

EIR

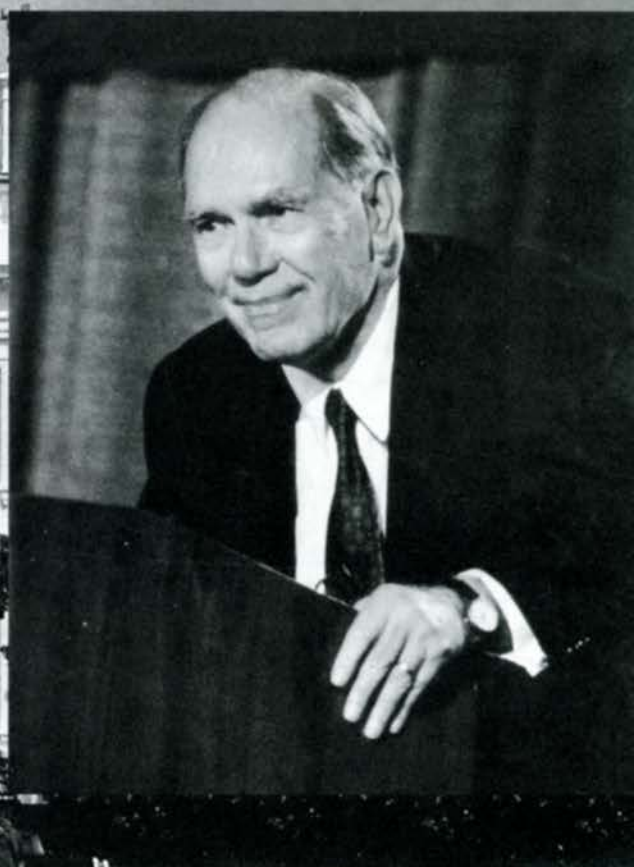
Executive Intelligence Review

November 24, 2000 Vol. 27 No. 46

\$10.00

Russia's Eurasian Diplomacy Is Its Hope
Junk Bonds Can Trigger Market Collapse
Lawmakers Gather for Jubilee Debt Forgiveness

**LaRouche Washington Webcast:
'Now Comes the Aftermath'**

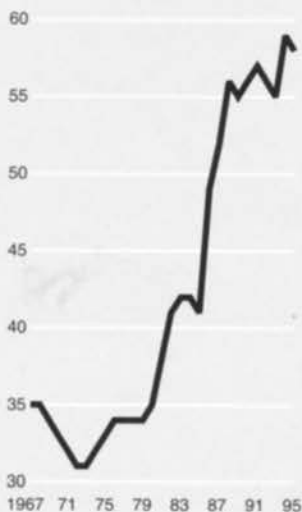


EIR Doesn't Print What's Popular, But Prints The Truth

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*
Editor: *Paul Gallagher*

Associate Editors: *Ronald Kokinda, Susan Welsh*
Managing Editor: *John Sigerson*
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

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 Maduño*

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 (50 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*

*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 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

‘Is there a political solution for the world at this advanced stage of onrushing, global economic and related crises?’ That is the question that Lyndon H. LaRouche, Jr. addressed, and answered, in an historic speech to a Washington, D.C. *EIR* seminar on Nov. 14. The full text is published in this issue, beginning on page 48.

EIR’s press release introduced a brief summary of this startling speech, by asserting that “the election-crisis which has erupted in the U.S. now, is to be regarded as a probable act of Providence, in the sense that it compels the U.S., its leading institutions and its citizens, including the institution of the Electoral College, to use that crisis itself as the occasion to reexamine the evidence of the sundry qualities of combined fraud and other wrongs against the intent of our Constitution which had brought the process of the Presidential election to that cumulative state of pervasive and systemic corruption which expressed itself in the circumstances of the Nov. 7 election-crisis.”

LaRouche told the audience that he had scheduled the seminar for about a week after the election, “because I then knew that the world would be in the kind of post-election crisis which it’s in now. And I wished to leave about a week to pass, before I said what I had to say on this subject, because I thought it would take a week before the audience was ready, and had experienced enough frustration over these results, to begin to listen seriously to what I had to say.”

At the end of the seminar, when no more questions could be answered for lack of time, LaRouche summed up the crafting of his presentation this way: “I did it, essentially, two weeks ago, with foreknowledge of what this election crisis was going to be, and what the implications were. And I put a lot into it, which may become obvious to people only after reflection. So, if the bomb explodes in the middle of your head tonight, and if you realize what I really said, call up Debbie [Freeman, LaRouche’s spokeswoman], and maybe she’ll get to me, and I’ll get you the answer.”

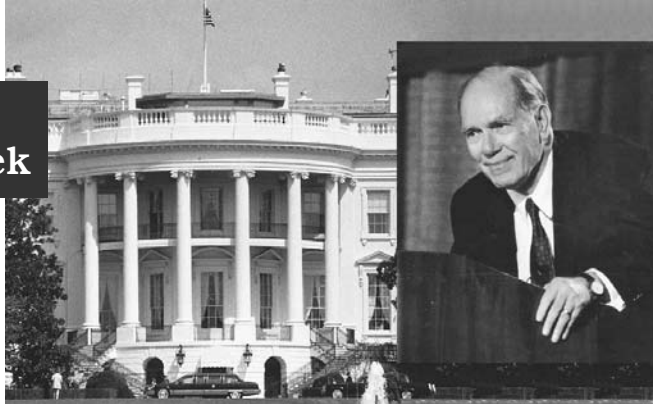
The speech demands careful reading and re-reading. A videotape is also available from *EIR* for \$25, and the audio recording is on the web at www.larouchepub.com and www.larouchespeaks.com. Get your friends and neighbors to read, watch, and listen, and some very interesting things may start to happen in this country, very soon.

Susan Welsh

EIR Contents

Cover This Week

Lyndon H.
LaRouche, Jr.



48 LaRouche Washington Webcast: ‘Now Comes the Aftermath’

“Two constitutional questions are posed to us at this juncture. Considering the present circumstances, in which this election-crisis has erupted, does the U.S. have both the right, and the obligation, to pause now for calm, sane, and sober reflection, during these weeks the Electoral College is being prepared. . . . My reading of the intent of the framers of the U.S. Constitution . . . indicates that we have not only precisely that right, and also that solemn obligation . . . to use the means which our Constitution has prepared for like contingencies, to ensure the continued existence of our republic according to that solemn, constitutional intent to promote the general welfare, that commitment to the common good, upon which the very existence of our republic was premised.”

57 Questions and Answers

68 The Constitutional Path Out of the Present Crisis

70 Complaints Before OAS: Gore Openly Stole LaRouche’s Vote

73 Vote Fraud: an Endemic Problem in U.S. Elections

75 The Southern Strategy

Economics

4 Junk Bond Meltdown May Lead to Market Collapse

The highly speculative \$670 billion U.S. junk bond market—more than 15% of all corporate bond financing—is on the verge of meltdown. The seizing-up of this market, is both a reflection of, and a prime driving force behind, the disintegration of the world financial system.

10 Fed Pumping Billions Per Day as ‘Plunge Protection’ for Markets

11 New EIR Study Presented at Berlin Seminar

12 Fox: We Will Strangle Mexico To Pay the Debt

13 IMF Savages Korea, As LaRouche Defends It

15 EU Charges Big Tobacco with Smuggling Conspiracy

16 Business Briefs

Feature

- 18 Lawmakers Gather in Rome for Jubilee Year Debt Forgiveness**
A report by Paolo Raimondi, who participated in the Nov. 4-5 Jubilee conference in Rome.
- 22 Motion: 'The Foreign Debt of Poor Countries'**
- 24 Italian Senators Present Motion for a 'New Bretton Woods'**
- 25 Pope Urges Statesmen: Imitate St. Thomas More**
"Apostolic Letter of Pope John Paul II, Issued *Motu Proprio*, Proclaiming St. Thomas More as Patron of Statesmen and Politicians."
- 27 'Politics Is To Attain the Common Good'**
"Address of His Holiness Pope John Paul II, to the Jubilee of Government Leaders, Members of Parliament and Politicians."
- 28 The LaRouche Record: A 25-Year Fight for a New Economic Order**
- 31 Schiller Institute Organizing Campaign**

International

- 38 Russia's Eurasian Diplomacy Might Spark Real Economy**
The idea that Russia's engagement in projects for infrastructure and other real economic development on the scale of Eurasia could provide leverage to shift economic policy as a whole toward real growth, is bringing a ray of hope.
Documentation: President Putin's speech at the Asia-Pacific Economic Cooperation Forum (APEC) summit.
- 41 The Middle East: Chaos and War, or Economic Development**
- 44 Leah Rabin's Agenda of Peace**
- 45 'Leah Rabin Has Died'**
By Lyndon H. LaRouche, Jr.
- 46 International Pressure Mounts Against U.S. Death Penalty**
Germany is suing the United States, demanding that it pay reparations for its "illegal acts" in the 1999 execution of two German nationals, and that it "provide Germany a guarantee of the non-repetition of the illegal acts."

National

- 77 Mental Health Professionals Offer Alternative to the Drugging of Children**
- 79 Six States Introduce Anti-Drug Legislation**

Departments

- 47 Report from Germany**
Nation Is in Domestic Policy Paralysis.
- 80 Editorial**
The Economy: The Rope in the House of the Hanged.

Photo and graphics credits: Cover design, Alan Yue. Cover, pages 5, 19 (LaRouche), 51 (Nixon, Lott), 53, 64, EIRNS/Stuart Lewis. Pages 6, 7, 9, 19 (Pope, Fumigalli Carulli), 20, 23, 25, 49, 74 (Ford, Kissinger), EIRNS. Page 11, *Neue Solidarität*. Page 44, Courtesy of Israel Government Press Office. Page 51 (Ku Klux Klan), Library of Congress Prints and Photographs Division. Page 56 (Bush), George Bush Library, National Archives. Page 58, EIRNS/Joe Jennings. Page 60, Bundesbildstelle/Julia Fassbender. Page 62, White House Photo/Ralph Alswang. Page 66, EIRNS/Christopher Lewis. Page 74 (Carter), White House Photo.

Junk Bond Meltdown May Lead to Market Collapse

by Richard Freeman

The highly speculative \$670 billion U.S. junk bond (“high-yield bond”) market—more than 15% of all corporate bond financing—is on the verge of meltdown. For the past two months, the market has had virtually no liquidity. Some companies with medium-sized junk bonds have defaulted, and several more companies are on the edge of default. The seizing-up of the “high-yield” junk bond market, is both a reflection of the state of, and a prime driving force behind, the disintegration of the world financial system.

A faction of the Wall Street investment-bank hierarchy has been agitating for a “bailout” of the junk bond market for shortly after the Nov. 7 election, although the consequences of that reckless action would be a further deterioration of the world financial situation.

Junk bonds are below-investment grade bonds. They are rated at BB or lower by Standard & Poor’s, and at Ba or lower by Moody’s rating services. There are two types of junk bonds: first, those that start out with a rating at investment grade, but fall to below-investment grade. Those are sometimes called “fallen angels.” This happened to the bonds of Owens Corning, for example, when the corporation filed for bankruptcy on Oct. 5. Second, there are the more numerous bonds that are issued from the get-go with a below-investment-grade rating.

The junk bond pays an interest, or yield, that is usually 3.5 to 5.0 percentage points higher than that of a ten-year U.S. Treasury bond—this is frequently stated as “350 to 500 basis points” above the Treasury bond yield. In January of this year, the spread between the yield on a junk bond and the yield on a ten-year U.S. Treasury bond, was 487 basis points. But panic had set in, and by October of this year, this spread had soared to 777 basis points. This is higher than the spread that existed in the aftermath of the September 1998 bankruptcy of

the Long Term Capital Management (LTCM) hedge fund, when Federal Reserve Board Chairman Alan Greenspan, as a leading feature of his bailout of the world financial system, made a special intervention to inject liquidity to bail out the junk bond market.

Indicating the advanced stage of the crisis, today’s spread between junk bonds and U.S. Treasury bonds was last equalled only during 1990-91. At that time, the investment firm of Drexel Burnham Lambert, whose team, headed by Michael Milken, had “invented” the runaway junk bond market of the 1980s, filed for bankruptcy, and that market effectively ceased to exist.

What a Junk Bust Means

The junk bond market has a threefold connection to different aspects of the U.S. credit market, and the consequences of its failure are immense. First, junk bonds are used to finance leveraged buy-outs, which is a big part of mergers and acquisitions (M&As). For example, if Company A decides to take over Company B for \$2 billion, it may issue \$500 million of high-yield junk bonds to pay for one-quarter of the takeover. Mergers and acquisitions have artificially buoyed the stock market. Internet and telecommunications firms, which are a big part of the stock market, have also issued large volumes of junk bonds to expand, or simply meet their financial needs.

Second, junk bonds make up approximately one-sixth of the \$4.2 trillion U.S. corporate bond market.

Third, junk bonds figure prominently in the derivatives market. Speculators frequently deal in derivatives contracts, which arbitrage the spread between junk bonds and U.S. Treasury bonds. That is, junk bonds, which are highly speculative instruments to begin with, are packaged and incorporated into



The headquarters of the major information technology corporation PSI-Net, in the "Silicon Valley East" of Virginia's Loudoun County: PSI-Net's huge financial losses recently blew another hole in the "junk bond" market.

a second-order speculative instrument, derivatives.

Thus, junk bonds are central to the stock, derivatives, and debt markets of the United States, which, combined, have a paper valuation of more than \$100 trillion. The junk bond market's collapse would function as a trigger, both detonating each of the three markets serially, and imploding the financial system as a whole.

Those who are active in the junk bond market are closely looking at the dangers building up. Donaldson Lufkin Jenrette is the largest underwriter of junk bonds in the world, this year, having underwritten more than \$5 billion. Donaldson Lufkin Jenrette, which is being bought by the giant Swiss bank *Crédit Suisse*, is acutely aware of the liquidity shortage. On Nov. 1, a high-yield bond specialist at Donaldson Lufkin Jenrette explained to *EIR* that there is a growing concern about the riskiness of all financial markets. "There is a worldwide reassessment of risk. This has led investors to stay away from the junk bond market," one of the riskiest markets of them all, he said. He stated that the only ones speculating and buying junk bonds, "are large institutional investors, who see that the gains in arbitrage in junk bonds is so great, that they're willing to take the risk."

"There are two scenarios," he stated. "First, some immediate benefit to the high-yield bond market. That would mean the oil price comes down and the Federal Reserve loosens the money supply," pumping funds into the junk bond market. However, "the second scenario is that the oil price does not come down, and the spreads on junk bonds continue to rise to above 1,000 basis points," which was the level in 1990-91 when Drexel failed. This would cause the economy to crash "into recession, and cause a crisis in the investment-grade

bond market," i.e., all bonds. This is a financial disintegration. Under the second, more severe development, "The Federal Reserve would have to supply money" on an even larger scale. Yet, it became clear, that the sum total of Donaldson Lufkin Jenrette's "policy" is to count on Greenspan to intensify the money-printing policies which, in fact, have already put the world onto the path of a Weimar-style hyperinflation.

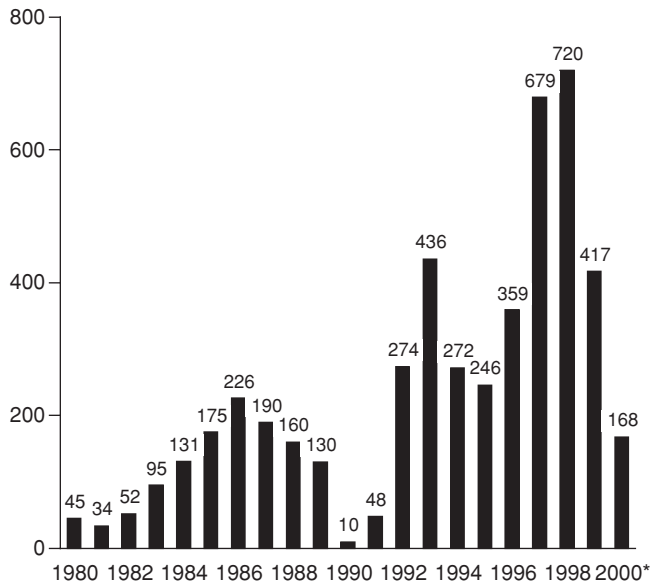
We will look at the development of the junk bond market, which is an indicator, in microcosm, of the growth of the entirety of speculative markets in the United States, and the high degree of risk. We will then look at the junk market's current precipitous unravelling.

Growth of the Junk Bond Market

In August 1971, under the advice of the financier oligarchy, President Richard Nixon took the U.S. dollar off the gold reserve standard. This was part of the oligarchy's imposition on the United States of a "post-industrial society" policy. That policy shut down manufacturing, agriculture, and infrastructure, and built up non-productive services and a speculative bubble. In furtherance of that aim, in October 1979, Jimmy Carter's then-Federal Reserve Board chairman, Paul Volcker, instituted a severe form of the post-industrial society, called "controlled disintegration." Volcker raised interest rates, so that by December 1980, the prime lending rate charged by commercial banks had been forced up, to 21.5%. Production shrivelled, yet speculation flourished. Continuing that policy, under the Reagan Administration, in 1981, the Kemp-Roth Act was passed, which benefitted the stock market and speculation in real estate trusts; and in 1982, the Garn-St Germain Depository Institutions Act was passed, which deregulated

FIGURE 1

Number of New U.S. Junk Bonds Issued, 1980-2000

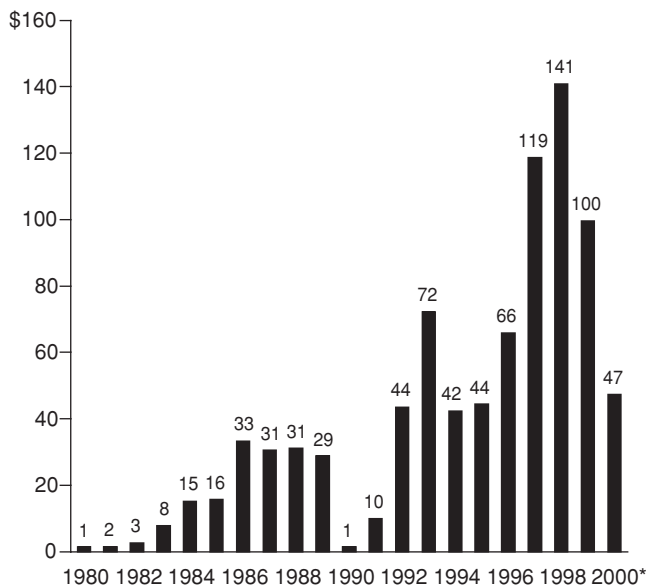


* First ten months.
Source: Merrill Lynch & Co.

FIGURE 2

The Dollar Value of New U.S. Junk Bonds Issued, 1980-2000

(Billions \$)



* First ten months.
Source: Merrill Lynch & Co.

the banking system. Financial flows became more and more completely divorced from production processes.

In this environment, during the mid-1970s, the Morgan banking interests, joined by the Rothschild banking interests and the reported drug-trading United Fruit/Chiquita Brands company, financed creation of the Drexel Burnham Lambert investment firm, with Michael Milken inserted into a key operations position. Drexel Burnham Lambert effectuated “leveraged buy-outs” (LBOs) in which Company A would take over Company B, borrowing heavily to do so (hence the term “leverage”). Often, Company A would put up only 10% of the purchase price of Company B in cash and stock, and would borrow the other 90% of the purchase price. In carrying out the borrowing for the LBO takeover, Company A would either borrow money from banks, or issue junk bonds. For example, with Drexel Burnham Lambert as the lead underwriter, and making a market for the junk bond, Company A might issue a \$500 million junk bond, bearing a 15% interest rate. With the \$500 million received from the junk bond, and other borrowed funds, Company A could complete the takeover.

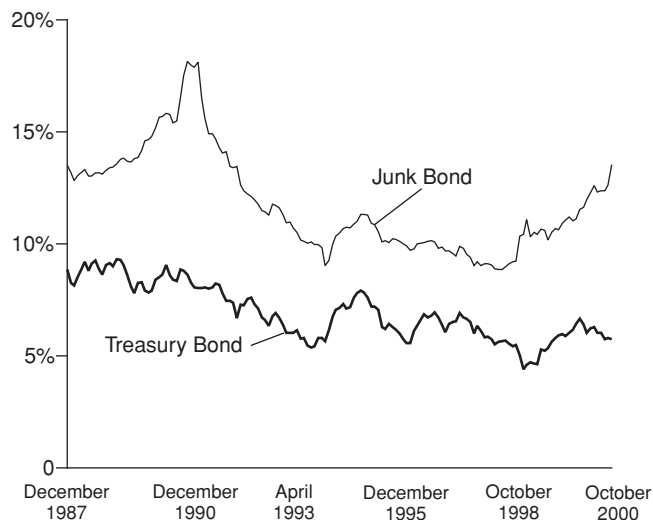
Against this new mass of debt heaped onto the newly merged company, which required enlarged quarterly debt payments, the newly merged company only had the productive capacities and sales revenues of the original companies, A and B. In turn, the newly merged company gouged itself

through asset-stripping—firing workers, reducing capital spending, slashing funds for research and development, and cutting back production—in order to come up with the cash to make the newly enlarged quarterly debt payments. The holders of the junk bonds raked in yields of 15 to 25% per year, with the flow of cash ending only at the point that the depleted underlying company was, frequently, forced into bankruptcy.

In February 1990, following the indictment of key figures at Drexel Burnham Lambert, but also because of other reasons having to do with the world financial system, Drexel Burnham Lambert filed for bankruptcy. Drexel had been the key firm for the junk bond sector, often supporting junk bonds with its own cash to keep the overall market up. With the shutdown of Drexel, the market virtually evaporated.

Figure 1 shows the number of new junk bonds issued, by year. Figure 2 shows the dollar volume of the annual issuance of new junk bonds, from 1980 to 2000. In 1980, a total of \$1.43 billion of new junk bonds was issued. This grew, year by year, under the impress of the growth of LBOs and mergers and acquisitions, so that by 1988, a total of \$31.1 billion of new junk bonds was issued that year. In 1989, the total fell slightly, to \$28.8 billion in new junk bonds. But, in 1990, the total of new junk bond issues was only \$1.40 billion, a fall of 95% from the year before. By 1990, the new junk bond market

FIGURE 3
Yield on Ten-Year U.S. Treasury Bond vs. Yield on Junk Bond



Source: Merrill Lynch & Co.

had disappeared.

Figure 3 shows the yield on ten-year U.S. Treasury notes, and the yield on junk bonds, as reported by Merrill Lynch investment bank in its “High-Yield [Bond] Master II Index.” In January 1991, the yield on a ten-year U.S. Treasury note was 8.021%; the yield on a junk bond was 18.11%, giving a “spread” of 10.09% (or 1,009 basis points) between Treasuries and junk bonds. This was the highest spread of the past quarter-century (**Figure 4**). The very high spread in January 1991 indicates that the junk bond was considered to be extraordinarily risky, and that liquidity had totally fled from the junk bond market.

By January 1991, the default rate on junk bonds rose to 11.37%, which means that of all the junk bonds then outstanding, 11.37% of them collapsed into default. The default rate peaked at 13.08% in July 1991.

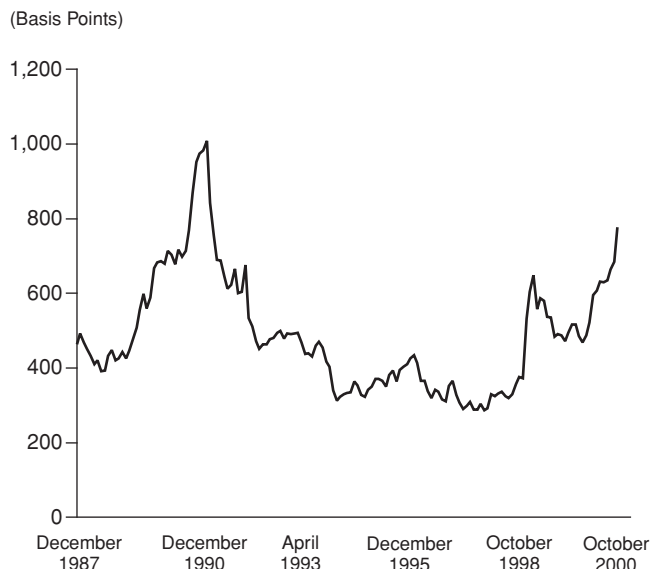
1990s Stock Market Boom and Junk Bonds

The financier oligarchy would make the decade of the 1990s, among other things, the era of unbridled stock market speculation, which depended significantly on mergers and acquisitions, which, in turn, depended on junk bonds. After absorbing widespread losses in 1990-91, the oligarchy set about rebuilding and investing in the junk bond market.

Figure 2 shows that the level of new junk bond issuance fell to \$1.40 billion during the crash of 1990. This was raised to \$72.3 billion in 1993, and finally, in 1998, the level of new junk bond issuance hit a record \$140.9 billion.

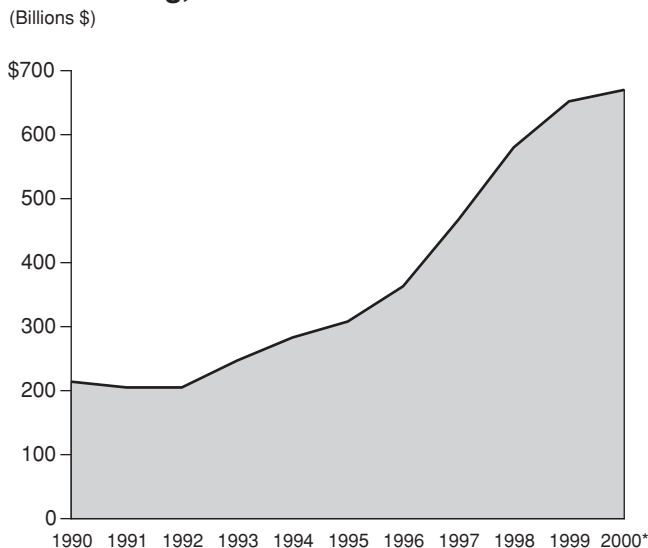
Figure 5 represents the broadest level of junk bonds, the

FIGURE 4
Spread Between Ten-Year U.S. Treasury Bond, and Junk Bond



Source: Merrill Lynch & Co.

