cuts, is simply unconscionable."

**PRESIDENT CLINTON** signed a bill on Aug. 19 to create a global AIDS Trust Fund, but the amounts of money proposed are insignificant. The World Bank AIDS Trust Fund will include \$300 million for the U.S. AID program of education, voluntary testing, and other care for people in Africa; \$50 million in new funding for the Global Alliance for Vaccines and Immunizations; \$10 million for the International AIDS Vaccine Initiative; and \$60 million to fight tuberculosis.

**COLUMBIA/HCA**, the largest hospital corporation in America, will close San Jose, California's only downtown hospital by 2005. This will leave one hospital for the entire east side of San Jose, which houses the majority non-white populations with the lowest incomes in the county, the largest number of at-risk seniors, and sizeable numbers of homeless people.

**TWENTY-FOUR STATES** with relatively low electricity rates, members of the Low-Cost Electricity State Initiative, are lobbying Congress to oppose any Federally mandated electricity deregulation. They are being spurred on by the electricity crisis on the West Coast.

**ROBERT BORK**, the former Federal judge who championed the impeachment of President Clinton long before anyone had ever heard of Monica Lewinsky, now says that an indictment of Clinton after he leaves office would set a bad precedent and should be avoided.

ity and security of nations. Sandra Thurman, who currently presides over the White House National AIDS Policy Office, will use America's growing efforts as leverage to encourage other countries to expand financial commitments" to fight the disease. The statement was reported by the South African Press Agency (SAPA) on Aug. 15, under the headline "Clinton Names First U.S. Envoy on AIDS."

Speaking at the AIDS conference in Durban, South Africa in early July, Thurman said: "It is true that we will never win the battle against HIV/AIDS unless we reduce poverty. But it is also true that even in the absence of poverty, we still have HIV/AIDS." Thurman said that South Africa has to make use of every opportunity it has to fight the disease. "We have a brief window of opportunity to turn the tide here in South Africa and elsewhere, but that window is closing fast. Every single day brings an avalanche of new infections, especially among the poor," she said. She added that the United States saluted South African President Thabo Mbeki's pledge to intensify South Africa's efforts to combat HIV/AIDS.

## Commercial Jets Used for Target Practice?

An account of what may have happened to cause the July 1996 crash of TWA Flight 800 was provided by an unusual source on July 20: a columnist for Biztravel.com, who says that he was told the following by an executive of an international airline, the day after the downing of TWA 800.

"It was a missile," the executive, himself a former military man, said. "Friendly fire. We kept telling the military this would happen one day. And the bastards just kept doing it and doing it."

His theory was as follows, as recounted by columnist Joe Brancatelli: "TWA 800 took off, it was picked up on radar by U.S. fighters, and then made the 'target' by a giddy pilot. As so often happens, this military pilot was playing an ad hoc war game: lock onto a commercial jet, make believe it is an enemy plane, then blow it out of the sky. Only this time, the executive suggested,

something went terribly wrong and the game turned real.

"For years, we've been complaining about the military locking onto commercial jets and using them for target practice," the executive said. "We go down to the Pentagon and bitch and they promise it'll never happen again."

Brancatelli adds that no airline executive with whom he has discussed this conversation, thinks that the allegations are strange, and they all worry about how many times *their* aircraft have been "targets" of military jets playing war games.

## McDermott Warns of AIDS Chaos in Africa

U.S. Rep. Jim McDermott (D-Wash.) warned on Aug. 11 that if AIDS in Africa is not brought under control, the United States "will become involved in all kinds of chaos that will happen in Africa," the South African agency SAPA reported. Speaking at the end of a five-nation HIV/AIDS fact-finding mission, McDermott called AIDS a threat to stability on the continent, and said that it was in the best interest of the United States that stability in Africa be maintained.

McDermott was reported to be "critical of the way he perceived some African governments were implementing programs to combat AIDS." He is quoted: "Programs controlled from the top down are not working. We have to get to the grassroots with our aid. The message has to come from the top, but it has to empower the people at the bottom." He conceded, however, that he did not know what to do about the problem, except to "educate" people. (*EIR's* cover story on Aug. 11 has a comprehensive approach to finding an effective solution.)

McDermott, who is chairman of the U.S. Congressional Task Force on AIDS and co-chairman of the Africa Trade and Investment Caucus, said that in October he will put a bill before Congress to ask for money for AIDS education and testing programs aimed at the grassroots. He said that this would be in addition to the \$1 billion already spent by the United States to fight AIDS in Africa.

His tour took in Nigeria, South Africa, Angola, Swaziland, and Botswana.

### *Watching Soaps at Newstime Can Be Deadly*

The strategic crisis which erupted in August around the destruction of the *Kursk* submarine during Russian naval maneuvers, lay somewhere between the bombing of the Chinese Embassy, and the Cuban Missiles Crisis, in its deadly seriousness and potential consequences. Yet, it has been presented to you as soap-opera entertainment. There has been a near-total blackout by the American media of what Russian military and political leaders were saying and leaking to the media there. World War III nearly began on Aug. 12-13, and you haven't been told.

Presidents Putin and Clinton, in telephone communications initiated by Putin, and supplemented by military deliberations, averted the war threatened by the Russian analysis and conclusion that the *Kursk* had been struck and sunk by a British or American submarine. That is still the analysis of Russian military commissions investigating the crisis.

Recall *EIR*'s review last week of the saber-rattling "Vulcans" of the Bush foreign-policy team, and imagine what the result of the Aug. 12-13 crisis would have been, with George W. Bush on the red telephone, rather than President Clinton.