FIGURE 5
The Dollar Value of U.S. Junk Bonds Outstanding, 1990-2000



* First nine months.

Source: Donaldson, Lufkin, Jenrette.

value of the principal amount of all junk bonds outstanding. Whereas Figure 2 represents only the amount, however sizable, of junk bonds issued in a single year, Figure 5 presents

the cumulative value of all junk bonds (each year, to arrive at this sum, the value of new junk bonds issued is added in, and the value of the principal amount of existing junk bonds that has been retired, is deducted). In 1992, the value of the principal amount of all junk bonds outstanding had fallen to \$205 billion. Then, with the heavy issuance of new junk bonds each year, it exploded, particularly during 1995-99, which is when the “high-tech”-based Nasdaq stock average surged. From a level of \$205 billion in 1992, the principal amount of all junk bonds outstanding rose to \$652 billion in 1999, more than tripling in only seven years.

Junk bonds were a key underpinning of the stock market, particularly the Nasdaq “high-tech” stocks, in two ways. First, particularly the Internet and telecommunications companies engaged in a wild spree of mergers and takeovers, with often a single company buying as many as two dozen or more other companies, to bulk itself up. Junk bonds played an important role, though by no means providing all the financing, in those takeovers.

Second, in addition to financing LBOs, the Internet and telecommunications companies also used a significant portion of the proceeds realized from the sales of junk bonds, as operating cash to live on. Since many Internet and telecom companies were starting out and did not have investment-grade credit ratings, to the extent they issued bonds to tap

the credit markets, they were below-investment-grade bonds. The Internet and telecom companies used the money from the bond sales to buy some equipment, but also, because they are losing money, in many cases the money was used to pay common operating expenses.

Simply put, without the cash raised from junk bonds, many of the high-flying “high-tech” companies and their vastly overinflated stocks, would have gone under. Thus, the junk bonds played a dual role: The junk bond-funded LBOs helped artificially bull up the stock prices, and the junk bonds also helped keep several “high-tech” companies alive; if, instead, they had crashed, their stocks would have crashed, and this would have pulled down the stock market.

The dual role of junk bonds contributed mightily to the fact that the market valuation/capitalization of all the stocks traded on the Nasdaq shot up from \$615 billion in 1992, to \$5.20 trillion in 1999. If the junk bond market goes under, so does the Nasdaq.

Yet, junk bonds finance more than just Internet and telecommunications firms. According to a spokesman for Donaldson Lufkin Jenrette, as of Nov. 1, approximately one-third of all junk bonds outstanding are from the Internet and telecommunications sector. This means that \$450 billion of junk bonds are issued by other sectors, including energy, shipping, autos, health care, and clothing. A collapse of the junk bond market will have effects in these sectors of the economy too.

Junk Bonds and Derivatives

Junk bonds also play a role in the derivatives market. In September 1998, the Long Term Capital Management hedge fund went under. LTCM had been making derivatives bets, not on a single instrument, but on the difference between two or more instruments. LTCM had made derivatives bets on the spread between the yields on U.S. Treasury bonds on the one side, and the yields on U.S. corporate bonds, on the other side; and bets on the spread between the yields on U.S. Treasury bonds on the one side, and the yields on junk bonds on the other. Earlier in 1998, the spread between the yields on U.S. Treasury bonds and on junk bonds was, by historical standards, high. Using its Black-Scholes model, LTCM bet that the yields would narrow. LTCM bet wrong.

When Fed Chairman Greenspan, assisted by U.S. Treasury Secretary Lawrence Summers, began turning on the printing press full throttle in September 1998, one of Greenspan’s principal aims was to bail out and liquefy the derivatives market. But within this context, Greenspan had to, and did, bail out the highly speculative junk bond market, which had seized up. The reason is that Greenspan could not unwind LTCM’s derivatives contracts, if some of those contracts had two parts—U.S. Treasury bonds and junk bonds—and the second part of the contract, the junk bonds, were illiquid. So, Greenspan poured money out to liquefy the junk bond market, so that LTCM derivatives contracts involving junk bonds could be unwound.

For previews and information on LaRouche publications:

Visit EIR's Internet Website!

- Highlights of current issues of EIR
- Pieces by Lyndon LaRouche
- Every week: transcript and audio of the latest **EIR Talks** radio interview.

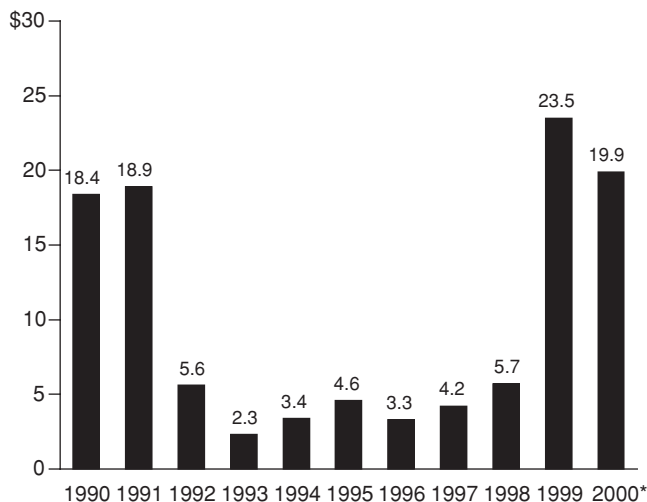
<http://www.larouchepub.com>

e-mail: larouche@larouchepub.com

FIGURE 6

Dollar Value of U.S. Junk Bond Defaults, 1990-2000

(Billions \$)



* First three quarters.

Source: Moody's Investors Services.

Today, many banks and hedge funds are still addicted to the derivatives contract based on the spread between U.S. Treasury bonds and junk bonds, as one of the most profitable, and play it in considerable quantities. Undoubtedly, the current turmoil in the junk bond market has had, and is likely still having, a disruptive effect on the derivatives market, although it is not being reported publicly.

There are other ways that the junk bond market impacts the derivatives market, with potentially fatal consequences should the junk bond market fail.

Junk Bond Disintegration

The junk market is very illiquid, and is showing signs of unravelling.

Figure 6 shows that through the first three quarters of 2000, the dollar value of junk bonds which defaulted reached \$24.9 billion. Were that trend to continue, and were the fourth quarter of this year to be as wild as the first three, the year 2000 would have the highest level of junk bond defaults ever. Already, there are developments in the last weeks of the third quarter and the beginning of the fourth, which show that not only will the defaults increase, but even the business of bringing out new junk bond issues has been severely impaired:

- During the week of Oct. 16, Levi Strauss & Co., maker of Levi and Docker jeans, shelved a \$350 million junk bond issue, because of "poor market conditions," i.e., interest rates on the bonds are too high and there is a lack of liquidity. Earlier in the month, Linc.net, an optical telecommunications

company, shelved a \$175 million junk bond issue, and two companies cancelled junk bond issues, also in October.

- Owens Corning, Warnaco, and Champion Enterprises, all of whose bonds had been rated investment grade, either had serious business reverses or filed for bankruptcy, and their bonds were downgraded to junk bond status in late August through October. Further, on Oct. 24, Xerox Corp., the world's largest photocopier company, reported third-quarter losses of \$128 million, as part of its worsening business conditions. On the same day, Standard & Poor's rating service downgraded Xerox's bonds to a "BBB-," just one notch above the level of junk bond.

- During October, ICG Communications, a seller of telephone and Internet Services, announced further deep troubles. Its stock shares, which had been trading at \$39 per share in March, are now trading at about 18¢. ICG has a few hundred million dollars worth of junk bonds, which it likely will soon have to declare in default. Also during October, another "high-tech" company, Viatel, came very close to default. Morgan Stanley Dean Witter investment firm underwrote the junk bonds issued by both ICG and Viatel, and owns some of them. On Oct. 10, Reuters news service reported that Morgan Stanley may have lost \$1 billion on its junk bond portfolio, including ICG and Viatel. Within days, Morgan Stanley issued a denial, saying it had lost "only" \$90 million. On Oct. 10, it was reported that Deutsche Bank, one of the world's largest banks, had lost \$1 billion on its junk bond portfolio. On the same day, one of Deutsche Bank's board members issued an internal e-mail to managing directors, denying the report.

Thus, the effect of the junk bond meltdown is reaching into the world's largest banking institutions, whose denials of losses may not be credible.

On Oct. 12, Moody's Investors Services reported that for the third quarter of this year, the rate of default of all junk bonds outstanding was 5.4%, but that this would rise to 8.4% by the end of September 2001.

It would appear that the rate of default will be larger and occur much sooner. Revisit Figure 2. It shows that the level of new junk bond issuance fell from \$140.9 billion in 1998 to \$99.7 billion in 1999. So far, through the first ten months of this year, it has been \$47 billion, but the level of new monthly issuance is so low, it may not reach \$50 billion for the year.

Then revisit Figure 4. By October 2000, the spread between a ten-year Treasury bond and a junk bond, 777 basis points, had become higher than the spread that existed at any point after the September 1998 failure of the LTCM hedge fund, when the junk bond market seized up. Due to extreme illiquidity, it is now escalating toward the level of 1,009 basis points that existed in January 1991, which accompanied the disintegration of the junk bond market then.

The meltdown of the speculative junk bond market is gathering force; it has the potential to collapse the U.S. stock, bond, and derivatives markets.

Fed Pumping Billions Per Day as 'Plunge Protection' for Markets

by William Engdahl

Over the week Nov. 6-13, the high-tech Nasdaq stock index in the United States lost a full 17% of its value, while Asian, South American, and some European markets suffered even greater drops. In paper terms, more than \$1.7 trillion in share values had evaporated since the all-time Nasdaq high of 5,123 was reached in March 2000. In real terms, the fall represents a disappearance in personal wealth of the investors in that market, which is almost equal, for example, to the total Gross Domestic Product of Germany: some 3.7 trillion deutsche-marks.

Many American families in the past several years had shunned traditional secure forms of saving, in favor of the stock market, and much of that into the high-flying Nasdaq stocks. As the savings ratio of American families fell, month after month, since 1997, economists waved off this result, claiming that households were simply "saving in a new way," putting their income into the stock markets.

The Federal Reserve and academic economists developed a term for this stock investment rush by some 60% of all American households. It is called the "wealth effect." The idea is that families which see a yearly statement from their mutual fund or stock manager showing paper gains of 25-30%, as had been the case in the last year or two, would "feel" wealthier and risk going into credit card or other debt to buy a new house, a car, or other consumer goods. This so-called "wealth effect," or consumer spending binge, backed up by the illusion of stock market wealth, was said to be the main prop to fuel robust U.S. GDP increases of 4-5% per year since 1995.

The Plunge Protection Team

Little wonder then, that just on that day, Nov. 13, when the U.S. election uncertainty threatened a dollar crisis, on top of a meltdown of the stock markets, the Federal Reserve and its aptly named "Plunge Protection Team" stepped in—for at least the fourth time in two months—to save the day. The Fed intervened discreetly with an injection of liquid funds, cash, into the banking system, in the form of \$3.01 billion in 28-day repurchase agreements, or repos. Then, some minutes later, it again injected \$2.71 billion in overnight funds into the banks. That sudden, nearly \$6 billion injection of liquidity

by the Fed, was enough to stop a full-scale Nasdaq meltdown, but not enough to push it above the psychologically important 3,000 level.

Planning such inflationary, printing-press interventions is the task of the so-called Plunge Protection Team, consisting of a small group which, in addition to Federal Reserve Chairman Alan Greenspan, and Treasury Secretary Lawrence Summers, includes select Wall Street stock brokerages such as Goldman Sachs, or trusted banks such as J.P. Morgan or Citigroup, where former Treasury Secretary Robert Rubin is vice chairman.

So, with no resolution of the U.S. election crisis, and an economy severely weakening, the Plunge Protection Team went into full gear on Nov. 14. First the Fed injected another \$2 billion early in the day. Then, minutes later, as if in response to a cue, Goldman Sachs' market prophetess, Abby Joseph Cohen, was brought out to tell the world press that the stock market was undervalued, and should rise by "at least 15% by year-end."

Since the October 1987 stock market crash, Cohen has been used to "predict" a rebound every time the markets are threatened with meltdown. Wall Street insiders know that when she predicts a rally, Goldman Sachs and other major players have been told to buy that day, so a rush of speculative buying usually ensues. In addition, the process is leveraged via derivatives, or stock futures contracts on the Nasdaq or Dow Jones Industrials index. In the short term, relatively small amounts placed into derivatives can help push the entire stock market sharply higher, adding credibility to this "suckers' game." On Nov. 14, it was no different, and within minutes of the combined Fed and Goldman Sachs intervention, the Nasdaq was soaring, ending the day well above 3,100 for a rise of 5.7% on the day.

According to market sources, had the Fed and the Plunge Protection Team not stepped in, today we would be in a full-blown systemic financial crisis which would soon spill over into a dollar collapse, threatening the fabric of the global system, as Lyndon LaRouche repeatedly has warned. The problem is that such intervention by the Fed only holds the dam for a matter of a few days or hours in the present hyper-fragile situation. Soon, a stock market loss equal to the U.S. GDP of some \$9 trillion will be on the horizon. At that point, no plunge protection will be possible, because the panic will simply be too great.

**Check Out
This Website:**

www.larouchespeaks.com

New EIR Study Presented at Berlin Seminar

by Ortrun Cramer

Authors Michael Liebig, Lothar Komp, and Dr. Jonathan Tennenbaum presented a newly published German-language study, “Hyperinflation and World Financial Crisis,” by EIR Nachrichtenagentur (EIR-NA), during a well-attended seminar on Nov. 6 in Berlin. Among the audience were representatives of several embassies, mostly from eastern European countries, the press, industrial and economic associations, and trade union organizations. In addition, there were members of the “LaRouche network,” i.e., readers of the LaRouche movement’s German newspaper *Neue Solidarität*, and of other LaRouche publications, and members of the Schiller Institute.

The study is grouped around two fundamental contributions by Lyndon LaRouche, “Regional Organization Under a New Bretton Woods” (*EIR*, June 16, 2000) and “Trade Without Currency” (*EIR*, Aug. 4, 2000), in which he shows concrete ways in which worldwide chaos, following an uncontrolled collapse of the international financial and monetary system, can be avoided. Also, LaRouche’s “Memorandum on Emergency Measures To Lower the Oil Price” (*EIR*, Sept. 29, 2000) is included in the study.



Lothar Komp speaking at the presentation of EIR’s report, “Hyperinflation and World Financial Crisis,” in Berlin. EIR’s Michael Liebig is in the foreground at the speakers’ table.

Michael Liebig, executive director of EIR-NA, summarized the full extent of the global strategic and economic crisis. On the eve of the American Presidential elections, whose chaotic results Liebig was then forecasting, neither Democratic nominee Al Gore, nor Republican nominee George W. Bush was offering any perspective of dealing with the crisis realistically, let alone offering any hope for a successful solution. Liebig stressed the importance of LaRouche’s initiative for a New Bretton Woods global financial system, which has found active support among prominent politicians and economists in many countries. He singled out as examples, the initiative of the Association of Southeast Asian Nations plus China, Japan, and South Korea (“ASEAN-Plus-3”), during the annual meeting of the Asian Development Bank in May in Chiang Mai, Thailand, and the parliamentary proposals presented by Italian politicians, including most recently the motion by 25 Senators from several political parties for a New Bretton Woods conference.

Lothar Komp, author of the study’s essay “Hyperinflationary Money-Creation Returns,” illustrated the nightmarish parallels between the hyperinflation in Weimar Germany of 1923, and the now-exploding inflationary trends following 1971, when President Richard Nixon decoupled the dollar from gold. In particular, financial speculation, including in the gigantic derivatives area, led to the huge indebtedness of the United States, including public debt as well as that of private households, the main symptom of the crash now looming.

In conclusion, Dr. Jonathan Tennenbaum investigated how the years-long policy of “liquidity pumping” by the central banks had led to enormous inflationary pressure. The apparent price stability of the past years—which has sometimes seen even declining consumer prices—was essentially the result of a depletion of existing industry and agriculture, as well as cheap imports from developing countries, mainly into the United States. At the same time, consumer credit soared, and more than half of all American families tried to improve their income through stock market speculation. The explosion of prices for oil and gasoline were creating fears of inflation in the general public, which could lead to a situation where, suddenly, a widespread demand could emerge in the markets: “I want my money now!” This, in turn, could lead the central banks to kick their money-printing presses into a higher gear, so that 1923 would be repeated, only on a much larger scale.

Fox: We Will Strangle Mexico To Pay the Debt

by Rodolfo Torres

On Oct. 19, Banco de México President Guillermo Ortiz warned of certain “foreign risks” that could depreciate the Mexican peso, among them “the possibility of a drastic change in the price of oil, a drastic deceleration of the U.S. economy, or an increase in interest rates.” Ortiz’s comments represent a tacit acceptance of what has been officially denied by several governments on the American continent, and by the English-speaking press; that is, Lyndon LaRouche’s forecast that the U.S. financial system and economy are facing an imminent crash of terrifying proportions. For Mexico, which sells 80% of its exports to the United States, this crash will have enormous economic and social consequences.

In the face of such a scenario, Mexican authorities and the Vicente Fox government, which takes office on Dec. 1, have announced the imposition of still more neo-liberal measures, which can only deepen this crisis. On the day of Ortiz’s comments, the economic coordinators of President-elect Fox’s transition team, Luis Ernesto Derbez and Eduardo Sojo, together with Fox, stated that there will be a cutback, equivalent to 0.7% of GNP, in state expenses for the coming year. This means that Fox, just like President Ernesto Zedillo in 1998, will asphyxiate the Mexican economy and plunge the nation into an unnecessary recession in order to meet debt payments and other commitments contracted with the creditor banks.

The budget cut announced by Fox was endorsed by the Banco de México, which said that, in order to meet inflation goals, it would be applying a highly restrictive monetary policy over the coming three years.

Other members of the Fox team detailed some of the other fascist austerity measures that will be applied. For example, the former dean of the Technological System of Monterrey, Rafael Rangel Sostmann, who serves as education coordinator on Fox’s transition team, announced that an austere budget will be enforced vis-à-vis Mexico’s free public education. He said that he would seek the same funding as in the 2000 budget, “since there is no money, and if one wants to increase the education budget, fiscal reform or cutbacks will have to be applied to other areas.”

Rangel Sostmann would set up a scholarship system that would enable students to “choose” the school they wish to attend, but would require the student to pay off the scholarship after graduation. Such a system, if coupled with the threatened budget cutbacks, would de facto eliminate free public education, since it would not have either the “resources” or “prestige” to compete with private schools. The effect this would

have on the vast majority of Mexicans who are too poor to “choose” private schooling, is self-evident.

Fox’s so-called fiscal reform would bring back a feudal economy in other respects as well. For example, he is proposing to eliminate all development banks in the country, while legalizing the large informal economy by subjecting it to the official income tax regime. He also proposes to grant “micro-credits” to micro-companies, in place of a national industrial policy based on national credit. He would eliminate the zero tax on food and medicines, which keep these more or less within the reach of most Mexicans. According to Fox, this would not affect the poor, because they get “hard cash” back through the “Progresa” system, which will supposedly increase by up to 30% the amount of aid now given to the lowest economic strata of the population. In other words, the desperately poor will get an increase, from \$13 to \$18 a month.

Hiking the income tax and eliminating the zero tax on the pretext of expanding the tax base, not only will devastate Mexico’s poor, but also is a cruel joke on those millions of Mexicans who voted for Fox under the illusion that they were freeing themselves from the economic policies of former President Carlos Salinas de Gortari, which continued under outgoing President Zedillo.

The Economy Is Already Reeling

Fox’s recessive measures will fall hard upon an economy already in agony. For example, there has been a 150% increase in the regional price of natural gas in just one year, which has forced many steel and chemical plants, both small and large, to shut their doors. Iron ore is now being exported to Venezuela for processing into steel, because the price of natural gas is so much lower there—\$1.60 per million BTUs, compared to \$5.20 in Mexico. After the launch of the North American Free Trade Agreement (NAFTA) and the collapse of the peso in 1994-95, the distribution of natural gas was bought up by the Spanish conglomerate Gas Natural. Since gas was privatized, its price has tripled.

Privatization of the electricity sector, which Fox has already promised to Wall Street, will follow the same inflationary tendency, leaving hundreds of rural communities without electricity, after supplying them is declared “not cost-effective” by private firms, whose measuring rod will be their profits, not the population’s well-being.

Not all lambs are willing to go quietly to the slaughter, however. For example, Raúl Picard, President of the National Council of Manufacturers, recently warned that in less than six weeks, more than 200 firms, representing, directly and indirectly, 440,000 jobs, could go belly-up in the metallurgical, mining, glass, and ceramic industries, unless the government intervenes to reduce or subsidize the price of gas. The response of Finance Secretary José Angel Gurría, as well as that of Fox adviser Derbez, was negative, because “it would contravene the IMF [International Monetary Fund] and NAFTA.”

IMF Savages Korea, As LaRouche Defends It

by Kathy Wolfe and Mary Burdman

At the end of its consultations in Seoul on Nov. 1-14, the International Monetary Fund (IMF) issued an unprecedented public “recommendation” on Nov. 15, that South Korea immediately “liquidate” dozens more of the nation’s industrial firms. This demand included the 12 remaining firms of the Daewoo Group, South Korea’s second-largest industrial group, which had collapsed under \$80 billion in debts last year.

This direct demand of the IMF to shut down productive industrial enterprises, which IMF Asia-Pacific Assistant Director Ajai Chopra termed “zombie companies,” comes on top of the announcement by the South Korean government on Nov. 3, that, as the result of three years’ IMF “restructuring” demands, 52 other firms were being liquidated. (see *EIR*, Nov. 15, 2000). Daewoo Motor, although not one of the 52, was forced into bankruptcy on Nov. 10, after its workers refused to accept mass layoffs. The shutdown is not only hitting suppliers throughout Korea, but also the economies of Poland, Ukraine, Romania, and other nations where South Korean industrialists have been big investors since 1989.

“None of the 12 Daewoo subsidiaries now undergoing workouts have shown any tangible improvement in their operations,” Chopra wrote in “Corporate Reform Sagging,” the nasty title of the IMF press release printed in Seoul newspapers on Nov. 15. “We urge the Korean government to immediately place them under court receivership and liquidate them. . . . The need for . . . tangible results, principally the exit of nonviable firms and asset sales, has now become imperative to ensure that the remaining problems do not jeopardize” Korea’s entire economy, he threatened.

“Indeed,” Chopra wrote, “the closure of nonviable companies may be a prerequisite for the growth of other companies, as these ‘zombie companies’ are crowding out credit for viable companies.” It would seem that the giant Hyundai Engineering and Construction Co., is also to go on the chopping block.

South Korea is vulnerable to the IMF’s demands. Through enormous effort and cost, the country has already repaid some \$13.5 billion of the \$19 billion it was forced to borrow when U.S. Treasury Secretary Larry Summers ordered it to go to the IMF during the depths of the 1997-98 crisis. But it still must pay some \$5.5 billion, which comes due on Dec. 3, over the coming period. Even worse is the pressure being applied by Wall Street and London “investors,” who have been dump-

ing Korean assets, and generating a situation in which Korea faces a credit crunch, stock collapse, falling export markets, and rising energy costs, all at once.

These Wall Street and London operations are enforcing the IMF’s demands. General Motors, Ford, Morgan Bank, AIG Insurance, and other foreign sharks, which brought on the current crisis by dumping Seoul stocks in September, made it known that they were “waiting for new developments” at Daewoo and other companies, as General Motors director David Jerome put it on Nov. 14. They are demanding that stock prices—which have fallen by 45% this year—crumble further, in order that they may eat the same companies at half the price.

The IMF is backing up its “urgings,” by informing the Korean government, that it is “predicting” that the country’s economic growth rate would fall by almost *half* next year, from 9.5%, to only 5.5%, and its current account surplus would “dwindle” to around \$5-6 billion.

The effect on South Korea’s real economy will be devastating. “The nightmare of mass unemployment is recurring,” *Yonhap News* warned on Nov. 14, as the Ministry of Finance and Economy announced that 100,000 workers will be fired before year-end. Unemployment will soar in December to 900,000, an unemployment rate of 4.1%, and rise further to 1.10 million, or 5%, by February 2001.

This, the IMF applauded. “A pick up in the pace and depth of restructuring will result in higher unemployment that could dampen confidence; but the risks associated with inaction are likely to be greater,” intoned Chopra.

IMF Thieves Exposed

“Terrible things are being done to Korea right at the moment by the IMF, including the United States,” *EIR* Founder Lyndon LaRouche told a packed Washington press conference on Nov. 14, which was webcast on the Internet to international audiences. “What was done to Korea was a crime,” he said, in answer to a question from Seoul’s leading daily, *Chosun Ilbo*. “Everybody in Korea knows it. It was a crime that was done by its great partner, the United States—the conditions that were imposed in the 1999 period onward: a swindle.”

LaRouche praised the “noble” efforts of South Korean President Kim Dae-jung for his “Sunshine Agreements” with the North, especially the economic program of reopening the railroads “and extending them into areas such as Beijing, the Trans-Siberian Railroad,” and ultimately Europe.

“If we take Korea as a whole, China, and Russia, and across the sea to Japan, we have an area . . . which is one of the richest potential development areas of all time, in the ideal place for the infrastructure and the transportation through the area,” he said. “We have one of the greatest opportunities for the improvement of conditions on this planet as a whole in that area, which includes some of the greatest concentrations of population. . . . This is where we have the greatest impact, on the greatest part of the human race, in the quickest way.”

“But I’m extremely worried about the effects of the continuation of the destructive process, as we’ve seen in the Daewoo case,” LaRouche said. “That should not happen! The sovereign industries of Korea, which were developed by Koreans, in the great [post-war] reconstruction of South Korea, industries which are invaluable for the treatment of North Korean development; which are invaluable for opening up those new areas of development in China, Russia: This must not be destroyed; this must be protected!”

LaRouche emphasized to Americans, that the economic growth of other nations, *benefits*, rather than competes with, the U.S. economy. “If people in Korea can produce a product which helps the world economy to grow, through the labor of Koreans, that is good for all of us. We do not want to take their jobs away from them, for the sake of protecting U.S. jobs. . . .

“Daewoo is one of the essential pegs in Korea’s role in building up the economy of Central Asia. All the people of Central Asia need that product. . . . That will improve the total productive powers of labor in Asia, which will make the cost of living less, per capita, in the world as a whole; which will benefit us tremendously.”

“Korea is extremely important,” LaRouche said. “It’s a country which has a mixture of cultures, a Buddhist background and a very strong Christian element. And because of that, Korea is one of the perfect countries . . . to function as an interface between European culture in general, and the whole of Asian culture in general. . . . Korea is, in that sense, one of the special jewels of the prospects of cooperation between European civilization as a whole, and Asian civilization. And therefore, I would defend it, especially from that standpoint, as well as its rights as a nation.”

Taking over Reunification

However, the IMF, well aware that the South Korean economy is a jewel, is poised to pick the safe. Top on the IMF agenda, is to try to take control of the potential reunification of North and South Korea. Escalation of bankruptcy restructuring “is especially important because of the new demands and pressures that will arise with closer economic cooperation with North Korea,” wrote the IMF’s Chopra. “Looking ahead, the key issue remains implementation and ensuring a stronger role for markets to drive the process” of North-South cooperation.

In general, the IMF statement said, the agency “made a more general recommendation that the government make greater use” of bankruptcy everywhere, “as a tool to move restructuring forward,” which “would expedite the liquidation of non-viable firms. . . . Much of the corporate sector remains highly leveraged by international standards and continues to suffer from low profitability, indicating that more needs to be done.”

Chopra, echoing the demands of U.S. Ambassador Stephen Bosworth, also called for the speedy privatization of banks, which would have to mean selling them off to foreign

buyers, because no Korean buyers have sufficient funds. One indication of the credit crisis in the Korean banking system, is that the Bank of Korea had to report on Nov. 13, that deposits at foreign banks in the country rose by \$1.5 billion during January-October.

“The government’s main task now is finishing reforming the six banks [Chohung, Korea Exchange, Hanvit, Cheju, Kwangju, and Peace banks] that submitted self-rescue plans, and prepare emergency assistance by raising at least 40 trillion won [roughly \$37 billion] in public funds,” the IMF said. Yet, the “government’s policy should be guided by the principle that its interventions in capital markets should be minimal.”

However, as the *Korea Times* warned on Nov. 13, “chain-reaction bankruptcies” are looming in South Korea, as loans come due and corporate bonds mature in the coming weeks. The mass liquidations have *not* succeeded in “freeing” funds for the surviving industries, as was alleged would happen. “The bond markets have not reacted. The companies on the liquidation list have already been regarded as ‘dead’ and consequently their commercial paper had already stopped trading. Such a situation will further worsen in the foreseeable future. The yield on a three-year government treasury bond last week tumbled to a record low of 7%, which means that financial institutions are seeking instead a safer shelter in government bonds, at the cost of a relatively low return.”

At present, only top-rated bonds, such as “risk-free” government bonds, are being traded at all on the market. By the end of 2000, some \$14 billion in bonds will come due, and another \$1.5 billion by the end of March 2001, leading to reports that a severe crisis will come in December, *Chosun Ilbo* reported on Nov. 13.

To leave South Korea totally vulnerable, the IMF is also demanding that Seoul go ahead with the second stage of its foreign exchange liberalization, beginning on Jan. 1, which, Korean observers have warned, could cause a panic run on the Korean won, worse than that of 1997.

The sharks are circling. Maurice “Hank” Greenberg of AIG—known to be involved in dirty money operations—is leading a consortium pressing the Korean government to allow it to invest \$1 billion in the financial units of the crisis-hit Hyundai group. The consortium would take over a 23.7% stake in Hyundai Securities for about \$440 million and invest \$264 million in each of two subsidiaries, Hyundai Investment Trust & Securities, and Hyundai Investment Trust Management.

AIG had made this proposal in August, but did not carry through, because its outrageous demands for government guarantees were unacceptable to Seoul. Now, with Hyundai’s problems intensifying, AIG has gone on the offensive. South Korea’s Financial Supervisory Commission chairman, Lee Keun-young, was reported saying on Nov. 13 that the Korean government “could review demands from AIG if that helps stabilize nervous financial markets.”

EU Charges Big Tobacco with Smuggling Conspiracy

by Roger Moore

Philip Morris, R.J. Reynolds, and British-American Tobacco (BAT) are the world's biggest cigarette companies. The first two are also "racketeering-influenced criminal organizations" (RICO), according to the European Union (EU) lawsuit filed in the U.S. Federal Eastern District Court in Brooklyn, New York on Nov. 6.

Following similar suits last year by Canada and by the governors of Colombia, the EU, and its law enforcement apparatus, is now ready to document that these companies control, from U.S. territory, a multibillion-dollar international market in smuggled cigarettes.

Conservative estimates are that over 30% of cigarettes in international trade end up in black markets. This criminal organization operates seamlessly, from the corporate boardrooms of London, New York, and Richmond, Virginia; through the Swiss, Aruba, Panama, and Singapore front companies moving containers of duty-free cigarettes around the world's free-trade zones. It connects to hundreds of thousands working in criminal syndicates, mafias, and warlord gangs, who bring the cigarettes past national customs and law enforcement structures into the black markets, without paying customs duties and taxes.

In the tradition of the British Empire's imposition (through "free trade") of opium on China for most of the 19th Century, our current RICO monster is also being accused in the Brooklyn Federal Court of interfacing with narcotics smugglers. As U.S. Customs head Raymond Kelly has repeatedly stated, and as the legal suits point out, it is virtually impossible to separate the cigarette smuggler from the narcotics trafficker.

How It's Done

Over the last ten years, European customs, police, and financial investigators have assembled massive evidence of how the conspiracy works. In fact, since the mid-1970s, *EIR* offices in Europe have been in touch with law enforcement sources who have described in detail the quite simple *modus operandi*.

The Anglo-American monopolies sell to brokers/wholesalers, who in turn deal with the lower-level cutouts willing to run the risk of violating customs laws. BAT, Philip Morris, and Reynolds have been repeatedly documented directing every facet of placement of the cigarettes into even the most distant black markets. But, nothing has happened to them, until now. In the same way that pirates and *contrabandisti*

under the protection of the British Royal Navy expanded the Empire's free-trade reach, today's cigarette cartels have operated with impunity under the protection of the Anglo-American-dominated globalization push, particularly during the 1990s.

This author learned from discussions in 1992 with a German official designing the government task force against cigarette smuggling, that everybody knew what was going on, but nothing could be done against the companies. With the EU suit, the days are now over when these firms could say, "We're not responsible for what the brokers do with the containers of cigarettes bought from us."

According to a source close to the EU's Anti-Fraud Office at its headquarters in Brussels, the key break for preparing the suit came in 1999, when a U.S. Drug Enforcement Administration (DEA) informant, Adriano Corti, was arrested in Italy. Corti was a money-courier for a Philip Morris-directed "middleman" who organized cigarette deliveries to the often-feuding mafias in the Balkans. After being named in the 1985 "Pizza Connection" narcotics-trafficking case, Corti began informing for the DEA and Swiss authorities on narcotics traffickers operating in the cigarette-smuggling milieu.

Nothing was done against the cigarette-smuggling structure as such. Corti was a DEA informant in the 1988 Magharian Brothers/Shakarchi Trading narcotics money-laundering case in Switzerland. Swiss Justice Minister Elisabeth Kopp, whose husband was on the board of Shakarchi, resigned around that issue. Sources have told *EIR* that with the arrest of Corti, U.S. agencies combatting the Ibero-American cocaine trade and money laundering, integrated their efforts with European officials accumulating intelligence on the, mainly, U.S. companies' cigarette-smuggling conspiracy.

U.S. officials discovered that Philip Morris and other companies had developed the so-called "black peso market," which the cocaine cartels used to repatriate some of their cocaine dollars back to Colombia. Coke dollars financed purchases of cigarettes, which would be smuggled into Colombia for sale against pesos.

The news now, will be how the suit becomes a factor in the red-hot tensions centered on the unresolved issues created by the bankrupt Anglo-American globalization policies. EU countries have decisive intelligence on the intricacies of corruption around the Anglo-American cigarette companies. One of George W. Bush's top advisers, Karl Rove, is known as "Mr. Philip Morris," having been a paid intelligence operative for the firm during 1992-96, a high point of the smuggling conspiracy. British Tories of the Lady Margaret Thatcher ilk might be confronted by the fact that she had, and perhaps still has, a million-dollar-a-year consulting contract with Philip Morris to "facilitate" free trade in eastern Europe, one of the booming cigarette black markets of the 1990s, as German Customs well knows.

Although the suit formally seeks a civil injunction to stop the smuggling conspiracy, and restitution of lost customs duties and tax money, the real payoff will be outside the court.

Business Briefs

Eurasia

Rail Development of Land-Bridge Advances

The extension of the Berlin-Moscow rail link to China, via Kazakstan, was discussed in the Kazak capital, Astana, on Nov. 10, between President Nursultan Nazarbayev and Russian Transport Minister Sergei Frank. This involves modernization of existing rail links, with only a minor part being construction of new ones. Frank also offered the Kazaks access to the extension of this link from Berlin, to the northern Russian region of Novgorod, which has been completed.

They also discussed the planned Grand North-South Railway Link, from Russia to India, via Kazakstan and Iran—which was on the agenda of two recent international conferences, in St. Petersburg and New Delhi.

Meanwhile, designers have completed a blueprint for a rail link from Sakhalin Island to the Russian mainland, Interfax reported on Nov. 7. The blueprint will be submitted to the Railways Ministry by the end of the year. Designers will begin to calculate the cost of the project. The rail track needed to connect the island will be some 10 kilometers long. It has not yet been decided whether the track will be built atop a bridge or inside a tunnel. Ultimately, the ministry hopes to link the mainland to Japan by building a 40-km Sakhalin-Hokkaido rail line.

Austria

Social Democrats Debate LaRouche's Bretton Woods

Jürgen Bozsoki, a young official of the Austrian Social Democratic Party (SPOe), has published a book, *The "Blind Spots" of the Social Democracy*, with the explicit backing from a faction within the party's leadership, in which he covers Lyndon LaRouche's proposal for a New Bretton Woods financial system.

The foreword is by Hans Peter Martin, author of the best-selling book *Die Globalisierungsfalle (Globalization Trap)* and a member of the European Parliament, and by

former Austrian Finance Minister Ferdinand Lacina, a think-tanker within the SPOe and a member of the Austrian Parliament. They encourage people to read the book and urge a debate on its content.

Bozsoki documents the intellectual bankruptcy of the Social Democrats, who have blinded themselves to the fact that their concepts have hopelessly failed, as had communism before. He attacks the "Third Way" wing of the European Social Democracy around British Prime Minister Tony Blair, as well as those around former German Finance Minister Oskar Lafontaine and French Prime Minister Lionel Jospin.

Bozsoki uses "LaRouche's Triple Curve" to explain why speculation has destroyed the system and is leading to hyperinflation, threatening a "collapse of civilization." He lists immediate steps to put the economy back on track: a New Bretton Woods; re-regulation of the world trade in goods; an international bankruptcy procedure eliminating unpayable debts and speculative titles; a tax reform to punish speculative investments; and, a Marshall Plan for underdeveloped countries.

Plans are on the table to remedy the situation, he says, such as LaRouche's proposed "Eurasian Land-Bridge." "Only a large-scale crash program can use idle capacity, production would be increased, tax revenues with it. If the program is executed correctly, there would be no inflationary tendencies, because production would grow faster than the amount of credits."

Radiation

Chernobyl Ecological Impact Has Been Positive

"The net ecological impact [of the Chernobyl accident] has been positive. . . . The sum effect for the flora and fauna in the highly radioactive restricted zone has been overwhelmingly positive in favor of biodiversity and abundance of individuals," U.S. researchers have found. In other words, what the anti-nukes portray as a nuclear desert, is actually a thriving wildlife preserve.

On a recent visit, Dr. Ronald Chesser, of Texas Tech University and the International

Radioecology Lab in Slavutych, Ukraine, wrote in *Environmental Toxicology and Chemistry* that he and colleagues sighted many moose, roe deer, wild boar, foxes, river otter, and rabbits, as well as numerous rodents, in the most contaminated 10-kilometer "exclusion zone." Comparable search time in the 30-km zone around the plant yielded no sightings of these animals, except for one rabbit. "Diversity of flowers and other plants in the highly radioactive regions is impressive and equals that observed in protected habitats outside the zone."

Chesser, who specializes in the effects of radiation dose, said that the radioactive site is "magnificent," and there are no two-headed animals or deformed frogs, or any other monsters regularly conjured up by the media and the anti-nukes about the effects of Chernobyl. Chesser and his colleague, Robert J. Baker, wrote that their "observations support the contention that regulatory limits of contaminant exposure to plant and animal populations should remain higher than those set for humans."

Unfortunately, Chesser and colleagues attribute such positive ecological consequences, to the fact that there are no human beings in the contaminated zone, and conclude that "the world cannot afford to experience additional human population growth," if we are to promote biodiversity.

In the Winter 2000 issue of *21st Century Science & Technology*, radiation specialist Zbigniew Jaworowski discusses the unnecessary removal of hundreds of thousands of residents from the 30-km exclusion zone, where radiation levels from the accident were lower (in terms of lifetime dose) than natural radiation levels in many areas of the world.

Aerospace

Boeing Faulted for Production Deficiencies

The U.S. Federal Aviation Administration released its official audit of Boeing, the world's largest aircraft manufacturer, at the end of October, following reports of potentially dangerous deficiencies in the manufacture of its aircraft. According to John

Hickey, manager of the FAA's Transport Aircraft Directorate, "The findings show that these were not isolated events, that they were in fact systematic issues."

The audit, which studied everything from aircraft engineering to parts receiving and production processes at six Boeing plants in Washington State and Oregon, found 87 problems in the production processes and 20 in the engineering processes.

Boeing was not fined, since the audit found that the deficiencies did not have an immediate impact on safety. Nonetheless, Hickey stated, "The Audit Resolution Plan contains immediate corrective actions to fix specific, localized deficiencies; additional actions for continued delivery of complying and conforming airplanes and systemic process improvements necessary to fix deep-rooted system deficiencies." This required that Boeing not only to address "specific problems, but also the underlying conditions leading to those problems."

The audit was mandated after several potentially dangerous incidents were reported, including: an airline stating that two of 16 bolts holding the vertical stabilizer onto the tail of a 767 were not sufficiently tightened; assembly line mechanics at the plant where Boeing's 747s, 767s, and 777s are produced reported that fuel tank repairs were being made after the tanks had been inspected, and that foreign debris, including rivet guns, were occasionally left in fuel tanks; and adhesive was found to be improperly applied in a condensation barrier that keeps moisture from dripping onto cockpit electronics, which led to a halt in the delivery of 50 aircraft.

Mining

South Africa To Abolish 'Private' Mineral Rights

South Africa plans to abolish the concept of private mineral rights and return them to the state, although existing private rights will be honored, Minister of Minerals and Energy Phumzile Mlambo-Ngcuka said on Nov. 7. The government also wants to create a new system, requiring mining companies to actively use their mineral rights or lose them,

she said. Compensation issues are also under discussion.

Speaking earlier to the South African Chamber of Mines, South African President Thabo Mbeki said: "We must deal with the issue of mineral rights once and for all. The mineral resources of the country are a common heritage of all South Africans, which we must exploit to the benefit of all our people." However, he said, the government does not want "to impact negatively on current mining, planned investment, property rights, and the rule of law. We opt for the path of cooperation, rather than the route of confrontation."

Health

Europe Reacts to Fear of 'Mad Cow' Spread

There is growing fear in Europe that bovine spongiform encephalopathy (BSE, or "Mad Cow" disease) and Creutzfeldt-Jakob Disease (CJD) in humans, is spreading out of control, and public health officials are taking extraordinary measures to curb it. In France, officials are banning the organ-meat delicacy, sweetbreads, and in Switzerland, the Red Cross is refusing to take blood donations from anyone who spent more than six months in Britain during 1980-96. European Union officials are urging member-states to enforce mandatory herd testing by January, and even more stringent testing. The EU ordered random testing after it was found that the number of cows infected with BSE had tripled in France during 1999-2000.

France is on the verge of a panic, as Health Minister Dominique Gillot warned on Nov. 7 that dozens of people would likely die of CJD, contracted from eating BSE-infected meat. "With the number of cases of Mad Cow disease increasing in France, it is very probable that we are going to see dozens of cases," he said.

President Jacques Chirac backed officials calling for a ban on the use of meat and bone meal in animal feed, because these products are regarded as the most likely vector for BSE. "We must ban animal meal without any delay, and move toward a systematic tracing program in order to limit the risks of contamination," he said on LCI TV.

POLAND'S Oil and Gas Mining Co. will start negotiations with Russia's Gazprom soon, on additional gas deliveries to western Europe. Deputy Prime Minister Janusz Steinhoff said that Poland had been opposed to a new pipeline, but now Russia is talking about an "additional 60-80 billion cubic meters," for which new pipelines are needed.

LATVIA'S Central Statistics Office released preliminary census data on Nov. 7, indicating that the population on March 31, 2000 was 2,375 million, a decrease of 291,000, or 10.9%, from the 1989 census. The data also indicated that the population is aging, and that the urban population decreased 13.5%.

CHINA'S Yunnan province has agreed to sell electricity to Thailand. Thais will provide 70% of the \$1.2 billion investment, and the Chinese 30%, to build a 1.5-megawatt power station in the city of Jinghong. Construction will start in 2006, and Thailand will buy 1.5 MW annually starting in 2013.

DAEWOO, the South Korean automaker, has stopped production, after filing for court receivership on Nov. 10. Its creditors refused further credit when the 13,000-member labor union refused to go along with planned layoffs. "The government and creditors botched the sale to Ford . . . and now workers are being asked to shoulder the responsibility," said a spokesman for the 600,000-member Korean Confederation of Trade Unions.

NORTH AND SOUTH KOREA signed four new treaties facilitating greater economic cooperation on Nov. 11, in effect creating a Most-Favored Nation status between the two countries.

ZIMBABWE President Robert Mugabe, during a visit to Nigeria in October, said that his nation is in a difficult situation following the introduction of a structural adjustment program recommended by the International Monetary Fund.

Lawmakers Gather in Rome for Jubilee Year Debt Forgiveness

by Paolo Raimondi

Paolo Raimondi, president in Italy of the International Civil Rights-Solidarity Movement, participated as a guest in the Nov. 4-5 Jubilee conference in Rome.

On Nov. 4-5, some 5,000 Parliamentarians and government officials of 96 nations met in Rome with Pope John Paul II, at the critical point of his organizing the Jubilee of the Year 2000. The Biblical Jubilee designated a year dedicated to the cancellation of debts, and the general amnesty of slaves and prisoners. The Pope has focussed for several years on the goal, that the sovereign debt of Third World nations be forgiven and written off in this Jubilee Year.

The "Assembly of the Members of the Parliaments of the World," held in the celebrated Paul VI Auditorium of the Vatican, affirmed that defense of human dignity, and the interests of the people and of the nations, come before those of globalization.

This historic event, which has taken place in the middle of the biggest economic, social, and moral crisis of humanity, explicitly was not intended to be considered as any type of world government in process, but as the gathering of the elected representatives of the peoples of all the nations. It saw the unanimous approval of three motions: on remission of the foreign debt of the poor and developing countries; on defense of the dignity and the freedom of the human person; and on initiatives on ethics and globalization (see our *Documentation* section).

Pope John Paul II, in his message, reminded all the participants that "politics is a mission and a vocation, called to the wellbeing of all and of each individual," at the service of justice, solidarity, and peace in the governing of the public affairs and in the formulation of the laws, "a task that associates man with God."

The conference was organized by the "Interparliamentarian Group for the Jubilee 2000" (IG), chaired by Italian Sen. Ombretta Fumagalli Carulli. Senator Fumagalli Carulli is Deputy Health Minister in the present Italian government and president of the Senate group of the Rinnovamento Italiano (RI) party, created by Italian



Pope John Paul II's years-long organizing for a "Jubilee Year 2000" international forgiveness of Third World debt, led in early November to an extraordinary gathering of 5,000 parliamentarians from 100 countries at the Vatican. The crucial organizing role in bringing these forces together, for a new economic order, was played by the Italian Senate's Inter-Parliamentary Group, headed by Sen. Ombretta Fumigalli Carulli (right). Significant groupings in the Italian Senate have been inspired not only by the Pope's Jubilee call, but also by the more far-reaching proposal for a new monetary system, the New Bretton Woods, of Lyndon LaRouche (above). Twenty-five Italian Senators had just introduced New Bretton Woods legislation to the Senate.

Foreign Minister Lamberto Dini. In her opening intervention, Senator Fumagalli Carulli related how the idea of the Assembly of the Parliamentarians of the World came into being.

Inspired by Pope John Paul II, Senator Fumagalli Carulli took the initiative, in July 1997, to create the first organizing body of Italian Parliamentarians, which involved more than 260 members of Parliament, from all parties. "We have set ourselves the task of opening a global discussion on at least three political and cultural lines and choices of civilization, with which to stimulate the passing of effective acts by all the Parliaments upon the Earth, as a courageous service to humanity in the third millennium," she said. "Three very topical themes require urgent answers—the solution to the issue of the foreign debt of the poor countries; religious freedom, still today limited or coerced in many parts of the planet, [and used as] a pretext of division and wars; and the dignity of man. . . . As a priority, we have looked at the parliaments of those countries with a strong Christian presence, or which are the cradles of one of the three monotheistic religions. This we have done in the name of our shared descent from Abraham, the father of the Faith in One God."

Foreign Debt, and LaRouche's New Bretton Woods

In the morning session on Nov. 4, the three motions were presented to the conference participants for discussion. The first one, "The Foreign Debt of Poor Countries," was read by Sen. Paolo Giaretta, very active IG organizer and vice

president of the Senate group of the Partito Popolare Italiano (PPI). On May 27, 1999, Senator Giaretta was the leader of a group of 56 Italian Senators who presented a motion in the Senate for a foreign debt moratorium for the nations of the developing sector.

The second motion, "Human Dignity and Freedom," was read by Sen. Alberto Monticone (PPI), IG vice president. The third one, "Ethics and Globalization," was read by the former Prime Minister, Sen. Giulio Andreotti, president of the Executive Welcome Committee.

While these were the only three official motions introduced on the floor of the conference, a number of other contributions had come previously from different parliamentarians of several countries to stimulate the discussion. The most significant one was presented by 25 Italian Senators, led by Sen. Riccardo Pedrizzi, who called for a New Bretton Woods monetary agreement as the only solution to the ongoing global financial crash. The motion, first presented on Oct. 19 in the Senate and the next day to the IG executive body, contains the same analysis and proposals long elaborated by Lyndon LaRouche. It calls upon the governments and parliaments of the world to recognize the dramatic urgency and act as President Franklin D. Roosevelt did in 1944 in convening the Bretton Woods conference, to begin the postwar reconstruction.

The "Pedrizzi motion" had already been given a very big boost promoting its discussion among parliamentarians. On Nov. 3, *Avvenire*, the official daily of the Italian Bishops



Five thousand Parliamentarians and Congressmen from nearly 100 countries fill the "Paul VI Auditorium" at the Vatican, for the opening session of the Jubilee conference.

Conference, printed an article with quotes from the Pedrizzi motion, announcing that it was to be discussed at the Vatican conference. The same day, a newly created, Catholic-oriented press agency in Rome, Edital, circulated the full text of the motion.

The debate which followed the introduction of the motions to the conference, consisted of short, precise, often emotional interventions by representatives from among each delegation present in the auditorium. All the parliamentarians from the countries of the so-called poor and developing sector spoke the same language: The debts and the unbearable debt service have destroyed their economies, have killed their youth, and will kill more tomorrow. They have repaid, already, more than they borrowed, but are left with even more to pay, repeated the representatives from Africa, Ibero-America, and Asia, from both Christian and Islamic countries. All stressed that debt relief is indispensable, but should be only the first step in defining a new economic system.

Brazilian Deputy Marcelo Barbieri, of the PMDB party in the ruling government coalition, stated, "We are here in Rome, because we believe that the presence of the Pope will give to this discussion an extraordinary echo. In the immediate future we will see the wave which is taking off from this day." Argentine delegate Mario Elpidio Méndez, from the Frepaso party, said, "For us Argentines, this is a very important forum: This is the first international occasion to speak about our most serious problem, the foreign debt which paralyzes our production." The Argentine delegation, from a nation whose economy is currently in an excruciating crisis of

unpayable debt, was 400 parliamentarians strong.

Ahbad Mosbah, Lebanese deputy of the Sunni Muslim religion: "The Pope calls for human dignity and civic solidarity among the people: For Lebanon, these values mean its survival." A senator from Nigeria welcomed and supported the initiative of Hon. Giovanni Bianchi, from the Italian PPI, who presented the law decree for an Italian remission of debts of the developing countries equivalent to \$6 billion, passed unanimously by the two Chambers of the Italian Parliament.