A powerful Anglo-American financial-political faction, knowing that the global financial crisis is upon them, has determined to act with outrageous abandon against Russia, China, and other nations, risking wars on many fronts. Their purpose is to break any focal points of opposition to their control. There is only one strategic capability that could conceivably challenge that Anglo-American power, and that is the Russian nuclear capability, despite the terrible economic looting of Russia the past decade. Russia's all-ocean maneuvers, only recently renewed after years of neglect, were the target for such provocation.

The content of the two Presidents' conversations in those fateful days is not known. Perhaps President Clinton responded as at Camp David, and offered financial and other kinds of "compensation" for the destroyed submarine. If so, President Putin has not accepted that route, for, to do so, would eliminate the Russian strategic position altogether.

Rather, Putin has counterattacked on another flank

entirely. On Aug. 23, on Russian national television, he launched an attack on the most notorious Russian "oligarchs," the robber-tycoons such as Boris Beresovskiy, who have been the partners of that very powerful Anglo-American faction, in the looting of Russia. At the same time, Putin vowed to build the Russian army, navy, and state back up again, and abruptly took foreign-creditor negotiations out of the hands of the central bank.

These actions are now dramatically changing the political and psychological mood in Russia. These changes, again, are not being reported to you: You are to believe that Putin is weakened and in disgrace over his handling of a "human tragedy." You are supposed to remain unaware that the world war-threatening crisis around the *Kursk* is still continuing, but on the new flank of the change in Russia set off by Putin's leadership.

Listen to the Aug. 22 statement of State Duma (parliament) economist Sergei Glazyev, Communist Party head Gennadi Zyuganov, and 18 leading military, political, and intellectual figures: "The 118 sailors, these best and most honorable men, who perished in the submarine, were participants in the war, which the country is waging for the right to call itself Russia, to control the territory between three oceans. . . . It was no accident with the ship's equipment, no miscalculation by the crew, that caused her death. She went down in the battle which the people, and Russian statehood, are waging today."

The Anglo-American financial faction which has been running the provocations of Russia in the Caucasus and Central Asian republics, even while looting the Russian economy, is immediately nervous about this Russian internal political shift. But they will continue the provocations, because the condition of their bubble, the biggest financial bubble in history, will continue to get closer to explosion.

But the greater danger, is your own acceptance of the "bodyguard of lies" which presents soap-operas at newstime. Think back, if you can, to the Cuban Missiles Crisis of 1962, and what you knew then. This time, the world came to the verge of the beginning of World War III, and you weren't even told about it.



# FIDELIO

Journal of Poetry, Science, and Statecraft

*Publisher of LaRouche's major theoretical writings*

Spring 2000

## *Prometheus and Europe*

Lyndon H. LaRouche, Jr.

Aeschylus's Prometheus did not simply defy the pagan gods; he pointed toward a real God, the same God identified in Plato's *Timaeus*, upon whose justice for mankind Prometheus implicitly relied. A Prometheus image was, artistically, a necessary idea, which contributed an essential role during the recent thousands of years of emergence of the best features of modern European civilization today.

## *John Milton's Blank Verse and The Republican Spirit in Poetry*

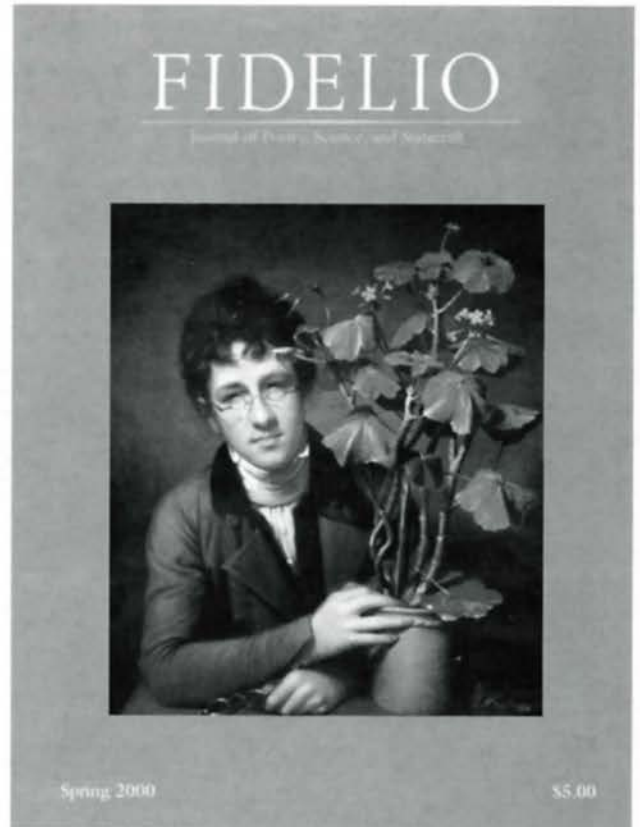
Paul B. Gallagher

## *J. Brahms and F. Schiller Instruct Us In Today's Civilizational Crisis*

Cloret Richardson

## *The Egg Without a Shadow of Piero della Francesca*

Karel Vereycken



Sign me up for **FIDELIO** \$20 for 4 issues

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

TEL (day) \_\_\_\_\_ (eve) \_\_\_\_\_

Make checks or money orders payable to:

**Schiller Institute, Inc.**

Dept. E P.O. Box 20244 Washington, D.C. 20041-0244