Senator Bianchi had invited Lyndon LaRouche, on Oct. 12, to testify before of the Foreign Affairs Committee of the House of Deputies in Rome on the New Bretton Woods program as the way out of the global crash (see *EIR*, Oct. 27, 2000).

Francisco Patra, from the Philippines, addressed the problems and the sufferings provoked by the 1998 financial crisis caused by the speculators' assaults, and called for a new economic system, a "safety net" against the devastating effects of financial globalization. A representative from Peru precisely captured the motivations elicited by the conference with these words: "We will work more strongly and deeply in our countries to fully respond to the appeal of the Pope."

This commitment, hopefully, has shaken up also the hearts and the minds of the representatives of the so-called advanced sector, who, with exceptions, have been overwhelmed by the sometimes desperate call from the poor countries, and preferred to satisfy themselves with general pronouncements about human values and principles.

The debate was concluded later in the afternoon with the

approval of the three motions and with two very significant decisions. First, the participants agreed to take the motions back home and present them for discussion and vote in their national parliaments. Many demanded that some form of coordination be maintained after the end of the conference, to carry forward a unity of intentions and of actions, like the debt moratorium, and other crucial acts for the survival and future life of their nations and their peoples. Senator Fumagalli Carulli offered that the Italian Interparliamentary Group, which made possible the organizing of the conference, would take upon itself the full responsibility to carry forward the requested coordination.

Question of American Leadership

Senator Fumagalli Carulli indicated how widely the net of this international organizing process for the Jubilee has spread. It has led the Italian initiators to establish working contacts with 115 Parliaments and Congresses worldwide, seeking forgiveness and cancellation of developing nations' foreign debt. Some of them have been extremely active, and in particular those of Latin America. In Argentina, for example, a Commission for the Jubilee was established by both Chambers of the Parliament.

But one has to say that the behavior of the American political parties and institutions has been unmistakably offensive vis-à-vis the whole event, its organizers, and its participants. It is known that the U.S. parties' leaderships have strongly opposed the themes and the resolutions presented at the conference: in particular, the moratorium on the foreign debts of the developing sector (**Figure 1**). They have rejected completely, the call for a moratorium on the death penalty. This has created a very aversive atmosphere, also, for those American politicians who genuinely wanted to take part in the event.

On the death penalty issue, the pressure from the U.S.A. has been so unbearable that the IG felt compelled to take out the call for a halt to executions: In fact, the final version of the motion on human dignity does not contain any reference to the death penalty issue. Many observed with great preoccupation that the U.S.A., the so-called only superpower, has been completely absent from the Rome event.

Thus still greater is the importance of the role of Lyndon LaRouche in the weeks before the conference, in presenting his New Bretton Woods proposals to the Italian Senate's Foreign Affairs Committee; and the importance of the New Bretton Woods resolution of Senator Pedrizzi and 24 other Senators.

The Vatican conference sessions otherwise were characterized by a number of significant interventions. Senator Andreotti told the audience that "we felt the urgency to reaffirm that globalization must not be concerned with and aimed only at economic processes, but will have some validity only if it will help in the conquest and in the development of always higher cultural and spiritual levels." Cardinal Roger Etche-

garay, president of the Central Committee of the Great Jubilee for the Year 2000, underlined that, "in the political field, above all, freedom is the fruit of a moral and spiritual battle. Nothing is more blinding than the fascination of power and of the seduction of ones' own image in the mirror of public opinion."

Hon. Luciano Violante, president of the Italian Chamber of Deputies, spoke about the risks of globalization resulting from the excessive power the economy and the markets: "the uncritical and passive exaltation of the free market, the concept of the exchange as the measure of all things, a concept for which only what can be sold and bought has value, and vice versa, everything can be sold and bought. Human dignity, instead, must constitute for all, believers and non-believers, a limit to free trade." He then identified the main challenge for politics in the fight against poverty, new and old forms of slavery, and in the lack of sufficient water for the needs of all human beings.

In Imitation of St. Thomas More

An important recurring theme of the official interventions has been the decision, taken by Pope John Paul II on the 31st of October, to proclaim St. Thomas More as the Patron of Leaders and Politicians (see p. 25). On July 6, 1535, Thomas More was decapitated for his refusal to accept the decision of the English King Henry VIII to appoint himself as the head of the Church of England.

Among the reasons given for his decision, the Pope mentioned: "The need felt by the world of politics and public administration for credible role models able to indicate the path of truth, at a time in history when difficult challenges and crucial responsibilities are increasing." The Pope continued: "This was the height [his execution] to which he was led by his passion for the truth. What enlightened his conscience was the sense that man cannot be sundered from God, nor politics from morality."

When John Paul II gave his main address, concluding the Nov. 4 sessions of the conference (see p. 27), the room was packed with 10,000 people. The Holy Father was greeted by a group of children from each continent of the world; by short remarks of Senator Fumagalli Carulli, who delivered the three approved motions into his hands; by Sen. Francesco Cossiga, former Italian President, who supported the declaration of St. Thomas More as Patron of Leaders and Politicians. Also greeting John Paul II was former Soviet President Mikhail Gorbachov, who, underlining the importance of the religions, warned that the world has moved from the communist fundamentalism to a liberalist fundamentalism. A courageous message was read by Sen. Nicola Mancino, president of the Italian Senate, who called for politics to prevent the strong danger of "social Darwinism," and to promote the debt cancellation and the banning in every country of the death penalty.

On Sunday, Nov. 5, the participants in the "Assembly of the Members of the Parliaments of the World," together with

all the ambassadors to Rome and to the Vatican State, attended the holy Mass celebrated by the Pope in St. Peter's Square. The conference concluded with an "Evening Celebration in Honor of his Holiness John Paul II" titled "On the Path of Isaiah." The invitation explained that "Isaiah, one of the Great Prophets, is the singer of hope, he who announces the advent of the Messiah to the people of Israel and shows the way to follow to unify populations and build a world of hope and brotherhood."

The evening event was also dedicated to St. Thomas More and to Giorgio LaPira, the well-known mayor of Florence, who died this day 23 years ago and is soon to be beatified. LaPira, a professor very much committed to the spiritual and political education of the youth in the years after World War II, was "man of dialogue, with his motto 'Knock down the walls, build bridges,' whether concerning Vietnam, Europe, the Middle East or de-colonization." One famous saying of LaPira, used by the IG organizers to inspire the participants, has been his declaration in relation to the Jubilee of the Year 1975 called by Pope Paul VI: "Our participation in the Holy Year, our conversion, is not a pious act, but a political fact, since it contributes to the fulfillment of God's plan for history."

After the message of greetings addressed to the Pope from a number of international personalities, including the Secre-

tary General of the United Nations, Kofi Annan, the evening celebration saw many musical offerings, whose high point was the "Ave Verum Corpus" of W.A. Mozart, performed by the Orchestra and Chorus of the Opera Theater of Rome, conducted by Maestro Nicola Samale. This celebration was broadcast on television worldwide. It was closed, appropriately, by the recitation of the moving and inspiring prayer written by American President Franklin Delano Roosevelt for the creation of the United Nations Organization, which his unfortunately sudden death prevented him from attending.

Motion: 'The Foreign Debt of Poor Countries'

The Parliamentarians taking part in the "Assembly of World Parliamentarians," on the occasion of the "Jubilee of Statesmen and Parliamentarians" on November 4th and 5th 2000, in Rome

Considering that

1. In spite of the progress made towards global economic development, there are extremely serious disequilibria at the planetary level and a considerable share of the world population continues to live in conditions of extreme poverty: almost half the world population has to live with less than two dollars a day and 1.2 million people have to live with less than a dollar a day. This is a situation that leads to the negation of the basic human right to food, health, housing, work, and education, and this represents an insult to our common humanity.

2. Although the development process involves new countries, the poor are witnessing an increase in the gap between them and the wealthy: the richest fifth of the world population had, 40 years ago, a wealth equal to thirty times that of the poorest fifth; nowadays the gap has increased by 74 times; the OECD countries, with 19% of the world population, control 71% of the global trade of commodities and services; 95% of world commercial credit goes to the richest 20% of the population, while the poorest 20% receives only 0.2% of credit.

3. In this context, the burden of foreign debt represents for the less developed countries an intolerable hindrance to social and economic development policies: many countries have to allocate a considerable share of their gross domestic product to payment of debt service. This amount is equal to four or five times what they can allocate to policies for health, education, access to drinking water, support to development. Furthermore, the debt must be paid in valuable currencies and the poorer countries suffer the additional damage of the increase in the price of raw materials and in the higher exchange rates with the national currencies, to the point that

The Science of Christian Economy

And other prison writings by Lyndon H. LaRouche, Jr.

Includes *In Defense of Common Sense*, *Project A*, and *The Science of Christian Economy*

three ground-breaking essays written by LaRouche after he became a political prisoner of the Bush administration on Jan. 27, 1989.

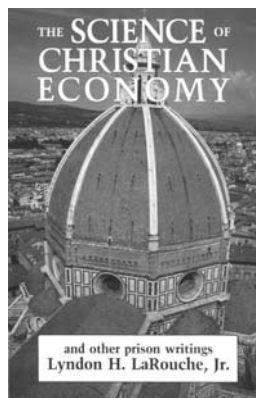
Order from:

Ben Franklin Booksellers, Inc.

P.O. Box 1707 Leesburg, VA 20177

Toll free (800) 453-4108 (703) 777-3661 fax (703) 777-3661

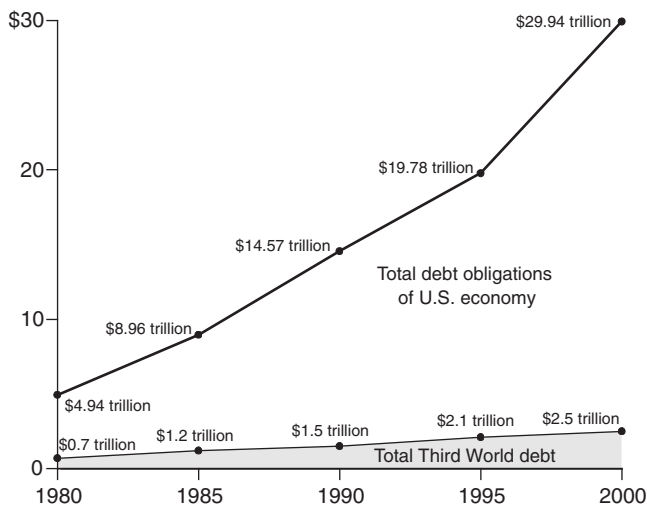
Shipping and handling: Add \$4 for the first book and \$.50 for each additional book in the order. Virginia residents add 4.5% sales tax. We accept MasterCard, Visa, American Express, and Discover.



\$15

FIGURE 1
The Real Debt Burden

(Trillion \$)



While U.S. officials opposed the calls for forgiveness of Third World debt from the Parliamentarians at the Rome conference, the indebtedness of the U.S. economy dwarfs the foreign debt of all Third World nations combined, and is expanding far more rapidly.

many countries have already paid back to the creditor countries an amount greater than the initial credit.

4. In many cases the debt situation is made even more difficult by the enforcement of rules that do not comply with the general principles of law, as for example, those concerning a basic equality between the parties and contractual freedom, correspondence, and a balance with the services, a ban on any abuse of the state of need, limits on interest rates that must never become usurer rates.

5. This situation has tragic consequences on the indebted nations, forcing them to drastically reduce their expenditure on education, health, and the promotion of human development. It furthermore encourages the proliferation of the illegal economy, uncontrolled migration flows, distortions in agricultural production decisions with negative effects on the environment, and on the sustainable equilibrium of the rural societies, with resulting disequilibria and tensions at the global level.

Given that:

1. The initiatives adopted recently by the international community in favour of the more seriously indebted poorer countries (HIPC action) have proven to have important limitations, both in view of the limited number of eligible countries, and because of the restrictive policies applied, which generate dramatic cuts on spending for human promotion, compromising the future of these nations.

2. The commitments undertaken by the richer countries at the Cologne summit in 1999, in favour of an extension of intervention in terms of remitting debts and of a more careful evaluation of the concept of debt sustainability, have not yet produced significant results in terms of the decisions required from the multilateral bodies; even the individual countries are too slow in putting into practice the unilateral initiatives promised at Cologne.

3. This highlights the need for a deep reform of the international financial institutions, which have not proven capable of avoiding devastating speculative initiatives which have serious consequences on the weaker economies, or of supporting balanced development policies, based on human and environmental sustainability.

Express:

Gratitude to H.H. John Paul II for having constantly stressed, ever since His message to the United Nations Assembly in 1985, the need for radical intervention to reduce the debt of the poor countries, as an essential tool in terms of international co-operation, and His active policies to promote human development, suggesting indeed an initiative to cancel the debt as a specific sign of the year of the Great Jubilee.

Undertake:

To develop appropriate initiatives with their Governments and within their Parliaments to:

1. Ensure speedy and full implementation of the commitments underwritten at the G8 summit in Cologne in 1999, through the approval of the necessary legislative acts at the national level and the adoption of opportune initiatives with the multilateral financial bodies.

2. To develop a more comprehensive initiative for the cancellation of the debt, in the context of more generous co-operation in development policies and of an initiative for the “creation of a multilateral commercial and financial system that must be open, fair, based on law, predictable and nondiscriminatory” (Resolution A RES 55.2 of the UN Millennium Assembly); in this regard, the proposals made by UN Secretary General Kofi A. Annan in the Document for the Millennium Assembly should be considered: immediate cancellation of the debt for countries which have suffered great conflicts or natural disasters, extension of the HIPC initiative, linking it to the notion of debt sustainability and fair terms, creation of a seat of international arbitration to evaluate disputes between creditors and debtors; it is furthermore important to obtain the full involvement of civil society and of the nongovernmental organisations and the commitment of the governments of debtor countries to allocate the resources from the cancellation of the debt to active policies in favor of human promotion.

3. To ask for an opinion from the International Court of Justice to ascertain the framework of the general principles of the rights of individuals and of peoples according to which

international debt should be regulated, in compliance with the principles of human solidarity at the national and supra-national level referred to in articles 2, 55, 56 of the UN Charter.

Italian Senators Present Motion for a 'New Bretton Woods'

On Oct. 19, a group of 25 Italian Senators presented a motion to be voted in the Italian Senate, calling on the government of Italy to promote an international "Bretton Woods" conference. The initiative is the latest in a series reflecting the influence of Lyndon LaRouche's proposals, and comes in the wake of LaRouche's latest visit to Italy in October, during which he discussed a New Bretton Woods conference with members of the Italian Parliament.

The motion was published on the same day in the official Parliamentary Acts of the *Gazzetta Ufficiale*.

The first signer of the paper is Sen. Riccardo Pedrizzi, deputy chairman of the Alleanza Nazionale (AN) group in the Italian Senate, and coordinator of the Interparliamentary Group department on "Politics and Relations with Christian Churches." Other prominent signers are Gian Guido Folloni, chairman of the Unione Democratica Cristiana (UDC) group in the Senate, and a member of the Interparliamentary Group executive; and Luciano Callegaro (UDC), coordinator of the Interparliamentary Group department on "Politics and Justice." Other parties represented are the Centro Cristiano Democratico (CCD), and Forza Italia (FI).

We publish here the partial text of the motion. The full text and list of Parliamentarians signing the bill, is published in *EIR*, Nov. 10, 2000:

Text of the Motion

It is the view of the Italian Senate

That, for months the international markets have been characterized by total instability and volatility;

That, the financial crises of the 1990s which hit Asia, Latin America, and Russia, have revealed the weakness of the international monetary and financial system; they, in fact, do not represent isolated or fortuitous cases, but are manifestations of a systemic crisis;

That, financial globalization has led to a complete deregulation of markets, above all, of the most aggressive and speculative sectors, like the "derivatives" financial products;

That, in the past ten years, in particular, there has been a

"scissors crisis" between the real economy and the financial economy, which gave birth to a gigantic speculative bubble which reached at least the amount of \$300 trillion, against a GDP worldwide of about \$41 trillion;

That, this process has had devastating effects not only for economies, but also for the standard of living and quality of life, particularly of the populations of developing sector countries, and extremely negative effects on the levels of production and employment, with social consequences which are very worrisome, in the industrialized countries as well;

That, there is no reason to believe that, without regulation, the process of expansion of the speculative bubble can be stopped autonomously, simply by adhering to the market and its rules;

That, faced with this situation, the international community has tried to reinforce "the architecture of the international financial system," to make the world economy less vulnerable to devastating financial crises, and at the same time to make it possible for all countries to enjoy the benefits of globalization, contributing to the amelioration of these countries' growth perspectives and to the reduction of poverty for developing populations;

That, in a communiqué of April 16, 2000, the International Monetary and Financial Committee, underlined the importance of ensuring "major transparency of economic policy, as a guarantee of a better functioning of the economy of states and of the international financial system." The committee also called for "the implementation of other measures to promote greater transparency of the policies of the IMF [International Monetary Fund] and those of its member states"; . . .

Considered:

That, it is indispensable to take into consideration the repercussions of the macroeconomic and structural policies followed by countries with strong currencies;

That, strong fluctuations in the exchange rates of the small and medium-sized open economies, run the risk of a high economic cost, mainly for the weak currencies and the poorest countries;

That, in the context of the present situation, it is useful to evaluate not only the advantages coming from the liberalization of capital movements, but also the risks that such globalization represents;

That, the experience of the recent crises confirms that the coherence of macroeconomic policy and currency exchange policy, sound administration of debts, and efficient control of financial systems, are indispensable elements to reduce the frequency and gravity of the same crises;

Binds the Government:

To adopt concrete measures to contribute to the stabilization of the international financial system and to assure a rational sharing of the benefits which the open world economy could provide, above all for the developing countries, besides



An earlier step toward the current initiatives coming from Rome, for debt cancellation and a New Bretton Woods. In May 1999, in Latina, Italy, a preparatory event featured Senators Riccardo Pedrizzi and Paolo Giaretta (fourth and third from left), and LaRouche associate Paolo Raimondi (second from right) of the International Civil Rights Movement-Solidarity.

assuring the adjustment of monetary policies;

To undertake, in particular, the initiative to propose the convocation of a new international conference, at the level of heads of states and governments, similar to the one organized at Bretton Woods in 1944, with the aim of creating a new international monetary system, and to take those measures required to eliminate the mechanisms which led to the creation of the speculative bubble, and to implement programs to restart the real economy;

To bring this proposal to the Strasbourg [European] Parliament, the European Commission, and to all institutions of the European Union responsible for EU economic policies, and through bilateral agreements, in individual European governments and parliaments.

Pope Urges Statesmen: Imitate St. Thomas More

This "Apostolic Letter of Pope John Paul II, Issued Motu Proprio, Proclaiming St. Thomas More as Patron of Statesmen and Politicians," was released in Rome, Nov. 4, 2000.

1. The life and martyrdom of Saint Thomas More have been the source of a message which spans the centuries and which speaks to people everywhere of the inalienable dignity of the human conscience, which, as the Second Vatican Council

reminds us, is "the most intimate center and sanctuary of a person, in which he or she is alone with God, whose voice echoes within them" (*Gaudium et Spes*, 16). Whenever men or women heed the call of truth, their conscience then guides their actions reliably towards good. Precisely because of the witness which he bore, even at the price of his life, to the primacy of truth over power, Saint Thomas More is venerated as an imperishable example of moral integrity. And even outside the Church, particularly among those with responsibility for the destinies of peoples, he is acknowledged as a source of inspiration for a political system which has as its supreme goal the service of the human person.

Recently, several Heads of State and of Government, numerous political figures, and some Episcopal Conferences and individual Bishops have asked me to proclaim Saint Thomas More the Patron of Statesmen and Politicians. Those supporting this petition include people from different political, cultural and religious allegiances, and this is a sign of the deep and widespread interest in the thought and activity of this outstanding Statesman.

2. Thomas More had a remarkable political career in his native land. Born in London in 1478 of a respectable family, as a young boy he was placed in the service of the Archbishop of Canterbury, John Morton, Lord Chancellor of the Realm. He then studied law at Oxford and London, while broadening his interests in the spheres of culture, theology and classical literature. He mastered Greek and enjoyed the company and friendship of important figures of Renaissance culture, including Desiderius Erasmus of Rotterdam.

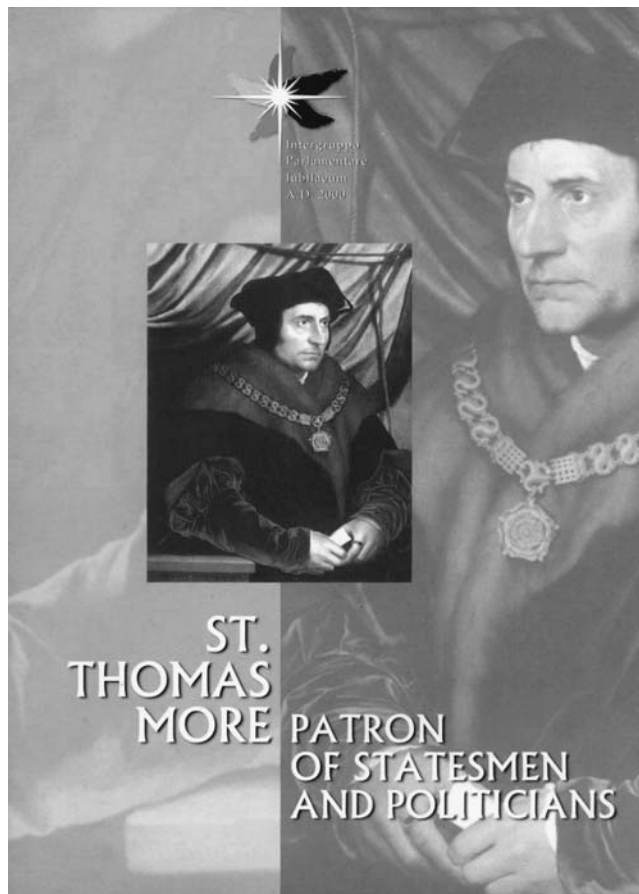
His sincere religious sentiment led him to pursue virtue

through the assiduous practice of asceticism: he cultivated friendly relations with the Observant Franciscans of the Friary at Greenwich, and for a time he lived at the London Charterhouse, these being two of the main centers of religious fervor in the Kingdom. Feeling himself called to marriage, family life, and dedication as a layman, in 1505 he married Jane Colt, who bore him four children. Jane died in 1511 and Thomas then married Alice Middleton, a widow with one daughter. Throughout his life he was an affectionate and faithful husband and father, deeply involved in his children's religious, moral, and intellectual education. His house offered a welcome to his children's spouses and his grandchildren, and was always open to his many young friends in search of the truth or of their own calling in life. Family life also gave him ample opportunity for prayer in common and *lectio divina*, as well as for happy and wholesome relaxation. Thomas attended daily Mass in the parish church, but the austere penances which he practiced were known only to his immediate family.

3. He was elected to Parliament for the first time in 1504 under King Henry VII. The latter's successor Henry VIII renewed his mandate in 1510, and even made him the Crown's representative in the capital. This launched him on a prominent career in public administration. During the following decade the King sent him on several diplomatic and commercial missions to Flanders and the territory of present-day France. Having been made a member of the King's Council, presiding judge of an important tribunal, deputy treasurer and a knight, in 1523 he became Speaker of the House of Commons.

Highly esteemed by everyone for his unflinching moral integrity, sharpness of mind, his open and humorous character, and his extraordinary learning, in 1529 at a time of political and economic crisis in the country he was appointed by the King to the post of Lord Chancellor. The first layman to occupy this position, Thomas faced an extremely difficult period, as he sought to serve King and country. In fidelity to his principles, he concentrated on promoting justice and restraining the harmful influence of those who advanced their own interests at the expense of the weak. In 1532, not wishing to support Henry VIII's intention to take control of the Church in England, he resigned. He withdrew from public life, resigning himself to suffering poverty with his family and being deserted by many people who, in the moment of trial, proved to be false friends.

Given his inflexible firmness in rejecting any compromise with his own conscience, in 1534 the King had him imprisoned in the Tower of London, where he was subjected to various kinds of psychological pressure. Thomas More did not allow himself to waver, and he refused to take the oath requested of him, since this would have involved accepting a political and ecclesiastical arrangement that prepared the way for uncontrolled despotism. At his trial, he made an impassioned defense of his own convictions on the indissolubility of marriage, the respect due to the juridical patrimony of



St. Thomas More, the great English Renaissance scholar and statesman, who was executed by Henry VIII for his resolute opposition to Henry's making the Church of England a state church, is shown here in a banner (using Hans Holbein's portrait) presented at the Rome Jubilee conference. His example was presented by the Pope to the assembled elected officials.

Christian civilization, and the freedom of the Church in her relations with the State. Condemned by the Court, he was beheaded.

With the passing of the centuries discrimination against the Church diminished. In 1850 the English Catholic Hierarchy was re-established. This made it possible to initiate the causes of many martyrs. Thomas More, together with 53 other martyrs, including Bishop John Fisher, was beatified by Pope Leo XIII in 1886. And with John Fisher, he was canonized by Pius XI in 1935, on the fourth centenary of his martyrdom.

4. There are many reasons for proclaiming Thomas More Patron of statesmen and people in public life. Among these is the need felt by the world of politics and public administration for credible role models able to indicate the path of truth at a time in history when difficult challenges and crucial responsibilities are increasing. Today in fact strongly innovative economic forces are reshaping social structures; on the other hand, scientific achievements in the area of biotechnology

underline the need to defend human life at all its different stages, while the promises of a new society—successfully presented to a bewildered public opinion—urgently demand clear political decisions in favor of the family, young people, the elderly and the marginalized.

In this context, it is helpful to turn to the example of Saint Thomas More, who distinguished himself by his constant fidelity to legitimate authority and institutions precisely in his intention to serve not power but the supreme ideal of justice. His life teaches us that government is above all an exercise of virtue. Unwavering in this rigorous moral stance, this English statesman placed his own public activity at the service of the person, especially if that person was weak or poor; he dealt with social controversies with a superb sense of fairness; he was vigorously committed to favoring and defending the family; he supported the all-round education of the young. His profound detachment from honors and wealth, his serene and joyful humility, his balanced knowledge of human nature and of the vanity of success, his certainty of judgment rooted in faith: these all gave him that confident inner strength that sustained him in adversity and in the face of death. His sanctity shone forth in his martyrdom, but it had been prepared by an entire life of work devoted to God and neighbor.

Referring to similar examples of perfect harmony between faith and action, in my Post-Synodal Apostolic Exhortation *Christifideles Laici* I wrote: “The unity of life of the lay faithful is of the greatest importance: indeed they must be sanctified in everyday professional and social life. Therefore, to respond to their vocation, the lay faithful must see their daily activities as an occasion to join themselves to God, fulfill his will, serve other people and lead them to communion with God in Christ” (No. 17).

This harmony between the natural and the supernatural is perhaps the element which more than any other defines the personality of this great English statesman: he lived his intense public life with a simple humility marked by good humor, even at the moment of his execution.

This was the height to which he was led by his passion for the truth. What enlightened his conscience was the sense that man cannot be sundered from God, nor politics from morality. As I have already had occasion to say, “man is created by God, and therefore human rights have their origin in God, are based upon the design of creation and form part of the plan of redemption. One might even dare to say that the rights of man are also the rights of God” (Speech, 7 April 1998).

And it was precisely in defense of the rights of conscience that the example of Thomas More shone brightly. It can be said that he demonstrated in a singular way the value of a moral conscience which is “the witness of God himself, whose voice and judgment penetrate the depths of man’s soul” (*Encyclical Letter Veritatis Splendor*, 58), even if, in his actions against heretics, he reflected the limits of the culture of his time.

In the Constitution *Gaudium et Spes*, the Second Vatican

Council notes how in the world today there is “a growing awareness of the matchless dignity of the human person, who is superior to all else and whose rights and duties are universal and inviolable” (No. 26). The life of Saint Thomas More clearly illustrates a fundamental truth of political ethics. The defense of the Church’s freedom from unwarranted interference by the State is at the same time a defense, in the name of the primacy of conscience, of the individual’s freedom vis-à-vis political power. Here we find the basic principle of every civil order consonant with human nature.

5. I am confident therefore that the proclamation of the outstanding figure of Saint Thomas More as Patron of Statesmen and Politicians will redound to the good of society. It is likewise a gesture fully in keeping with the spirit of the Great Jubilee which carries us into the Third Christian Millennium.

Therefore, after due consideration and willingly acceding to the petitions addressed to me, I establish and declare Saint Thomas More the heavenly Patron of Statesmen and Politicians, and I decree that he be ascribed all the liturgical honors and privileges which, according to law, belong to the Patrons of categories of people.

Blessed and glorified be Jesus Christ, the Redeemer of man, yesterday, today and for ever.

Given at Saint Peter’s, on the thirty-first day of October in the year 2000, the twenty-third of my Pontificate.

‘Politics Is To Attain The Common Good’

This “Address of His Holiness Pope John Paul II, to the Jubilee of Government Leaders, Members of Parliament and Politicians,” was given in Rome on Nov. 4.

1. I am most happy to welcome you, distinguished Government Leaders, Members of Parliament and men and women responsible for public life who have come to Rome for the Jubilee. I greet you and I thank Senator Nicola Mancino for the kind words he has spoken on your behalf. My grateful thoughts turn to Senator Francesco Cossiga, who has actively promoted the proclamation of Saint Thomas More as Patron of Statesmen and Politicians. My greeting also goes to the other distinguished leaders, including Mr. Mikhail Gorbachov, who have spoken in this assembly. I offer a special word of welcome to the Heads of State present.

Our meeting gives me the opportunity to reflect together with you, in the light of the motions just presented, on the nature of the mission which God, in his Providence, has entrusted to you, and on the responsibilities inherent in that mission. Yours can well be deemed a true and genuine vocation to politics, which in practice means the governance of

nations, the formulation of laws and the administration of public affairs at every level. We ought then to inquire as to the nature, the demands, and the aims of politics, in order to act as Christians and as persons conscious of the excellence and, at the same time, the difficulties and risks which politics entails.

2. Politics is the use of legitimate authority in order to attain the common good of society: a common good which, as the Second Vatican Council declares, embraces “the sum of those conditions of social life by which individuals, families and groups can achieve complete and efficacious fulfillment” (*Gaudium et Spes*, 74). Political activity ought therefore to be carried out in a spirit of service. My predecessor Pope Paul VI rightly affirmed that “politics is a demanding way of living the Christian commitment to serve others” (*Octogesima Adveniens*, 46).

Hence, Christians who engage in politics — and who wish to do so as Christians — must act selflessly, not seeking their own advantage, or that of their group or party, but the good of one and all, and consequently, in the first place, that of the less fortunate members of society. In the struggles of life, which can at times be merciless and cruel, not a few are “crushed” and are inevitably cast aside. Among these I cannot fail to mention those who are imprisoned. . . .

Justice must indeed be the fundamental concern of political leaders: a justice which is not content to apportion to each his own, but one which aims at creating conditions of equal opportunity among citizens, and therefore favoring those who, for reasons of social status or education or health, risk being left behind or relegated to the lowest places in society, without possibility of deliverance.

This is the scandal of the affluent society of today’s world, in which the rich grow ever richer, since wealth produces wealth, and the poor grow ever poorer, since poverty tends to additional poverty. Not only is this scandal found within individual nations, but it also has aspects which extend well beyond their borders. Today, especially, with the phenomenon of the globalization of markets, the rich and developed nations tend to improve their economic status further, while the poor countries — with the exception of some in the process of a promising development — tend to sink into ever more grievous forms of poverty.

3. I think with profound distress of those areas of the world afflicted by endless wars and hostilities, by endemic hunger and by terrible diseases. Many of you share my concern for this state of affairs which, from a Christian and a human point of view, represents the most serious sin of injustice found in the modern world. It must therefore deeply disturb the conscience of Christians today, especially those who, since they guide the political, economic and financial mechanisms of the world, are in a position to determine — for better or for worse — the destiny of peoples.

Truly, there needs to be a greater spirit of solidarity in the world, as a means of overcoming the selfishness of individuals

and nations. Only in this way will it be possible to curb the pursuit of political power and economic wealth with no reference to other values. In a now globalized world, in which the market, which of itself has a positive influence on human freedom and creativity in the economic sector (cf. *Centesimus Annus*, 42), nonetheless tends to be severed from all moral considerations, and to take as its sole norm the law of maximum profit, those Christians who feel themselves called by God to political life, have the duty — quite difficult, yet very necessary — to conform the laws of the “unbridled” market to the laws of justice and solidarity. Only in this way can we ensure a peaceful future for our world and remove the root causes of conflicts and wars: *peace is the fruit of justice*. . . .

The LaRouche Record

A 25-Year Fight for a New Economic Order

For the past quarter-century, Lyndon H. LaRouche, Jr. has led a fight for a new, just, world economic order, against the bankrupt and genocidal system of the International Monetary Fund and the London and Wall Street financier oligarchy. We begin our chronology with LaRouche’s 1975 call for an International Development Bank, and trace the political battle for a worldwide debt moratorium—a battle whose results can now be seen reflected in the Vatican’s Jubilee initiative. We then document LaRouche’s efforts, beginning in January 1997, to establish a New Bretton Woods system. Thanks in part to numerous visits to Italy by Lyndon and Helga LaRouche, this campaign created a core group of Italian political leaders committed to the New Bretton Woods perspective, who constituted the key organizing force behind the Nov. 4-5, 2000 Jubilee conference in Rome.

April 24, 1975: Lyndon H. LaRouche, Jr., at a press conference in Bonn, West Germany, calls for the restructuring of international economic and financial relations, including the formation of an International Development Bank, to issue credit for the promotion of industrial and technological development, especially of the developing sector. The proposal is elaborated in a pamphlet titled *IDB: How the International Development Bank Will Work*.

Aug. 19, 1976: Reflecting the widespread circulation of LaRouche’s IDB proposal, the Non-Aligned Movement, meeting in Colombo, Sri Lanka, issues a resolution calling for “a complete restructuring of international economic relations,” to bring about “a new world economic order.” Under-

lining the principle of the sovereignty of nations, the resolution calls upon governments to, among other things, “urgently determine a satisfactory solution to the problem of public debt, especially for the least developed and most affected countries.”

Sept. 27, 1976: Guyana’s Foreign Minister, Fred Wills, addresses the United Nations General Assembly, calling for “alternative structures like international development banks” to bring about an equitable global system. “The time has come for a debt moratorium,” he affirms.

June 1982: LaRouche meets with Mexican President José López Portillo in Mexico City, discussing the burgeoning debt crisis in Ibero-America.

Aug. 2, 1982: LaRouche issues a book-length report entitled *Operation Juárez*, which proposes a comprehensive global debt reorganization, and the economic integration of Ibero-America.

Sept. 3, 1982: Mexican President López Portillo nationalizes Mexico’s banking system, in defiance of the International Monetary Fund. Ultimately, the other nations of the hemisphere fail to back him up, and the measures are reversed.

From 1982 through 1996, the LaRouche movement continued to organize for a new world economic order, with events too numerous to mention.

Jan. 4, 1997: LaRouche addresses a forum of the FDR-PAC in Washington, D.C. laying out a broad policy orientation for the second Clinton administration, centering around two proposals: that the U.S. President convene an international conference to establish a “new Bretton Woods system,” to put the world economy through bankruptcy proceedings and to reorganize it for productive development; and that the United States join in global projects of benefit to all mankind, with a special focus on the Eurasian Land-Bridge program. This was the first major, public announcement of LaRouche’s New Bretton Woods policy.

“The general nature of the solution is obvious,” LaRouche said. “We had a financial system and a monetary system, from 1946 through 1966, which more or less worked. It was called the old Bretton Woods system. The system was based, not on gold currency, but on a gold reserve system. The function of the gold reserve system was to keep currencies, relative to one another, at fairly constant values. This meant that if you loaned money to someone, that the currency of the fellow to whom you loaned, would have approximately the same value five years from now, that it had today. So you didn’t have a borrowing premium that you put on the loan, based on the expectation of the fluctuation of the currency.

“To promote long-term trade and investment in international markets, requires stable relations among currencies. And, the function of the Bretton Woods system, the original one, was to provide that mechanism, and to induce governments to maintain stable relations, that is, discipline among their currencies on a gold reserve basis.

“Under that policy, we in the United States operated on

what was called a national economic security policy, which was a key part of our postwar national security policy. That is, we had a protectionist policy, in effect, and we encouraged other governments to have protectionist policies, because it was our desire that we be able to trade with these countries, which we could not do, in a stable way, unless they had fairly stable currency values. Therefore, if they needed something, if they needed to protect a certain industry, we would encourage them to do so, with tariffs and other protective agreements. We would enter into multilateral agreements, or bilateral agreements, with various countries for the purposes of mutual economic protection, to protect their sugar growth, or to protect this particular industry, and so forth, because we knew that the protection of that industry as a source of income and wealth inside the country, and on the international markets, was *essential* to maintain the value of that friendly country’s currency. And that’s the way we did it.

“Also, long-term borrowing was cheap in the international markets. If you wanted to invest in a country, the long-term costs were cheap, at 1-2%, for example, in many cases. Or, you would have agreements of various kinds, which would reduce it, effectively, to that. So therefore, we could export, as the Germans could, and so forth—we could export capital to developing countries, at fairly favorable terms, particularly those which had some labor force, an agricultural industrial labor force, with some potential.”

The return to such a system, LaRouche said, means that the President of the United States must launch a general monetary and financial reform, to prevent a financial collapse from plunging the planet into chaos. “That means, the President must say, ‘We are going to proceed to put what we know to be bankrupt financial and monetary institutions, into bankruptcy, that is, into receivership, for financial reorganization under the supervision of government,’ the same thing you do with a local bank if it goes bankrupt. The relevant state or Federal institution must come in and put that bank into receivership, take it over, and process it, try to protect some of the depositors, and things of that sort, to prevent social chaos, to prevent that thing from becoming a spreading disease within the society, and to try to see what we can salvage out of it, in an orderly way, as opposed to a chaotic way.

“Therefore, the United States must act, together with other powers, to put the world into bankruptcy reorganization. *Every financial system, every banking system in the world, is presently bankrupt!* Particularly those that are involved in derivatives.

“Therefore, the United States must take leadership, international leadership, in proposing a new Bretton Woods, which would be a good term for it, which is what I’ve proposed—that we’re going to go back to the principles of the Bretton Woods system in its best years, and the United States, as the principal prospective partner in such agreement, will try to get every nation that’s willing to go along with this idea, to assemble and do it. And, those that *don’t* wish to go along

with it, that's just tough, we're going to go ahead with it anyway.

"That means that we have to create new banking systems, which is very simple to do, on the basis of the Hamilton model. We go to *national* banking. We use the relevant article of Section I of the Federal Constitution, to create new issue of currency, not calling in the old one, the old Federal Reserve notes, but *terminating* further issuance of Federal Reserve notes, using that currency on deposit with the National Bank, as a means of credit to get the U.S. economy going, and get some other things going in international trade. . . ."

"Our concern is not who's got a favorable or unfavorable balance of trade; our concern is to make sure that all the members of a community of nation-states become prosperous. And, therefore, our concern is that they become prosperous and secure, just as their concern is that we should remain prosperous and secure. And, therefore, we can make trade agreements and tariff agreements on that basis. . . ."

Feb. 13, 1997: Italian Sen. Publio Fiori, leader of the opposition party Alleanza Nazionale (AN) and former Transport Minister, introduces a parliamentary question to the government, asking whether, in view of the ongoing disintegration of the international monetary and financial system, Italy should undertake emergency measures, such as a New Bretton Woods conference and a tax on derivatives speculation.

Feb. 15, 1997: LaRouche delivers keynote address to a conference of the Schiller Institute and International Caucus of Labor Committees in Reston, Virginia, titled "Toward a New Bretton Woods Conference." He calls for the audience to forge the preconditions to enable President Clinton to convene, with other heads of state of leading nations, a New Bretton Woods conference to create a new, stable, global monetary system to replace the bankrupt IMF system.

Feb. 15-17, 1997: "Urgent Appeal to President Clinton To Convoke a New Bretton Woods Conference" endorsed by participants in the Presidents' Day conference of the Schiller Institute and International Caucus of Labor Committees, meeting in Reston, Virginia. The Appeal is initiated by the founder of the Schiller Institute, Helga Zepp-LaRouche, and Ukrainian economist Natalia Vitrenko, member of the Supreme Rada (Parliament) of Ukraine. In subsequent months, the text is circulated worldwide for endorsement by public figures. (See text, in this issue.)

Feb. 19, 1997: LaRouche addresses an FDR-PAC forum entitled "Why IMF Policy for Eastern Europe and Russia Must Be Scrapped." He calls for "a war of annihilation against the IMF." Russian economist and political leader Dr. Tatyana Koryagina, and Ukrainian parliamentarians Natalia Vitrenko and Volodymyr Marchenko also address the forum, on the murderous consequences of IMF policies in their countries.

April 10, 1997: Lyndon and Helga LaRouche are the keynote speakers at a conference organized in Rome by *EIR* and his Italian co-thinkers, the Interational Civil Rights-Soli-

darity Movement. LaRouche's proposal for a New Bretton Woods is supported by Senator Fiori, as well as by representatives of Italy's state-sector industries.

April 2, 1998: Lyndon and Helga LaRouche address a meeting in Rome on the New Bretton Woods. The briefing is attended by Members of Parliament (both the Chamber of Deputies and the Senate), economists, journalists, and diplomats.

March 11, 1999: Helga Zepp-LaRouche addresses a Rome conference, sponsored by *EIR* and the International Civil Rights-Solidarity Movement, on the need for Italy to join the "Survivors' Club" and work to establish a New Bretton Woods and to build the Eurasian Land-Bridge.

Feb. 9, 2000: Italian Deputies Michele Rallo (AN) and Alberto Simeone (AN) ask the Italian government to comment on the necessity of a New Bretton Woods.

Feb. 16, 2000: Italian Sen. Riccardo Pedrizzi and other 22 Senators from the opposition parties of the "Polo della Libertà" coalition, introduce a first motion to the Senate, calling for a New Bretton Woods. Similar resolutions are presented later to the City Councils of Milan and Rome, and to the Regional Council of the Lombardy region.

Feb. 16, 2000: Italian Member of the European Parliament Cristiana Muscardini (AN) presents a parliamentary inquiry from the European Parliament in Strasbourg on the New Bretton Woods to the European Commission.

March 7, 2000: Four Italian Members of the European Parliament introduce a resolution in Strasbourg calling for a New Bretton Woods.

April 7, 2000: The call for an Ad Hoc Committee for a New Bretton Woods is issued, and circulated worldwide for endorsement by government officials and other dignitaries. (See text in this issue.)

July 23, 2000: LaRouche speaks on the New Bretton Woods in the Cenacolo Room of the Italian House of Deputies in Rome. The invitation was extended by Sen. Giovanni Bianchi (Partito Popolare Italiano) who has been the promoter of a legal decree, later approved unanimously by both Chambers of the Parliament, for a debt moratorium for the developing countries.

Oct. 7-9, 2000: Lyndon and Helga LaRouche visit Ascoli Piceno, Italy, for public and private meetings.

Oct. 12, 2000: LaRouche addresses an informal hearing of the Foreign Affairs Committee of the Italian Parliament (Chamber of Deputies) in Rome, on the subject of "the reform of the Bretton Woods system, the present oil crisis, and the roots of inflation."

Oct. 19, 2000: Italian Sen. Riccardo Pedrizzi and 24 other Senators of several parties, both of the opposition and of the government coalition, present a second motion to the Senate, calling for a New Bretton Woods. The next day, the same motion is presented to the Interparliamentarian Group for the Jubilee 2000, the main organizer of the Assembly of the Members of the Parliaments of the World, held in Rome on

Nov. 4-5.

Nov. 4, 2000: The Italian Catholic daily *Avvenire* publishes an article, titled “25 Senators of the Opposition Say: We Need a New Bretton Woods.” *Avvenire* reports: “To commit the government to a ‘new international conference at the level of heads of state and government like the one which took place in Bretton Woods in 1944, with the aim of creating a new international monetary system and of taking measures to stop the mechanisms which created the speculative bubble and of launching programs which relaunch the real economy.’ This is what is demanded by a motion presented by 25 Senators of the opposition and of the center parties of Catholic inspiration belonging to the Parliamentary Group for the Jubilee. It will be examined on Nov. 4 and 5 at the Vatican, on the occasion of the Jubilee of the Parliamentarians.”

Schiller Institute Organizing Campaign

The following Appeal to President Clinton was adopted by acclamation at the Presidents’ Day conference of the Schiller Institute and International Caucus of Labor Committees, meeting in Reston, Virginia on Feb. 15-17, 1997. The first two signers of the call are the founder of the Schiller Institute, Helga Zepp-LaRouche, and Ukrainian economist Natalia Vitrenko, member of the Supreme Rada (Parliament) of Ukraine. The Schiller Institute circulated the call worldwide for endorsement by government and other leaders. The text follows:

Urgent Appeal to President Clinton To Convoke a New Bretton Woods Conference

The world economy, with the exception of China, is faced with an accelerating collapse of industrial capacity and the skyrocketing of unemployment, which has led to a political mass-strike process, shaking the foundations of many governments and social institutions around the world.

The unavoidable bursting of the international derivatives bubble, or any relevant political event, could trigger a chain-reaction of stock market crashes and banking crises in many countries, leading toward the vaporization of the international financial system within a matter of days. The political, social, and military consequences of such a systemic crash would be incalculable.

Meanwhile, the tragedy of the so-called IMF reform policies in the former Soviet Union is now playing out, in the form of a monstrous collapse of production, a demographic disaster, and an unprecedented criminalization of society, which has resulted in an even worse and more rapid catastrophe than has already occurred in Ibero-America and Africa. If the present course of these international policies is not

changed, entire nations will vanish from the map of the Earth, as is already demonstrated in Africa. And, as the conditions in Bulgaria and Albania illustrate, even Europe can plunge into a new dark age in a very short time. Germany, for example, has reached de facto the same level of unemployment as when Hitler came to power.

Thus, many governments, parliamentarians, and leaders of social institutions are confronted with the unacceptable dilemma, that if we are to fulfill the conditionalities of the IMF, or such requirements as those of the Maastricht Treaty or the Balanced Budget Amendment in the United States, we would have to act against the most vital interests of the people whom we represent. But the international financial institutions have no right to require that the debt to them be paid with a pound of flesh of each of our citizens.

The U.S. Declaration of Independence states:

“When in the course of human events, it becomes necessary for one people to dissolve the political bands which have connected them with another, and to assume among the powers of the Earth the separate and equal station to which the Laws of Nature and of Nature’s God entitle them, a decent respect to the opinions of mankind requires that they should declare the causes which impel them to the separation.”

In this spirit we say, that not for “one people,” but for the peoples of the world, it has become necessary not to dissolve the political, but the financial bands with the presently hegemonic financial institutions.

In the Declaration it is further stated: “But when a long train of abuses and usurpations, pursuing invariably the same object, evinces a design to reduce them under absolute Despotism, it is their right, it is their duty, to throw off such Government, and to provide New Guards for their future security.” Such a condition has emerged, threatening to throw our entire human civilization into chaos and barbarism.

Therefore, we appeal to you, President Clinton, to use the Powers of the Presidency of the United States, to convoke, on an emergency basis, a new international Bretton Woods conference, to replace the present bankrupt monetary system with a new one. A global debt reorganization, the establishment of fixed-parity exchange rates and a new set of trade and tariff agreements, are the absolute precondition for stability in world economic and financial relations, which are required for a return to economic growth.

It is also required that sovereign governments have exclusive responsibility for the emission of currency and the creation of credit and that, in the tradition of President Franklin D. Roosevelt’s bold anti-Depression programs, they make available cheap and long-term credit lines for large-scale investments in infrastructure, industry, and agriculture.

The outline of a new world economic system is already taking shape. Led by the initiative of the Chinese government, several countries of Asia are currently engaged in the construction of the “New Eurasian Land-Bridge.” By integrating all of the Eurasian continent economically, a similar “Land-

Bridge” development is planned which will soon also connect the U.S., via the Bering Strait, and Africa, via the Near East, bringing economic development and prosperity to all previously landlocked areas of the world.

As a cornerstone of this global reconstruction program, the economist Lyndon LaRouche has emphasized what he terms the “Machine-Tool Principle.” This principle is the recognition that the economy must be based on the fact, that it is solely the creative reason of the individual which is the source of wealth in society. It is the continued ability of creative reason to formulate adequate hypotheses about the laws of nature, which leads to scientific and technological progress. These discoveries are applied in the form of new, improved machine tools and in upgrading the skills of the labor force, resulting in increasing productivity of the productive process. The global economic reconstruction must therefore put absolute priority on Classical, universal education and the strengthening of the creative powers of the individual.

The building of the Eurasian Land-Bridge as the cornerstone for similiar infrastructure and economic programs for Africa, Australia, and the Americas, is the only way that economic development can bring peace and stability to all corners of the world. Such a policy is therefore in the strategic security interest of the United States. It is also in the tradition of the Founding Fathers, as a policy for a community of principle among nations.

We appeal to you with the utmost urgency to take the necessary steps, so that your Presidency does not mark the beginning of a new dark age, but that of a new golden era of mankind.

Ad Hoc Committee for a New Bretton Woods

The following call was initiated on April 7, 2000, and has been circulated internationally. We publish here the names of a small selection of the hundreds of dignitaries who have signed it. Affiliations are for identification purposes only.

The governments of the G-7 nations, have repeatedly demonstrated their unwillingness and inability to prevent the threatened collapse of the global financial system, through a prompt, and thorough reorganization of the system. This renders it urgently necessary that all those who recognize the devastating consequences of a systemic financial crisis, raise their voices.

We, the signators, refer to Lyndon LaRouche, as the economist, worldwide, who has analyzed the causes of the systemic crisis in greatest depth, and over the longest time, and who, at the same time, has elaborated a comprehensive package of measures to be taken to overcome it: the anti-crisis program for a New Bretton Woods.

We, the signators, take note of the recent initiative of members of the European Parliament, which states:

THE EUROPEAN PARLIAMENT:

- WHEREAS the 1944 agreement of Bretton Woods mechanisms contributed to the realization of monetary stability and to post-war economic reconstruction;
- WHEREAS a divergence was created between the real economy and the financial economy after the decoupling of the dollar from the gold reserve system;
- WHEREAS financial crises have exploded in different parts of the world since 1997;
- WHEREAS the international monetary and financial institutions have malfunctioned, failing to carry out their tasks;
- WHEREAS it has been ascertained that the “speculative bubble” has had devastating effects for the economies of the developing countries, transforming completely the structures of the world economy, and reaching the level of at least \$300 trillion, compared to a world GDP of about \$40 trillion;

INVITES THE EUROPEAN COMMISSION:

- a) to propose the convocation of a new Conference, similar to the one at Bretton Woods, with the purpose of creating a new international monetary system, capable of gradually eliminating the mechanisms which led to the “speculative bubble”;
- b) to evaluate the possibility of anchoring the currency values to a real reference point, and to exert more effective control over exchange rates;
- c) to propose the creation of new credit lines oriented

LAROCHE ON THE NEW BRETTON WOODS

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

It can not be reformed, it must be reorganized.

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

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

\$35 postpaid
Order number
EIE 98-002

EIRNewsService
P.O. Box 17390,
Washington, D.C.
20041-0390

To order, call
1-888-EIR-3258
(toll-free).

We accept Visa or MasterCard.

to develop investments in the real economy and to define infrastructure projects of continental dimensions.

The most dangerous absurdity of the present situation is underlined by the fact, that the so-called “New Economy” is being celebrated by the White House in the U.S.A. and by government leaders of the European Union, as a great success, at the very same moment that the financial bubble, blown up with this myth, is bursting! Far from advancing growth and development of the world economy, so-called “globalization” has in reality shown itself to be a form of unbridled predator capitalism, which has exacerbated the divergence between financial titles and real economy on the one hand, and rich and poor, on the other, in an intolerable manner—both on the national and the international plane.

Considering the increasingly accelerating systemic crisis, we, the signators, have decided to constitute the Ad Hoc Committee for a New Bretton Woods.

Signers include:

UNITED STATES

Former U.S. Congressmen

Sen. Eugene McCarthy, former Presidential candidate, Minnesota
Rep. Clair A. Callan, Nebraska
Rep. Father Robert J. Cornell, Wisconsin
Rep. Mervyn Dymally, former Chair, Congressional Black Caucus, California
Rep. Walter Fauntroy, President, National Black Leadership Roundtable, Washington, D.C.

Rep. Cornelius Gallagher, New Jersey

State Legislators

Endorsed by the entire Alabama House of Representatives, as well as by the following individually:

Rep. William Clark, Pritchard, Alabama
Rep. Johnny Ford, Tuskegee, Alabama
Rep. Andrew Hayden, Uniontown, Alabama
Rep. Tommy Houston, Birmingham, Alabama
Rep. Thomas Jackson, Thomasville, Alabama
Rep. John J. Letson, Moulton, Alabama
Rep. Bryant Melton, Tuscaloosa, Alabama
Rep. Demetrius Newton, House Speaker Pro-Tem, Birmingham, Alabama
Rep. George Perdue, Birmingham, Alabama
Rep. John Rogers, Birmingham, Alabama
Rep. James Thomas, Selma, Alabama
Rep. Gerald Willis, Piedmont, Alabama
Rep. Dennis Williams, Wilmington, Delaware
Rep. Michael Kahakina, Honolulu, Hawaii
Rep. Howard Kenner, Chicago, Illinois
Rep. Coy Pugh, Chicago, Illinois
Sen. Walter Blevins, Jr., Senate President Pro-Tem, West Liberty, Kentucky
Sen. Dan Seum, Louisville, Kentucky
Rep. Perry Clark, Louisville, Kentucky

Rep. Charles Hoffman, Georgetown, Kentucky
Rep. Art Morrell, New Orleans, Louisiana
Del. Clarence Davis, Baltimore, Maryland
Rep. Ed Vaughn, Detroit, Michigan
Rep. Earle Banks, Jackson, Mississippi
Rep. Erik Fleming, Jackson, Mississippi
Rep. Melinda Curls, Kansas City, Missouri
Rep. Charles Quincy Troupe, St. Louis, Missouri
Sen. Joe Neal, Chair, Nevada Legislative Black Caucus, Las Vegas, Nevada

Rep. Derek Owen, Hopkinton, New Hampshire
Rep. David A. Welch, Kingston, New Hampshire
Sen. Carlos Cisneros, Questa, New Mexico
Rep. Ray Begaye, Shiprock, New Mexico
Rep. Fred Luna, Los Lunas, New Mexico
Rep. Roger Madalena, Jemez Pueblo, New Mexico
Sen. Luther Jordan, Wilmington, North Carolina
Rep. Howard Hunter, Conway, North Carolina
Rep. Vernon Sykes, Akron, Ohio
Sen. Vincent Hughes, Philadelphia, Pennsylvania
Rep. Harold James, Philadelphia, Pennsylvania
Rep. William Robinson, Pittsburgh, Pennsylvania
Sen. Maggie Wallace Glover, Florence, South Carolina
Rep. Walter Lloyd, Watersboro, South Carolina
Sen. Jerry Shoener, Rapid City, South Dakota
Sen. John Ford, Memphis, Tennessee
Rep. Jerry Kreitzer, Rutland, Vermont

Civil Rights and Human Rights Leaders

Rev. Nimrod Reynolds, Nat’l. Sec., Southern Christian Leadership Conference (SCLC), Anniston, Alabama
Amelia Boynton Robinson, Civil Rights activist, Tuskegee Institute, Alabama
Hunter Huang, Chair, National Association for China’s Reunification, Washington, D.C.
Cesar Flores, Project Coordinator, State Economic Opportunities Division, Hawaii
Bernard Broussard, Co-Founder, Louisiana Human Relations Council, Franklin, Louisiana

Trade Union Leaders

James Barnett, President, NW Alabama Coalition of Black Trade Unions; Chair, Martin Luther King Annual March, Florence, Alabama
Bill Dickens, President, United Container and Rail Haulers of America, Baltimore, Maryland
Melvin Muhammad, former State Chair, NAPE/AFSCME (Nebraska Association of Public Employees), Omaha, Nebraska
Carlton Horner, former National Organizing Director, United Auto Workers (UAW), Broken Arrow, Oklahoma

Religious Leaders

M.R. Thomas J. Gumbleton, Roman Catholic Auxiliary Bishop of Detroit, Michigan
M.R. Juergen Bless, German Evangelical Lutheran Bishop, California
The Rev. J.E. Bridges, President, Eastside Ministers Union

of Southern California, Los Angeles, California
 The Rev. Antanas V. Bitinas, M.S., Th.D., Pontifical Lithuanian University of Rome (Italy), Connecticut
 The Rev. Richard T. McSorley, S.J., Director, Center for Peace Studies, Georgetown University, Washington, D.C.
 Minister Abdul Alim Muhammad, Minister of Health and Human Services and National Spokesman for the Nation of Islam, Washington, D.C.
 The Rev. Carl Washington, President, Baltimore Baptist Ministers Conference, Baltimore, Maryland
 Syed Ahsani, Texas Chair, American Muslim Association, Arlington, Texas
 The Rev. Martha Knight, Director, Social Action Committee, State AME Conference, Virginia

Other Notable Signers

Haithan Aranki, President, Arab Community Center, Los Angeles, California
 Mohammed Arif, President, United Nations of Islam, Los Angeles, California
 Yousef Haddad, former President, Arab American Press Guild, Los Angeles, California
 Prof. Tettah A. Kofi, Economics Dept., University of San Francisco, California
 Prof. Yaw A. Asamoah, Dept. of Economics, Indiana University of Pennsylvania, Pennsylvania

CANADA

Benoit Laprise, Member, National Assembly of Quebec
 Claude Pinard, Member, National Assembly of Quebec
 Chor-Bishop Elias El Hayek, Montreal
 Bishop Raynauld Rouleau, Roman Catholic Diocese of Churchill-Hudson Bay
 Gilles Grondin, President, Campaign Québec-Vie, Montreal

EUROPE

Armenia

Haik Babookharian, Member of Parliament, Yerevan
 Hrant Khachatrian, Member of Parliament, Yerevan

Austria

Prof. Dr. Hans R. Klecatsky, former Minister of Justice of the Republic of Austria; University Professor, Innsbruck
 Prof. Dipl.-Ing. Jakob Christian Neyer, Deputy, State Parliament, Vorarlberg, Egg
 Dr. Hans Köchler, President, International Progress Organization, Vienna

Bosnia-Herzegovina

Rusmir Mahmutcehajic, International Forum Bosnia, Sarajevo
 Prof. Dr.Sc. Fahrudin Sebic, Faculty of Economics, University of Sarajevo
 Prof. Dragoljub Stojanov, Faculty of Economics, University of Sarajevo

Croatia

Antun Abramovic, Professor of History and Sociology; for-

mer Member of Parliament (1990-92)
 Prof. Dr. Antonije Djukic, University of Dubrovnik
 Niko Gunjina, Hrvatska Udruga Sindikata (HUS — Croatian Federation of Trade Unions), Zagreb
 Prof. Dr. Branko Horvat, Institute for Advanced Studies, Zagreb
 Faris Nanic, General Secretary, SDA Party, Zagreb
 Ilija Rkman, Board Member, Croatian Christian Democratic Union (HKDU), Zagreb
 Branko Stancic, President, Senate of HKDU (Croatian Christian Democratic Union), Rijeka
 Dr. Marko Veselica, President, HKDU, Zagreb

Czech Republic

KSCM (Communist Party of Bohemia and Moravia) Parliamentary Group in National Chamber of Deputies
 Josef Dolejsi, Ph.D., Kladno
 Stanislav Fischer, Ph.D., Member of Parliament
 Prof. Dr. Jiri Vackar, Czech Technical University; Czech Christian Academy, Prague
 Dr. Bedrich Vymetalik, Attorney-at-Law, Frydek-Mistek
 Marcel Winter, Director of WMC (Winter Management and Consulting), Prague

Denmark

Prof. Dr. Charles Akinde, former State Legislator in Ondo State, Nigeria, Brondby Strand
 Joseph Bangurambona, former Burundi Ambassador in Kenya, Hedeuene
 Fritz Hermann, President, United Farm Organization (LFO), Karup
 Leon Ngarukiye, former Director of Cabinet, Ministry of Foreign Affairs of Rwanda, Copenhagen
 Laurent Niyongeko, former CEO for Development Bank of Burundi, Copenhagen
 Erling Svendsen, President, Danish Grain Producers Association, Hvelsoe

England

Dr. Mostafa Al Barzagan, *Al Arab International*, London

France

André Gerin, Deputy, National Assembly; Mayor, Venissieux (Department of Rhône)
 Jean Royer, former Deputy, National Assembly, Mayor, Tours
 Jean-Jacques Bilcaz, Mayor, St. Pierre d'Allevard
 Louis Dejean, Mayor, Corbreuse
 Etienne de Ravinel, Mayor, Nossoncourt
 Marcel Georges, Mayor, Bonnecourt
 Noubar Kechichian, Deputy Mayor, Valence

Georgia

Prof. Vakhtang Gogvadze, former Speaker, Georgian Parliament; Member, International Coordinating Bureau, Peoples Patriotic Forces of CIS, Tbilisi
 Dr. Teimuraz Dokvadze, Expert in Computer Sciences
 Dr. Vladimir Kilasonya, Economist, Tbilisi

Germany

Robert Becker, Publisher, Eschau

Prof. Peter Gräbner, President, House of Environment, Construction and Traffic, Dresden

Prof. Wilhelm Hankel, Economist; former State Secretary in the Finance Ministry

Dr. Bruno Huegel, Academic Director, Eichstätt University
Gisela Krieg, Chancellor, Technische Fachhochschule (THF), Berlin

Helmut Knebel, Member of State Parliament of Lower Saxony, Salzgitter

Dr. Hermann Schneider, Professor of Physics, Heidelberg

Prof. Dr. Ing. P. Guenther Werner, Technology Advisor, Kerpen

Holland

Y. Zhang, Chinese Christian Democratic Union, Almelo

Hungary

Andor Mandoki, Chair, Expert Committee, Christian Democratic People's Party, Budapest

Istvan Morvay, former State Secretary, Interior Ministry

Prof. Imre Pozsgay, St. Laszlo Academy, Budapest

Italy

Rosario Alessandrello, Industrial Manager, Milan

Giuseppe Bidese, Industrialist; Board Member, Financial Committee, Association of Medium-Sized Industry of Vicenza

Sergio Bindi, Journalist; Spokesman, Partito Democratico Cristiano, Rome

Aldo Brandirali, City Council Member (Forza Italia), Milan

Paolo Caoduro, former President, Immobiliare Fierae, Vicenza

Dr. Quintino de Notariis, Nuclear Physicist; President, ASPE (Association of European Political Studies) of Alleanza Nazionale, Termoli

Pietro Giubilo, former Mayor, Rome; National Council Member, Centro Cristiano Democratico party, Rome

Sergio Sabelli, State's Attorney, Rome

Alberto Servidio, former President, Cassa del Mezzogiorno, Rome

Roberto Tengg, Industrialist; Vice President, Italian Federation of Wood Traders, Cremona

Luxemburg

Bernard Zamaron, Centre Robert Schuman pour l'Europe (Robert Schuman Center for Europe)

Poland

Sen. Jozef Fraczek, Chair, Senate Committee on Agriculture
Janina Kraus, Member of Parliament (Sejm), Confederation for the Independent Poland-Patriotic Camp (KPN-OP), Warsaw

Prof. Aleksander Legatowicz, Economics Professor and former Member of Parliament

Jerzy Oledzki, former Vice Minister of Education (1992-93)

Prof. Aleksander Krzyminski, former Vice Minister of Foreign Affairs (after 1990)

Prof. Pawel Bozyk, SGH (Warsaw School of Economics), Warsaw

Bishop Antoni Dydycz, Drohiczyn

Dr. Marek Gruchelski, Economist, Advisor of the Trade Union Solidarity for individual farmers, Warsaw

Russia

A.A. Chudin, Scientist, Institute of Management, Moscow

C.V. Gulyajev, Scientist, Institute of Management, Moscow

A.G. Makarov, Scientist, Institute of General Physics, Moscow

Prof. Stanislav Menshikov, Central Mathematical Economics Institute (CEMI), Russian Academy of Sciences, Moscow

Prof. Grigorii G. Pirogov, Senior Scientist, Institute for Comparative Political Studies, Russian Academy of Sciences, Moscow

A.A. Samochin, Scientist, Institute of General Physics, Russian Academy of Sciences, Moscow

Prof. A. Shelepin, Institute of Physics (FIAN), Russian Academy of Sciences, Moscow

Prof. Nodar A. Simoniya, Deputy Director, Institute for World Economy and International Relations (IMEMO), Russian Academy of Sciences, Moscow

Scotland

Alan Clayton, Convener, Council Liaison Committee, Scottish National Party Argyll and Bute

Prof. John Erickson, Professor of Defense Studies, Edinburgh University

Slovakia

Prof. Dr. Michal Drobny, Member of Parliament, Bratislava
Laszlo Hoka, Member of Parliament, Bratislava

Prof. Dr. Augustin Marian Huska, Member of Parliament, Bratislava

Spain

Kuan Chu, Chair, Chinese Christian Democratic Union, Madrid

Gen. (ret.) Emilio García Conde Ceñal, former Chief of the Spanish Air Force, Four-Star General, Madrid

Rosa María Romero, Economist, Spain

Ukraine

Ljudmyla Bzujlaja, Member of Parliament

Natalia Lyamar, Member of Parliament, Kiev

Volodymyr Marchenko, Member of Parliament, Kiev

Petro Romanchuk, Member of Parliament, Kiev

Mykhailo Sadovchuk, Member of Parliament, Kiev

Natalia Vitrenko, former Presidential candidate; Member of Parliament, Kiev

Prof. Dr. Viktor Fedosov, Chief, Department of Finance, Kiev Economic University

Svitlana Kurkartseva, General Director, Joint Ukrainian-Russian Ventures "Stankomplekt," Kiev

Prof. Dr. Viktor S. Naidyonov, Scientific Consultant, Dikom Investment Company, Kiev

Mykola D. Rudenko, Writer, dissident, and human rights activist; author, "The Energy of Progress: Essays on Physical Economy"; Honorary Chair, Sergei Podolinsky Science and Technology Center, Kiev

Prof. Dr. Petro O. Stepanenko, Doctor of Economic Sciences, Kiev Economic University

Dr. Volodymyr Shevchuk, Economist, Trade Economic University, Kiev
Prof. Dr. Vasyly Stolyarov, Institute of Finances, Kiev
Dr. Borys Svetlov, Dean, Faculty of Studies, Kiev
Prof. Dr. Mykola M. Yermashenko, Section Chief for Finance and Credit, Staff of the Ukrainian National Security and Defense Council, Kiev

IBERO-AMERICA

Elected/Government Officials

José López Portillo, former President of Mexico
Julio C. González, former Secretary of State, Argentina
Germán Winox Berraondo, former Trustee, National Development Bank, Argentina
Dr. Anuart Jarma, former Deputy Secretary for Budget and Treasury, Argentina
Héctor Claudio Salvi, former Governor, Province of Santa Fe, Argentina
Francisco Donta, Deputy, Brasilia State Parliament, Brazil
Jorge Carrillo, former Minister of Labor, Colombia
Sen. Amylkar David Acosta, Member of Congress, Colombia
Rep. Dr. Humberto Carrillo Torres, Member of Congress, Colombia
Pastor García Marin, Mayor, Santa Rosa, Bolívar, Colombia
Elsa Valbuena Ortiz, Member, City Council of Bogotá, Colombia
Cong. Rafael Méndez, Member, Chamber of Deputies, Congress of the Dominican Republic
Dr. Jorge Yeara Nasser, former Ambassador of the Dominican Republic; President, Dominican-Arab Association, Santo Domingo, Dominican Republic
Aldo Bugarin, former State Legislator, Jalisco, Mexico
Prof. Alfredo Gómez Gómez, former Member, Chamber of Deputies, Congress of Mexico, Jalisco, Mexico
Antonio Chávez M., former Member, Chamber of Deputies, Congress of Mexico; Sec. Gen., Local 252, Union of Workers of the Bottling Industry of Coca Cola, Guajuato, Mexico
Lic. Juan Jaime Hernández, former Member, Chamber of Deputies, Congress of Mexico, Jalisco, Mexico
Rep. Roger Cáceres Velásquez, Member of Congress, Peru

AFRICA

Sam Aluko, Professor of Economics; former Chair, National Economics Intelligence Committee of Nigeria (1994-1999)
Lawrence Fejokwu, Editor-in-Chief, *Nusa International*, Lagos, Nigeria
Jean Gahururu, Economist, on behalf of the Rally for the Return of Refugees and Democracy in Rwanda (RDR)
P.R. Malavi, Speaker/Legislator, Provincial Legislature, Northern Province, South Africa

MIDDLE EAST and ASIA

Marc Faber, Investment Advisor, Hong Kong S.A.R., China

K.R. Ganesh, former Indian Union Minister of Finance, New Delhi, India
Meilono Soewondo, Member of Parliament, Republic of Indonesia
Nasser Motameeh, former Deputy Minister of Foreign Affairs, Iran, Burbank, California
Akira Nambara, former Executive Director, Bank of Japan (central bank), Tokyo
Dr. Masaki Shiratori, former Japanese Executive Director for the World Bank, Tokyo, Japan
Laith Shubeilat, former Member of Parliament, Jordan
Dr. Gongpil Choi, Chief Economist, Korea Institute of Finance, Seoul, Korea
Dr. Wonchang Jang, Senior Economist, Korea Institute of Finance, Seoul, Korea
Dr. Yunjong Wang, Director, International Macroeconomics and Finance, Korea Institute for International Economic Policy (KIEP), Seoul, Korea
Prof. Khurshid Ahmad, Chair, Institute of Policy Studies; former Federal Minister; Deputy Chair, Planning Commission, Government of Pakistan; Chair, Senate Standing Committee on Finance and Economy, Islamabad, Pakistan
Dr. Ahmed Al-Kedidi, Professor, University of Qatar
Dr. Mete Gundogan, Turkish Virtue Party, Economic Advisor to former Prime Minister Necmettin Erbakan, Turkey

AUSTRALIA

Elected Officials

The Hon. Jim Cairns, former Deputy Prime Minister (1974-75); former Treasurer (1974-75); former Minister for Overseas Trade (1972-74)
The Hon. Clyde Cameron, former Federal Minister for Labour (1972-74) and Minister for Works in Whitlam Government
The Hon. R.C. Katter, Federal Member of Parliament for the Electorate of Kennedy
Tom Helm, Member, Legislative Council (Western Australia State Parliament), Mining & Pastoral Region
Robert Mitchell, Shadow Minister for Mines and Energy; Member of Queensland State Parliament for the Electorate of Charters Towers

Trade Union Leaders

Adrian Bennett, Secretary, Municipal Employees Union (MEU), Western Australia; Chair, Curtin Labor Alliance, W.A.; Federal Member of Parliament for Swan, 1969-75
Les Crofton, Secretary, Rail, Tram and Bus Union (RTBU), Queensland
W.J. Game, State Secretary, Engineering & Electrical Division, Communications, Electrical & Plumbing Union (CEPU), W.A.
Ken Griggs, Branch Secretary, United Firefighters Union of Australia (Australian Government Branch)
Anthony Papaconstantinos, former Deputy National Secretary, Maritime Union of Australia

Russia's Eurasian Diplomacy Might Spark Real Economy

by Rachel Douglas

The idea that Russia's engagement in projects for infrastructure and other real economic development on the scale of Eurasia could provide leverage to shift economic policy as a whole toward real growth, at times brings a ray of hope to economists in and around the Russian Academy of Sciences, who are otherwise dismayed at the budget austerity and privatization schemes, promoted by Minister for Economic Development and Trade German Gref and other advisers to President Vladimir Putin. By the same token, failure to break the pattern of adherence to monetarist rules of the game, could wreck the prospects of fruitful cooperation with Russia's Eurasian partners, because of the dilapidation of infrastructure and the debilitation of skilled manpower in the country.

The renewed visibility of the world financial crisis may occasion a turn onto the former, happier of those two pathways. Some signs, pointing in such a Eurasian direction, were evident at the meeting of the Asia-Pacific Economic Cooperation Forum (APEC) in Brunei, on Nov. 15, attended by heads of state, as well as business leaders from around the region.

"Russian shares the concerns of Malaysia, and does not support the idea of increased liberalization of global trade and financial flows," pronounced Gref himself, in language unusual for him. President Putin met with Malaysian Prime Minister Mahathir bin Mohamad, who has defied the rules of the international financial organizations by the imposition of exchange controls and other protective measures. Putin invited Mahathir to make an official visit to Russia next year. A headline in the Moscow daily *Izvestia* proclaimed, "The Ideologues of Free Trade Are Defeated"—perhaps a premature assessment, but certainly exceptional for the public discussion of international economic matters in Russia, outside the Communist Party press.

The Russian President's speech to an APEC audience of

businessmen and heads of state, took up the theme from his article, published throughout the region on the eve of the meeting: "Russia is a Eurasian country." Insisting that the world financial crisis has brought out the dark side of so-called globalization, ravaging the productive capacities of nations and impoverishing populations, Putin called for worldwide efforts to overcome the North-South economic development gap. He emphasized the potential for Asian investment in infrastructure projects in Russia, especially Siberia and the Far East, and Russia's ability to export capital goods, not only raw materials. Russian science will promote Eurasian development, the Russian President said (see *Documentation*).

The Spirit of Novosibirsk

Returning from the APEC meeting, Putin flew to Novosibirsk, home of the famous Siberian Branch of the Russian Academy of Sciences and Akademgorodok, a unique science center, founded in the 1950s as headquarters for development of the Siberian frontier, through the pursuit of fundamental scientific research of universal importance. Putin's arrival there from Asia, and his agenda, brought to mind the historic speech of China's President Jiang Zemin, delivered at Akademgorodok in November 1998 (*EIR*, Dec. 4, 1998). As the guest of Russian Academicians, Jiang had proclaimed, "The progress of human civilization has more and more convincingly proved that science and technology constitute a primary productive force and an important driving force for economic development and social progress." Russia, with its "strong scientific and technological capabilities, . . . has a huge potential for development. The difficulties now encountered by the Russian scientific and technological community are temporary ones, which could very well be overcome by the Russian

people with endeavor.”

On Nov. 16 of this year, the scientists of Novosibirsk welcomed President Putin with detailed proposals for the rescue and promotion of Russian science, including tax credits for all investment in scientific progress. Putin addressed a meeting of governors of the regions belonging to the Siberian Federal District (in Putin’s new system of seven federal districts), whom he told that “the ‘Siberian factor’ is important not only for solving domestic problems, but in the context of international cooperation.” Many of Russia’s problems, said the President, “can and must be solved in interaction with Asian nations.”

Viktor Kress, Governor of Tomsk Province and Chairman of the Siberian Accord association, told RIA Novosti that a working group, headed by a Vice Premier, would be formed to elaborate a strategy for Siberia’s economic development. Such a strategy “must consider the capabilities of defense sector companies,” said Kress, which “must be used in Siberia, as well as in Russia as a whole, for producing civilian goods”—equipment for the petroleum, coal, and other industries, where domestic production will be cheaper than imported equipment.

Putin announced that the Russian government and the Security Council will draft a concept for Siberian economic development, by next year.

Energy and Investment Strategies

Much sooner, on Nov. 23, the Russian government is to deliberate on a 20-year “energy strategy.” In mid-December, it will take up the thorny question of reorganizing the national electricity utility, United Energy Systems (UES). Reform of the so-called “natural monopolies”—UES, the Railways Ministry, and Gazprom are the most important—is a decisive battleground for economic policy, because without concerted efforts to upgrade infrastructure nationwide, Russia will be unable to engage with its Eurasian partners.

As *EIR* reported in 1997, “young reformers” Anatoli Chubais and Boris Nemtsov, operating within Viktor Chernomyrdin’s government, had pushed to model Russian national-monopoly reform on the model of privatization and deregulation, piloted in the United Kingdom and the British Commonwealth. There, the privatization of infrastructure, in the name of profit-motivated increases in efficiency, has led to asset-stripping and rate-gouging in one case after another.

Chubais, now chief executive officer at UES, has floated the idea of selling chunks of the UES generating capacity and delivery grid, including to foreign shareholders. In the meantime, his by-the-rulebook collections policy of cutting off power to delinquent customers has cut electricity to whole towns and even military bases, given the long chain of indebtedness among Russian firms and state institutions.

In August, already, the government daily *Rossiyskaya Gazeta* reported “mass cutoffs” of electricity in many provinces. In the southern Kuban region, “everyone—both those

who pay and those who do not—is being cut off indiscriminately,” said the report. As Winter set in, the cut-offs for non-payment were particularly severe in the far north and in Primorsky Territory on the Pacific, where inadequate fuel supplies and intra-regional disputes compounded the austerity from UES. At the beginning of November, residents of Syktyvkar and Vorkuta, in the northern Republic of Komi, were without heat as nighttime temperatures fell to -13°C (9°F) in Syktyvkar and -20°C in Vorkuta. The municipal debt of Vorkuta to the local electricity company was triple the city’s annual budget.

At the end of October, Russian Human Rights Commissioner Oleg Mironov complained to UES, that it is violating the Russian Constitution and the most fundamental rights of the citizenry, by cutting off electricity to whole regions for non-payment. Krasnoyarsk Gov. Alexander Lebed, meeting with Chubais about electricity for the aluminum industry, repeated a current joke: “If you see a light on in the Kremlin at midnight, it means Putin is working. If you see no light on in the Kremlin at midnight, it means Chubais is working.”

Nonetheless, the strict Commonwealth asset-stripping model of national monopoly reform is no longer at the top of Russia’s agenda. That Chubais may have to alter his restructuring approach has to do with the changing political scene, where some of the most flamboyant of the gang termed “oligarchs,” the *nouveaux riches* beneficiaries of the past decade’s looting of Russia, are under heavy fire from the regime; Boris Berezovsky and Vladimir Gusinsky face arrest and indictment, and are effectively in exile abroad. Other business kingpins are under pressure to demonstrate policies that at least purport to be in the national interest.

The reorganization of the natural monopolies intersects the burning question of investment policy in Russia. Who will invest in Russian industry and infrastructure, and to what end? Foreigner speculators and mafiosi, in order to derive cash and take it abroad? Or, will there be a stream of investment, including from Europe and Asia, into the real sector for its development?

In an Oct. 27 *Moscow Tribune* article, economist Prof. Stanislav Menshikov examined the lag of real capital investment inside Russia. It is associated with the leakage of at least \$18-some billion annually, in capital flight. (Latest Ministry of Finance estimates put capital flight at \$25 billion for 2000.) Meanwhile, real growth of domestic capital investment is estimated at approximately \$9 billion, counting only “additional new investment in the real economy.”

“How much is this capital bleeding affecting current economic growth?” asked Professor Menshikov. “So far, not so much. . . . But the crucial test will come later when, due to lagging investment in the energy sector, overall economic growth will be suffocated by physical shortages and high prices of energy.”

Minister of Atomic Energy Yevgeni Adamov has thrown a new factor into the energy equation, declaring the reorgani-

zation of his ministry into Rosatomprom, which will account for 40% of the increase of Russian electricity generation in coming years. He wants to pool the investment resources of the nuclear power industry, establishing it as a competitor to UES in the delivery of electricity, as well as its generation.

On Nov. 8, Adamov's intentions to revive nuclear power plant construction inside Russia received a boost from President Putin, who visited the first unit of the Rostov Nuclear Plant, now coming on line. The Ministry of Atomic Energy plans to build new units at the Tver and Kursk nuclear power plants.

In October, upon his return from accompanying Putin to India, Adamov visited the industrial center of St. Petersburg, Russia's second largest city. At a press conference, Adamov said that four major St. Petersburg machine-building plants will participate in the construction of at least six power units for nuclear plants in China (Tieng Wang), Iran (Busher), and India (Kudan-Qulam), bringing \$1.4 billion in revenues over six years. Adamov made the point that this engagement in nuclear power development in Asia, will help Russia's core machine-building industries to survive.

Documentation

Putin on Bridging the North-South Divide

The following is the Nov. 15 speech of President of the Russian Federation Vladimir V. Putin, at the Asia-Pacific Economic Cooperation Forum (APEC) summit. It was entitled, "Business and Globalization." A subhead had been added.

Ideas about the global interconnection of events and phenomena are centuries old. The great Eastern philosopher Lao Tzu wrote, "The more a man does for others, the more he has for himself." One senses the philosophy of the interconnectiveness of everything in this world, especially deeply in the East, with its ancient traditions, where trade was developed on the basis of strict ethical principles. It was seen as the interaction of partners, who respect each other.

At the beginning of the 20th Century, our compatriot Vladimir Vernadsky created his teaching on the space that unites humanity—the noosphere. In it, the interests of nations and peoples are combined, as are nature and society, and scientific knowledge and state policy. Today, the concept of sustainable development [Russian: stable development] rests, in effect, on the foundation of precisely this teaching.

Contemporary progress in information systems and the heightened mobility of international financial resources, create good preconditions for stable and predictable processes in the global economy. On the other hand, there are no small

dangers here. . . . Everybody who is in business today, experiences the effects of the international conjuncture and currency rate fluctuations. World financial crises are a clear example. . . .

The question is, how to prevent tremors in the financial sphere from striking at the foundations of the social security of nations and of the individual; so that the productive forces not go into decline as a result of "the battles of the transnational giants" or the ill-considered actions of governments; so that the aims of business be combined with the interests of society. . . .

The level of development in the world, as is known, is divided into North and South; into the so-called "Golden Billion," and the rest of humanity. A similar dividing line runs through APEC. It would obviously be the right thing, for governments and international organizations to renew the "North-South" dialogue and find pathways to a reduction of the development gap. Otherwise, the risks inherent in globalization will prevail over its advantages. This is well understood, for instance, at the World Bank. Rephrasing the well-known expression, that a wealthy society consists of wealthy men, we can say that the guarantee of the welfare of the world community lies in the welfare of all nations, and each one individually.

Governments should take part in regulating the processes of globalization. . . .

Finally, globalization of the economy creates conditions for the proliferation of international economic crime. This means the illegal migration of capital, money-laundering, tax and customs manipulations, and illegal trafficking in narcotics and weapons, which nourishes terrorism. . . .

I should like to present Russia's interests within APEC, from the standpoint of business.

Export of Russian Science

Regarding exports, this means natural resources, first and foremost, including energy. But it also means Russian science, which is an important part of world science. It means machine-building, transportation main lines, and fishing, as well as tourism. Asia-oriented infrastructure is being created for energy exports, and here there are opportunities for investors from other countries. Several fossil fuels deposits in Siberia and the Far East have been put on a Production-Sharing Agreement regime, for foreign investors. But for us, energy means not only oil and gas, but also the means to transport it, and energy-intensive products.

Therefore, we propose to export electricity and the products of the chemicals and petrochemicals industries. The Trans-Siberian Railroad and the Trans-Caspian transportation corridor are open for transport along the Asia-Europe main route. This route is ten days faster than shipping through the Suez Canal.

Our markets have considerable potential to absorb imports. APEC members—the U.S., Canada, Japan, China, Ma-

aysia, Singapore, and several others — are already active in our markets. Russian companies can propose mutually beneficial contracts, for example, for the purchase of machinery and raw materials for non-ferrous metallurgy. Our country has always needed to import tropical agricultural products. Mass consumer goods, produced in Asia, do well on our markets. . . .

We take globalization . . . as an opportunity to give our economy fresh air. But, it goes without saying, we are concerned not only with the benefits to us. The fate of Russia is inseparable from the fate of the world. We understand the measure of our responsibility in building a new world order, including an economic order. This process will be complex and not easy. But such forums, meetings, and discussions as this one, will help us overcome the difficulties.

Russia Looks toward Pacific Nations

Excerpts from Vladimir Putin's article, published widely in Asia on the eve of the APEC summit.

There are more than just one justified uses of Russian transportation arteries by APEC member countries. . . . Shipping containers on the Trans-Siberian Railroad reduces the route to Europe [from Asia] by half [over shipping by sea]. I know that some are concerned about the condition of our Far East terminals, or bottlenecks in St. Petersburg. We are actively working to reconstruct them, . . . [and] we are prepared to carry out these projects with the participation of foreign investors.

Our Siberian rail route may make many people remember about our country's rich natural resources. . . . We invite our APEC neighbors to cooperate in developing them. And, Russian steel producers are already thinking about new markets, while our extractive industries want to improve efficiencies. . . .

Testimony to this is the development of grand plans, like the creation of an energy bridge from Russia to Japan through Sakhalin Island, or the natural gas pipelines from Tomsk Province to Western China and from Irkutsk Province to Eastern China, and on to North and South Korea.

I must note that already today, Russia is not only a raw materials supplier in the region, but also supplies modern technologies. . . .

It is important that, in February of this year, the Indonesian satellite Garuda-1 was launched on a Russian rocket. . . . These are just isolated examples of the effective use of Russia's accumulated technological experience by APEC members. We are prepared to provide space-launch services to the nations of the region, as well as Russian space mapping capabilities, which can help solve natural resource, meteorological, ecological, and other problems.

Russia's initiative for the joint development of new reactor technologies and a naturally secure nuclear fuel cycle, made at the Millennium Summit of the United Nations, fully applies to APEC member-nations.

The Middle East: Chaos and War, or Economic Development

by Dean Andromidas

After six weeks of clashes between Israelis and Palestinians, the specter of a repeat of the horrors of the Lebanon civil war hangs over the region. As in that 15-year-long conflict, neither side is willing to make the first gesture to bring the situation back to the negotiating table. An intervention by the President of the United States is required now, before it is too late.

In a comment on the decisive role President Bill Clinton must play in the search for peace in the Middle East, U.S. statesman Lyndon LaRouche, during an international web-cast on Nov. 14, said: "The United States can not act as an 'honest broker' in the Middle East. The United States, and the President of the United States, must never become an honest broker. The President must be President of the United States, and represent the fundamental interests of the United States in any negotiation in which he deals. Now, it happens that the fundamental interest of the United States in the Middle East, is peace. And the fundamental interest of the United States in peace in the Middle East, is development."

LaRouche said that Clinton must repudiate his mistakes at Camp David, where the issue of political sovereignty over the holy places of Jerusalem was put on the negotiating table, thus transforming a political-territorial conflict into a religious war. LaRouche emphasized that Clinton must bring the question of regional economic development, especially the development of water resources, to the center of the negotiations. (See full text of his remarks, in our *National* section.)

Policymakers in the region hope that Clinton will be strengthened by the current U.S. political crisis, and will begin to take the initiative required. One source close to the Israeli peace negotiations team warned *EIR*, that if Clinton does not act, the situation will "simply escalate in a linear way." This source agreed that Clinton has to repudiate the policies he embraced at Camp David. He also said that there is hope that Clinton made new, more constructive proposals during his post-election meetings with Palestinian Authority President Yasser Arafat and Israeli Prime Minister Ehud Barak. As yet, no details of these meetings have been released.

A Lebanon-Style Conflict

The current conflict is rapidly degenerating into a Lebanon-type civil war. With more than 200 Palestinians and 24

Israelis killed, casualty figures are already at a rate not seen since the horrible conflict which engulfed Lebanon for over a decade and a half, in the 1970s and '80s.

Moreover, the positions of both sides have hardened to the point where, as if in a Classical tragedy, both are marching willfully in a direction they know will end in catastrophe.

Six weeks of bitter clashes have marginalized peace factions on both sides.

The Barak government is deeply divided. Day-to-day decisions concerning the conflict are being made by Barak's security cabinet, which includes, on the one side, advocates of getting the peace process back on track as soon as possible, such as Regional Cooperation Minister Shimon Peres, Justice Minister Yossi Beilin, and Foreign Minister Shlomo Ben Ami. On the other side, those taking a hard line include Communications Minister Binyamin Ben-Eliezer, who has been demanding that Barak form a national emergency government with the chairman of the right-wing Likud party, Ariel Sharon. It was Sharon's visit to the Al Haram Al Sharif/Temple Mount in Jerusalem which ignited the current conflagration. (See "Temple Mount Fanatics Foment a New Thirty Years War," *EIR*, Nov. 3, 2000, for a profile of the international forces promoting this strategic operation.) This hard-line approach is backed by Israeli Defense Forces Chief of Staff Shaul Mofaz, who was appointed to his post by the

previous government, led by Benjamin Netanyahu.

According to Israeli sources, Barak continues to "sit on the fence."

This split came to the surface dramatically when the late Leah Rabin (see obituary below), wife of slain Prime Minister Yitzhak Rabin, from her death bed, drafted a letter to Barak imploring him to utilize the political and diplomatic skills of Shimon Peres.

That initiative momentarily won the heart of Barak, who, despite previous resistance, approved a meeting between Peres and Arafat. Peres secured a fragile cease-fire agreement, as he said, in order "to have at least two days without funerals." Peres's initiative was undertaken just days before the U.S. election, with the intent of creating an improved political-security climate where the post-election meetings scheduled between Clinton and Barak, and Clinton and Arafat, could hopefully result in a renewal of peace talks.

The Dynamic in Israel

The Peres initiative, however, was sabotaged by an Israeli rocket attack, which killed an alleged Palestinian militia leader on Nov. 9. The attack proved to have been directed at Clinton, rather than Arafat. The timing of the attack, which was authorized by Barak, occurred within minutes of Clinton's meeting with Arafat. Although the Clinton Administration did not publicly denounce the Israeli act, Administration officials were reportedly furious.

Commenting on the attack, the Israeli daily *Ha'aretz* wrote: "If President Clinton had any illusions about his meeting with Palestinian Authority Chairman Yasser Arafat calming things down, they died in Beit Sahur," the site of the attack.

The subsequent Barak-Clinton meeting ended inconclusively, with Barak reportedly telling Clinton that he would not reopen negotiations with Arafat, unless Arafat accepted his earlier Camp David proposals. It is precisely these proposals, including the question of Jerusalem, which were totally unacceptable, not only to Arafat, but to the Arab and Islamic world as a whole. Upon Barak's return to Israel, rumors began circulating that he intends to reopen negotiations with Sharon to form a government of national emergency.

Peres and his circle see clearly that it is Israel, as the stonger party, which must make the first gesture to get the peace process back on track, according to a source close to the peace team. But, Peres continues to be pushed to the side, while the old destructive psychology of distrust of the Palestinians is taking hold of the minds of the Israeli population at all levels. This sentiment has even affected Barak himself.

Developments over the past six weeks underscore the paradox that Israel finds itself in. Being either unwilling or unable to make the necessary concessions, the country is falling back on the same military-security solutions which failed in the past. Faced with a popular uprising, only a tiny element of which is armed with light weapons, it has no place to exert its massive military superiority. This was the lesson of Israel's

So, You Wish To Learn All About Economics?

by Lyndon H. LaRouche, Jr.

A text on elementary mathematical economics, by the world's leading economist. Find out why *EIR* was right, when everyone else was wrong.

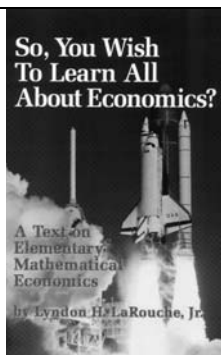
Order from:

Ben Franklin Booksellers, Inc.

P.O. Box 1707 Leesburg, VA 20177

\$10 (703) 777-3661 Call toll free 1-800-453-4108
fax (703) 777-8287

plus shipping (\$1.50 for first book, \$.50 for each additional book).
Bulk rates available. Information on bulk rates and videotape available on request.



disastrous adventure in Lebanon, an adventure designed and executed by Sharon, who earned the title, “Butcher of Lebanon.” Israel’s adventure in Lebanon ended only a few months ago, when Barak ordered the final withdrawal from all of Lebanon’s territory, without securing a peace agreement.

Israel’s largest circulation daily, *Yediot Aharonot*, commented on Nov. 13, “The crisis with the Palestinians is swiftly accumulating all the accursed characteristics of the Lebanese quagmire.”

Writing in *Ha’aretz*, military expert Reuven Pedatzur also underscored this paradox: “Apparently two decades of being stuck in the quagmire of Lebanon were not enough for Israel to draw the proper conclusions regarding fighting against guerrilla forces. . . . Israeli Defense Forces [IDF] commanders have simply not internalized the lessons of Lebanon, and that they are repeatedly finding themselves surprised and at their wits’ end when confronted with irregular rather small forces using light weapons.”

Pedatzur faulted Israeli commanders, saying, “Many of the IDF’s highest ranking officers are unaware of the limitations of military might. They firmly believe that the more might exerted, the less inclined will the Palestinians be to carry out violent operations.” He predicts that these military operations will only lead to an escalation of the violence.

The more Israel resorts to a military response, the more it will contribute to creating a full-scale guerrilla war. Unlike in past years in Lebanon, where Israel faced one well-defined local guerrilla movement, the Hezbollah, in the West Bank and Gaza, it will be faced with a guerrilla-type irregular war backed by an entire people. Military experts point out that even if Israel unilaterally withdraws to a fixed line encompassing the Jewish settlements and other territory that it wants to annex, this would only invite further attack.

Furthermore, the current Israeli siege of Palestinian towns and cities is creating tremendous hardship for the Palestinian population. The Israeli threats of cutting off electricity, oil, fuel, and even water, will, if implemented, create a humanitarian disaster which will simply reinforce the anti-Israel and anti-American rage throughout the Arab world.

The Palestinian Camp

The necessity for Clinton to repudiate his handling of the Camp David talks, especially blaming Arafat for the collapse of the talks, becomes fully clear, once one examines what he was offered.

There has been no official statement on what offer was made to Arafat, which he supposedly could not refuse. Nonetheless, even *Ha’aretz* commented that Arafat “refused to sign the peace treaty signifying the end of the Palestinian conflict that was drafted by the United States and Israel at Camp David and which would have provided the Palestinians with a string of bantustans isolated from one another.” If this is how the Israeli press describes the Camp David offerings, one can understand the Palestinian frustration that is currently

fueling the rage that has inflamed the Palestinian streets.

Under the direction of Palestinian Authority Minister for Al Quds/Jerusalem Faisal Hussein, the Palestinian Authority will release a set of maps which will show exactly what the territorial concessions were, that were being offered by the Israeli side over the past year. In an interview with *Ha’aretz*, Hussein outlined that the Palestinians are insisting on the implementation of United Nations Resolutions 242 and 338, which call on Israel to withdraw to its 1967 borders. “Israel wants to determine the permanent borders based on the settlements—we say that the fate of the settlements will be determined by the borders,” said Hussein. He said that once Israel recognizes the 1967 borders, the Palestinians will be flexible on making adjustments.

When asked about how the Palestinians can continue the *Intifada* and expect Israel to negotiate, Hussein replied, “In the end, a solution will be achieved only through negotiations. Israelis understand that they can negotiate while they expand and build settlements; I understand that I can negotiate while the *Intifada* continues, or else Israel should immediately stop all building in the settlements.”

Growth of a Criminal Element

There is no doubt that the Palestinian National Authority is committed to achieving a negotiated settlement, but as the clashes continue over these territorial claims, and as Israel continues to use more military force to hold onto the territories that it believes it needs for its security, the situation will degenerate. According to press reports, the conditions created by the Israeli siege thrown up around Palestinian population centers—such that many Palestinians are unable to go to work, and income losses are already in the millions of dollars—are giving rise to the growth of armed gangs. While these gangs may be attacking Israeli targets, they are also expanding organized criminal rackets in the Palestinian-populated regions, where conditions of impoverishment are expanding. These networks are operating more and more out of the control of the Palestinian Authority. This is precisely what occurred in Lebanon throughout the 1970s and 1980s, and was one of the primary reasons why the civil war was so hard to stop. One could anticipate a similar development on the Israeli side, as the extremist settlers begin to operate in a similar fashion.

It is feared that the current situation will radicalize more and more of the population in all of the countries in the region, as both sides dig in for a protracted struggle.

**To reach us on the Web:
www.larouchepub.com**

Leah Rabin's Agenda of Peace

by Harley Schlanger

On March 4, 1996, four months after Yitzhak Rabin's assassination at the hand of a Jewish fanatic opposed to the Oslo Peace Accord he had initiated, Leah Rabin spoke at a ceremony honoring her and her husband, at Fairleigh Dickinson University in New Jersey.

In concluding her speech, she said, "When I am asked whether I have an agenda, I say I do indeed. As the person closest to him, who loved him all his life, who was beside him at all the crossroads, who knew intimately the workings of his great mind and his courageous heart, I feel an acute responsibility to carry his message forward, to ignite again the brilliant light that was so brutally extinguished.

"I am here to remind you of him."

Leah Rabin, who died on Nov. 12 at the age of 72, honored that commitment to her husband's memory to the very end of her life. With the peace process unravelling, because of the deadly overreaction of Israeli police and armed forces to a new *Intifada*, which was triggered in response to the provocative actions of Ariel Sharon, she made one final effort to bring the two sides together.

In a letter to Prime Minister Ehud Barak, she reminded him of his pledge that he would "leave no stone unturned" to uphold "Yitzhak's legacy," to achieve peace between Israel and the Palestinians. She urged him to turn to her husband's former rival, Shimon Peres, to reinitiate communication with Yasser Arafat, writing that "Yitzhak knew how to overcome the differences of the past; he recognized the special qualities of Shimon and worked with him . . . in the difficult hours of decision."

Shortly after this appeal to Barak appeared in the Israeli newspaper *Ha'aretz*, Peres and Arafat met, to try to halt the confrontations which threaten to escalate into full-scale war.

Woman of Passion

Born Leah Schlossberg in Königsberg, Germany on April 8, 1928, her upbringing was typical of educated German Jewish families of the time, whose lives had been enriched by the Haskala movement inspired in the 18th Century by Moses Mendelssohn. In her book, *Rabin: Our Life, His Legacy*, she writes of growing up with the poetry of Goethe and Heine, and the music of Beethoven. "Papa was a great admirer of culture in general, and German culture in particular, and these passions were strongly woven into our everyday life."



Yitzhak Rabin with fiancée Leah.

Yet, the day after Hitler became Chancellor of Germany, her father, who had become a Zionist, moved the family to Palestine. It was there, during the summer of 1943, that she met her future husband, who was a soldier in the Palmach, which was a military force to defend the Jews of Palestine. They soon became a couple, and were married during a cease-fire in the 1948 War of Independence.

From that day, until her husband's assassination, their lives were fully intertwined with the life of their nation. In a speech describing their lives together, she said that it was "forty-seven years of struggle for survival, for peace, for security. Forty-seven years of a wonderful marriage that ended all too soon. . . . How privileged we were to be side by side at every crossroad of our country's short history."

It is clear from her memoir, and other published reminiscences, that she played a highly influential role in her husband's life, especially when they reached a crossroad. One such moment was in 1987, when Yitzhak Rabin was given the assignment of crushing the original *Intifada*, which began in December. At first, Rabin acted in concert with the axioms which were accepted by most Israelis after their victory in the 1967 war: that Israel's security depended on holding the territories seized in that war, and in keeping the Palestinian population under control by brute force.

But Rabin soon realized that this approach would never provide security and peace. "The *Intifada*," Mrs. Rabin wrote, "made it wholly clear to Yitzhak that Israel could not govern another people." The application of force not only increased the bitterness of the Palestinians, but was turning the Israeli youth who administered daily beatings into what he described as "storm troopers." By 1989, she continued, he "was gradually moving toward advocating Palestinian autonomy and self-determination."

Upon reaching this conclusion, Rabin sought out his long-term adversary within the Labor Party, Shimon Peres, and reached an agreement with him. This led to a Labor Party victory in the 1992 elections, returning Rabin to the office of

Prime Minister. With Peres as his Foreign Minister, and in collaboration with an avowed enemy, Yasser Arafat, the Oslo Peace process was initiated. Central to this process was the understanding that peace could be attained only through a policy of mutual economic development, and not by political arrangements alone.

Changing Axioms

Leah Rabin is explicit in attributing the breakthrough represented by the Oslo Accord, to her husband's willingness to break with the axioms of the past. To exemplify this, she quotes the speech he gave to the Knesset (parliament) on July 13, 1992, when he presented his cabinet. "We shall change the national order of priorities. Israel is no longer an isolated nation, nor is it correct that the entire world is against us. We must rid ourselves of the isolation that has gripped us almost for half a century."

With this speech, Rabin returned to a theme central to the Zionism put forward by David Ben-Gurion, Israel's Founding Father, and shared by those German Jews, such as Leah Rabin's father, who came to Palestine seeking shelter from the anti-Semitism they had experienced in their native land. Israel must not be a new ghetto, with its sole purpose being to provide a safe haven for Jews fleeing persecution. It must become a nation among other nations, a light to the world, living in peace with its neighbors, in common cause, to develop prosperity in the region.

Security, Rabin added, no longer depends solely on military strength. "Security is not only a tank, an aircraft, a missile ship. Security is also a man's education, housing, schools, his street and neighborhood, the society in which he grew up. And security is also that man's hope."

It was Rabin's willingness to change axioms that made his wife most proud of him. And it was the courage to fight for those changes which cost him his life. Rabin's killer, Yigal Amir, emerged from an environment of hatred, populated by racist, extremist Jewish fundamentalists. Leah Rabin knew, that if peace were to be attained, it were necessary to battle to extirpate this element, which her husband had once denounced as "a noxious weed, foreign to Judaism."

She held former Prime Minister Benjamin Netanyahu partially responsible for the climate of hatred which took her husband's life, as one who was at the center of a conspiracy. "It is my belief," she wrote, "that Yitzhak was murdered by a conspiracy. Whether the act itself was the result of a conspiracy, I don't know, and I'm not sure that it matters. He was certainly the victim of an intellectual conspiracy—a conspiracy every bit as calculating and lethal."

A core of extremists, she charged, including rabbis, "inspired attitudes that led to the murder." The murderer was led to believe "he was fulfilling a holy mission sanctioned by them—that the 'holy land' of Judea and Samaria is more holy than the life of the prime minister who was willing to compromise on this land, for peace."

Once, in a public appearance shortly after the death of her husband, she was asked by an old comrade of his from the Palmach, "Where, O Where, are there others like that man?" In her answer to this question, we see the optimism and fighting spirit of this brave, courageous woman, who has now departed, shine through her tears. "As great a challenge as it may be [to find others like her husband], our greatest duty is to find them, to nurture them, and to support the men and women who will carry Yitzhak's vision forward and breathe life into his legacy. And we ourselves must have the courage to seek the peace of the brave."

Leah Rabin was surely one of those, who demonstrated the courage to seek the peace of the brave.

'Leah Rabin Has Died'

by Lyndon H. LaRouche, Jr.

There will be many statements in honor of the recently deceased Leah Rabin. That will be good. From some, including those of high official rank, a simple statement will often do what is required of them on this saddening occasion. From me, to be true to my own nature in this matter, something akin in spirit to what is called a *Festschrift*, in honor of her memory, were more suitable.

For nearly a century and a half, Western and Central Europe were plunged into something like the 14th-Century New Dark Age, by religious wars. This living nightmare came to a close only with that 1648 Treaty of Westphalia, which ended the Thirty Years' War. Those among us who have studied how that blessed peace came about, give a special place of honor to those, especially from among combatants, who attempted to bring about a peace at the mid-point of that continuing hecatomb, but whose efforts were frustrated. The murdered husband of Leah Rabin was such an heroic figure, and she has earned full honors for her heroic efforts in continuing that same cause after his death.

If peace and justice were to be brought finally to that region of the Middle East, we must never lose sight of the circumstances under which she had lately continued that effort for what to many must have seemed to so many a losing cause. Those in the future who are challenged to walk a similar pathway with such courage and determination as she has shown, must reflect on the example she has set, and wonder whether they, too, might find the strength within themselves to continue the necessary fight for some urgent, but still presently losing cause, a cause which must be ultimately won for the good of all humanity. She is entitled to receive victory at our hands, even after her death, so that others might find in her example, the honor to act with the commitment for which many among us had come to admire her so much.

International Pressure Mounts Against U.S. Death Penalty

by Marianna Wertz

Intense international pressure is focussing on the United States, from its best allies abroad, to change the practice of capital punishment in this nation. With the horrible prospect that either America's chief executioner, George W. Bush, or Al Gore, who agrees with Bush's bloody stance, might be her next President, the leading nations of western Europe have launched a multi-pronged drive, aimed, at minimum, at forcing the United States to comply with international norms with respect to capital punishment, if not stopping capital punishment altogether, as the Europeans have done.

The leading initiative in this drive is a lawsuit which opened on Nov. 13 at the World Court, the top judicial branch of the United Nations, located in The Hague, the Netherlands. Germany is suing the United States, in an unprecedented action, demanding that America pay reparations for its "illegal acts" in the 1999 execution in Arizona of two German nationals, the brothers Karl and Walter LaGrand. The LaGrands were never accorded their right to receive consular representation when they were arrested for a 1982 murder, a right guaranteed by the Vienna Convention on Consular Relations. The German lawsuit is also demanding that the United States "provide Germany a guarantee of the non-repetition of the illegal acts."

The United States, represented at the World Court by State Department legal adviser James Thessin, responded arrogantly, saying that Germany was involved in a "deceptive attempt to undermine America's right to enforce the death penalty," and was trying to "litigate the death penalty under the guise of a violation" of the Vienna Convention. Thessin outrageously claimed that the United States conducts its capital punishment "in accordance with due process of the law and stringent procedural safeguards." No date has yet been set for the court's decision in this case.

Should the lawsuit succeed, it would pave the way for many other nations, including neighboring Canada and Mexico, to pursue similar actions against the United States at the World Court. Mexico, joined by the European Union, recently strongly protested the Nov. 9 execution, in Gov. George W. Bush's Texas, of Mexican-born Miguel Flores, who also was never accorded his consular consultation rights when he was arrested. Flores was the 35th person to be executed in Texas

this year, and Bush's 147th victim in his five-year incumbency as Governor of Texas.

Bush's Texas is also under intense pressure from the French Presidency of the European Union, for the execution on Nov. 16 of Johnny Paul Penry, a mentally retarded inmate with the IQ of a six-year-old, who has spent the last 20 years on death row. The French Consul-General in Houston paid a visit to Austin before the execution, where he met with the Texas Board of Pardons and Paroles, insisting that Penry's sentence be "commuted to any other sentence compatible with international law." The United States is one of only a handful of nations that continues to execute mentally handicapped individuals.

There is also a strong initiative under way in France, to bring about an end to the death penalty in the United States. The Association Against the Death Penalty (www.ecart-type.com) held a prominent event in late October in Paris, to announce an international petition drive for this purpose. The importance of this drive is indicated by the prominence of the speakers at the meeting, including former French Justice Minister Robert Badinter, who abolished the death penalty in France in the early 1980s; Raymond Forni, president of the French National Assembly; and Nicole Fontaine, president of the European Parliament. Lyndon LaRouche's co-thinker organization in France, Solidarity and Progress, distributed a leaflet at the event, with the title "To Fight the Death Penalty in America, It Is Necessary To Change American Society." The leaflet denounced the current drift of U.S. policy toward Confederate politics.

Two other international initiatives are also worth reporting here. Moratorium 2000, the international anti-death-penalty organization headed in the United States by Sister Helen Prejean, has announced that it will join representatives of the Sant'Egidio Community of Italy and Amnesty International, in a private meeting with UN Secretary General Kofi Annan on Dec. 18, to present more than 2.5 million signatures calling for a moratorium on the death penalty in the United States. Thousands are also expected to gather at the UN on Dec. 17 for a day of events in opposition to the death penalty.

In addition, Amnesty International released an Open Letter to President Clinton on Nov. 14, with a memorandum, urging, in the name of human rights, justice, and decency, that he intervene to stop the execution of Juan Raul Garza, scheduled for Dec. 12. Garza's execution would be the first Federal execution since 1963. The Open Letter states that "Juan Raul Garza's life is in your hands. But so too is the international human rights reputation of your country, a reputation that is rapidly eroding as U.S. executions accelerate. Your decision will determine whether the United States diverges yet further from the growing global consensus against the death penalty, or takes a historic step into line with the human rights aspirations of the international community of nations." Amnesty also urges Clinton to commute the sentences of all prisoners on Federal death row.

Nation Is in Domestic Policy Paralysis

The government is entangled in fights on several fronts where public discontent is growing.

Many of the better-informed citizens were wondering, why Chancellor Gerhard Schröder published his rosy-colored “mid-term record” of achievements already in July — three months ahead of schedule. Some, like this author, concluded that he did so because he sensed that by late October, the situation would not allow the government to try to put over such a fraud.

And, indeed, the situation is getting turbulent: During the first half of November, the German market for “New Economy” stocks, the Nemax, lost more than 20% of its total asset value. Billions of marks evaporated, and the government’s plans for a “pension reform” that would introduce private pension fund schemes, crashed along with the Nemax fall.

The plan was to sell the idea, that Germans would be much better off if their future pensions were based on speculative stock market gains, instead of getting paid an average standard sum every month during their retirement. But the reality of the financial markets has forced the government to postpone the pension privatization, until after the next national elections, in 2002.

On Nov. 14, the Schröder cabinet buried large parts of its increasingly unpopular pension privatization scheme, to avoid a defeat in the national parliament. At the weekly session of the Social Democratic Party’s parliamentary group that same day, ten SPD legislators voted against the package. More SPD legislators declared that they have put their objections on hold, until they see the promised improvements. Had the pension plan been presented for a vote, the gov-

ernment would have lost.

The pension issue has caused considerable frictions inside the government, because the ecologist Greens are insisting on a rapid privatization of the state pension system, whereas the Social Democrats feel that they cannot risk their good relations with the labor movement, which opposes the reform. The fact that Frank Bsirske, the chairman of the public sector union, the second-largest union in Germany, opposes not only the plan, but also his own Green Party cabinet ministers, further complicates the situation.

The Greens have come under broad public attack. The health sector disaster created by governmental attempts to introduce U.S.-style health maintenance organizations, has made Minister of Public Health Andrea Fischer, of the Green Party, the most hated member of the cabinet. Every day, thousands of medical doctors close their offices to protest the health “reform.” More than 8,000 doctors in the state of Hesse are treating emergency cases, and opening their offices for a few hours, but only to inform their patients about their complaints against Fischer. Medical personnel of clinics have taken to the streets in the bigger cities, protesting against Fischer. Despite patients’ discomfort, the majority of Germans are backing the medical sector against the government. And, a majority of Social Democrats have urged the Chancellor to dismiss Fischer.

The Greens have tried to protect Fischer, by building counterpressure against SPD cabinet ministers, in particular those for Labor Affairs, Walter Riester, and Transportation, Reinhard

Klimmt. Riester has come under attack over the pension reform plan, and Klimmt because of the disaster at state-owned Deutsche Bundesbahn (DB) rail company (see last week’s *EIR*, p. 15). A Nov. 14 court ruling in Trier, which fined Klimmt DM 27,000 for an embezzlement affair from years back, forced Klimmt to resign on Nov. 16, “solving” Schröder’s dilemma. Earlier, Schröder had begun to consider what his advisers told him, namely, that the only way out would be to fire all three ministers.

But neither Klimmt’s resignation, nor the ouster of the other two, would solve the crisis; rather, it would destabilize the situation even further. Infighting among the two coalition parties would increase, because both sides would blame the other for the reshuffle. Moreover, the new cabinet ministers would face the same public discontent, because the Chancellor is unwilling to drop the “reform” of the pension system and the health sector, or the rail privatization. The fact that DB boss Hartmut Mehdorn remains, whereas Klimmt is out, indicates that nothing will improve in the rail sector.

Schröder is also unwilling to drop plans for the third phase of the highly unpopular ecology tax, which is to take effect on Jan. 1, 2001. The government wants the expected revenue, to pay its debt to the private banks. Schröder and his Finance Minister Hans Eichel are committed to balancing the budget by 2006 at the latest, and debt service has been given top priority. That is why the government gives priority to the “markets’” expectation, that the privatization reforms will make billions of marks available for financial speculation.

The increasing alienation of the government from the population is creating a situation, which will only be resolved if the entire government is replaced.

LaRouche D.C. Webcast: 'Now Comes the Aftermath'

Speaking by teleconference to a Washington, D.C. EIR seminar, and by webcast to a live international audience, former Democratic Presidential candidate Lyndon LaRouche on Nov. 14 addressed the current electoral crisis in the United States, as a unique opportunity for dealing with the stench of corruption from the entire political process of the election. The following is the text of his opening speech, and a selection from the questions and answers.

Debra Hanania Freeman: Good afternoon to all of you. My name is Debra Freeman. I serve as the national spokeswoman for Lyndon LaRouche, who, as you all know, was a candidate for the Democratic nomination for President of the United States, and is one of the most prominent living economists in the world today. I'd like to welcome you to this afternoon's event. As you know, this is a seminar sponsored by *Executive Intelligence Review*, which Mr. LaRouche is the founding editor of. The title of today's event, is "Now Comes the Aftermath." It is designed for an international audience. It is being broadcast live over the Internet, and it will be re-broadcast from Mr. LaRouche's site, www.larouchespeaks.com.

Mr. LaRouche will be addressing you today on the subject of the international crisis, which has exploded to the surface, in the immediate aftermath of last week's election. Mr. LaRouche will be addressing several of the most important issues that are posed by that crisis, and he will discuss them in a manner that I think is important for consideration by leading circles in the United States, and abroad.

After Mr. LaRouche's opening presentation, I will open for questions. What I ask all of you to understand, is that, in addition to taking questions from the live audience, we do have a phone hookup, so that people who are monitoring this

broadcast globally, can also ask questions, and we do have a mechanism, whereby written questions have been submitted. So, I'm sure that we will have time for everybody to ask their questions, but I will apprise people of the order in which those questions will be presented, when Mr. LaRouche is done with his presentation.

I'd like to thank all of you for your presence here, and I'm quite sure that you will find Mr. LaRouche's remarks quite interesting.

Without any further introduction, ladies and gentlemen, I'd like to introduce to you, Mr. Lyndon LaRouche.

Lyndon LaRouche: Thank you very much, Debbie.

What I'm going to say today, will be unusual, but it's being said under unusual circumstances, and anything different would be irrelevant to the reality of the situation in which the United States, in particular, but also the world at large, finds itself, in the aftermath of the Nov. 7 Presidential elections in the United States.

What the question, which is posed by the aftermath of that Nov. 7 event, is: How do you put the stench back inside the shell of a cracked, rotten egg? The problem we have, is not the problem of the election. We have an election crisis, but that is not the problem, in and of itself. As you probably know, I scheduled this event about a week after the election, because I then knew that the world would be in the kind of post-election crisis which it's in now. And I wished to leave about a week to pass, before I said what I had to say on this subject, because I thought it would take a week before the audience was ready, and had experienced enough frustration over these results, to begin to listen seriously to what I had to say.

I shall make seven points about this. And my concluding point will be a statement, written for this occasion, which I



The audience in Washington, D.C. on Nov. 14 listens to Lyndon LaRouche's presentation.

shall read into the record, because what I have to say is a matter of Constitutional law for the United States. And these things should be stated very precisely, as to wording.

A Cracked, Rotten Egg

Now, what happened, was not a bad election. What we had was a bad election which was the result of a corrupt and bankrupt election campaign. Nothing happened on Nov. 7, which was any worse than what had happened during the preceding ten months. This election campaign, was, from the outset, especially from about February of this year, one of the most corrupt campaigns that the United States has ever known, at least national campaigns. We have, typical of the problem—if you were following the press in Europe, including such press as the leading press in Germany, France, and the United Kingdom itself, you would see that the two leading candidates for the Presidential election of the United States, were characterized by this leading press in the kind of terms which have never before been used, except to describe some comic-opera dictator from a banana republic. The world is horrified, not by the results of the election, but by the candidates who presented themselves as Presidential candidates for election.

The campaign, as it was run, has no relevance whatsoever, in what it discussed, to the situation which is faced by the world, and the United States in particular, beginning now, and especially as we go into the early part of the year 2001. The candidates did speak about what they call “issues,” but this was in the nature of slaves lining up at the back door of

the mansion to beg for a few handouts. Nothing was said about the health-care crisis: A handout was promised. Nothing was said about pensions: A couple of handouts were promised to the slaves, which may or may not be delivered, as the case may be. The policy of the Governor of Texas, was nothing but a promise to bankrupt the United States by cutting tax payments, at a time when the tax revenue base is already going to collapse. What the Vice President promised was gobbledygook, which nobody could make sense of.

This campaign was, therefore, corrupt in every sense, both in vote-stealing, in racketeering, in the greatest amount of money ever spent for a campaign, in the conduct of the national news media—nothing was real. It was something like a Nuremberg-Hitler rally, without substance, but much pomp, and much money, and not much in the way of public speakers.

Now, the first issue to consider, in that connection, recognizing that the problem was not the election; the problem is the election campaign. *There was nothing worth voting for.* And the people who were trying to steal the vote were a bunch of crooks—so what else is new? Who should be surprised by the fact that we have this kind of situation? Perhaps no one will ever know, who actually won the election: The stealing and the corruption was that bad! So all this business with the courts, and trying to find out who stole the votes, is a worthless waste of time. We should find out who committed fraud, do something about it, but we should not postpone the selection of a President for that reason.

Now, the way we should handle a crisis like this, where

nobody may ever know *who really won the vote*—because the corruption is that bad: How many judges, and how many courts, and how many trials, will we require, and how many recounts, to figure out anything, in almost any state? All we know, is it was a tie, and, as Letterman said on television: They both lost, so let's leave it that way.

Electoral College: Stick with the Constitution

Now, what do we do? We simply pass the problem over to the legal, constitutional process, which is called the Electoral College. The Electoral College is supposed to convene, by communication from various states, on the 18th of December. This is not yet the 18th of December. There's nothing yet to worry about! It begins on the 18th of December, when the Electoral College will meet. Now, the Electoral College as created by the Constitution has been modified in some respect, but it's still the original intent. We've had election problems before, election crises: In the year 1800, the selection of Thomas Jefferson, was done through the Electoral College process—the intent of Congress. The election of John Quincy Adams, was done similarly. In 1877, we had a similar crisis, in the Hayes-Tilden runoff, which was done under provisions of the Electoral College. So, when you have two candidates, neither of which is elected, you have two processes to go through. First of all, you have the Electoral College, which is constituted as a deliberative body to decide who's going to report as the elected candidate. So, no matter if the vote is bad, the Electoral College, as constituted, can still decide the choice of President and Vice President. If it's hung up in the Electoral College as of Jan. 5 or 6 of this coming year, when the Electoral College reports to the Congress, then if the Electoral College has not made a decision, as to who the next President would be, then, in that case, the Congress has procedures to go through, specified by law, to select *who shall be the next President*.

If, by chance, when Jan. 20 rolls around, and the selection of a new President has not been made by either the Electoral College or the Congress, in that case, we do have a national constitutional emergency. Something will have to be done. And, one would hope, that somewhere between Dec. 18 and Jan. 5 or 6, people will begin to think about that kind of problem: What do we do if neither the Electoral College nor the Congress can select the next President by Jan. 20, when the present President's term runs out?

Don't worry about it too much, but think about it. I'm sure they're thinking about it at the White House and elsewhere. Think about it, but we have time. We have a Constitution. We have a procedure for selecting a President. Don't panic. Don't run to the courts. Don't create confusion. Be calm. We'll find a solution. But begin to realize that you've got two bums, and you don't want either of them to be elected. Most of the voters who voted for either, were just voting to get rid of the greater evil, which they thought was the other. The lesser one, they

were going to vote for, not because they thought they were any good, but they thought the other was worse!

Now, what happens when the public is choosing between the lesser of two evils, what do they get? They elect evil! In this case, evil had a standoff. So, we would hope that the Electoral College would do better by us, than we have—in terms of the contenders for the Presidential designation—by the Electoral College, the Congress, or whatever.

So, that's the situation.

Now, anybody who tries to get rid of the Electoral College process, who tries to short-circuit it, they will create a chaos, a constitutional chaos, which their children will curse them for for two decades or so to come. You might destroy the nation, by trying to overturn the Electoral College. The Electoral College route is the only way to ensure that *we do not create chaos*. So, whether you like it or not, stick with the Electoral College, and fight for the Electoral College to make a rational decision. That is the institution which goes to the next step, in selecting who will be the actual President. If they find no virtue in the Presidential contenders, they may look for the Vices, as the alternative to the lesser evil. Then, if the Electoral College fails, count on the Congress. It's a procedure. It will give us certainly something better than the mess we have now. Stick with it.

Origins of the Current Crisis

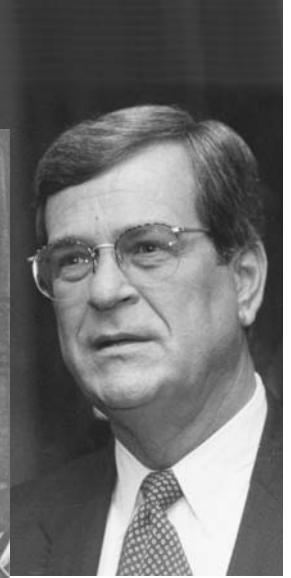
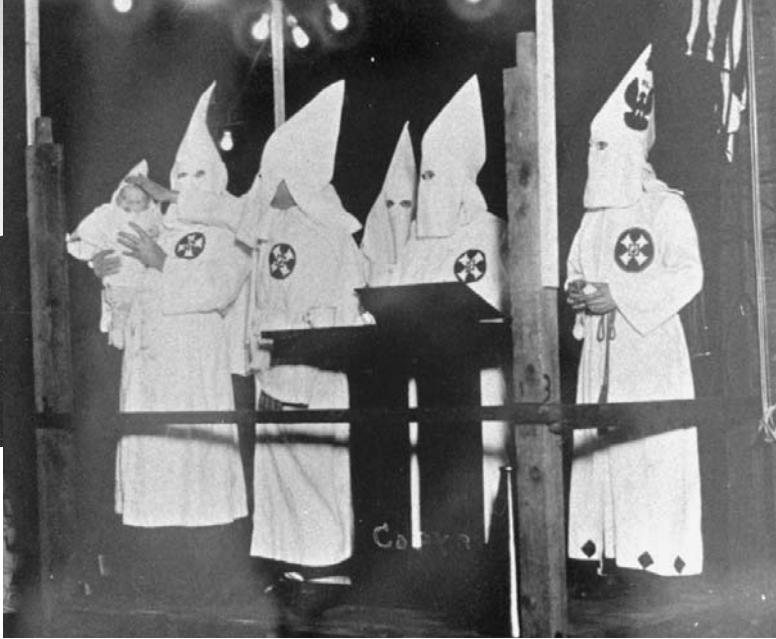
But, how did the present crisis come into being? How is it, that the United States, after spending the greatest amount of money on Presidential candidates ever seen—they even had to invent money for the purpose; there wasn't enough otherwise going around—how is it, with all the news media, and all that money, that all you could pick is two bums, who were described as comic-opera dictator-types, by the French, German, United Kingdom, and other leading press? And they knew what they were talking about. And why was the European press so upset about these two bums, these two bozos, running for President?

Go back a little bit in history. Remember that Kennedy was assassinated, and that Johnson got into trouble because he supported two Civil Rights bills, including his personal backing for pushing through the Voting Rights registration law, in 1965. At that time, the Republicans, led by Richard Nixon, came up with what's called the "Southern Strategy." Now, the Southern Strategy of Nixon, was to meet personally with Ku Klux Klan representatives, and people such as Trent Lott, who he considered an honorable, or dishonorable associate of the Ku Klux Klan. So, the Republican campaign for election in 1968, was based on an appeal to the Confederacy, of the legacy of the Confederacy. An appeal which was based largely on the racist rage at President Johnson for having pushed through the Voting Rights Act of 1965.

In the middle of the 1970s, the Democratic Party, in choosing Jimmy Carter as the candidate for the Democratic



“The Southern Strategy of Nixon (left), was to meet personally with Ku Klux Klan representatives, and people like Trent Lott (right), who he considered an honorable, or dishonorable associate of the Ku Klux Klan.”



nomination and election, extended the Southern Strategy of Nixon, in a Democratic Party form, into the Democratic Party itself. Over the course of the period since the ousting of Jimmy Carter, who became disgusting to so many voters that he created “Reagan Democrats”—other than that, we’ve had a gradual takeover of the political institutions of the United States, the top level of the parties, and much of the political processes, by party machines, which were Tweedle Dum and Tweedle Dee. Both Democratic and Republican branches of the pro-racist Southern Strategy launched by later-President Nixon, in 1966, in his meeting in Mississippi and elsewhere, with Klan representatives, and with people such as Trent Lott, who is now the Republican leader of the Senate.

The takeover of this process, of this party process—Republican and Democratic—amounted to a unification, in both parties, of Dixiecrats and Carpetbaggers. The Carpetbaggers being the Wall Street crowd, the upholders of what is called “shareholder value.”

In other words, if you go back to the Confederate Constitution of 1860-61, you’ll find that the Confederate Constitution is based on the arguments of the enemy of the United States, or the enemy of what the United States was founded to be: John Locke. And John Locke was for slavery, as was the Confederacy, and they were also for something which we call today, shareholder value. What has happened is, people in the upper 20% of the family-income brackets in the United States, are matched up with people who represent the pro-racist, Dix-

iecrat tradition. Now, these people in the upper 20%, generally are people in suburbia, who no longer produce agricultural goods—because the farmers don’t get any money; they can’t be in that upper bracket any more—they’re not entrepreneurs, machine-tool operators, and others; they’re not the producers of physical goods—we ship that to slave labor overseas; we don’t employ people for that any more. These are people who live on things like financial services, selling real estate, things of that sort, which we used to consider fairly useless forms of employment, years ago, but which have the highest-paid positions in the United States today.

So you have people living in suburbia, who are talking about “my money, my investments.” How do they get their money? Well, they borrow most of it. That’s why they’re so much in debt. But they also get a little bit on the basis of their income, and they’re prepared to kill, virtually, in order to secure what they think is their advantage. Over this period of time, since the inauguration of Carter in 1977, the 80% of the lower family-income brackets, which used to represent an overwhelming majority of the national income of the nation as a whole, have now dropped to *much less* than is gained by the upper 20% of family-income brackets. And most of the family-income brackets, the higher levels, are engaged in occupations, which we would have thought of, say, before 35 years ago, as pretty much useless kinds of employment: paper shufflers, who don’t produce anything, but get overpaid.

So, this is the basic problem. This is what horrifies Europe.

The fact that the United States is being run by a bunch of lunatics from suburbia, and from the tradition of the Dixiecrats. People who are lunatic, but who have become very powerful, because of their domination of the parties' electoral process.

And so, the Wall Street financiers and lawyers, who have run the country, who are called the Establishment, ever since McKinley was shot, these people have dominated the country. The makers and shakers. The makers and shakers, through the Southern Strategy, in the Democratic as well as the Republican Party, called into being a monster, which is comparable in many of its sociological features, to the Nazi Party in Germany. This machine, these fanatics from suburbia, these fanatics about shareholder value, these fanatics, who are really racist, or something similar, of similar disposition, they have become a political machine, like the Nazi machine.

The Nazis were brought to power by bankers, and a bankers group. Bankers in London, bankers in New York, such as Harriman, were the ones who funded Hitler's rise to power. But, by 1936, after Hitler had successfully occupied the Rhineland, the Nazi machine had gone out of control, and the bankers who had called it to power, could not get rid of it. And we ended up, beginning 1936, preparing for the war we fought, because of this Nazi phenomenon, whose echo, equivalent in the United States, is this union of the Southern Strategy crowd in both the Republican and the Democratic Parties.

So, therefore, this was the essential corruption: The party system is *morally corrupt*, because it is a creature largely controlled by these madmen, these lunatics, these fanatics, typified by Trent Lott, the Republican leader of the Senate, who have taken over the political machines. They're determined to exert their power at any cost. They're not rational. They're not in the real world. And, as they say, as you see with HMOs, with medical practice, with pensions, with the welfare conditions, with community conditions, these people are prepared to loot the people of the United States, to defend them, and to make them richer. It's a very dangerous crowd.

And that's the essential corruption.

The Worst Financial Crisis

Now, the second point of corruption, under the roots of the present crisis, is the fact that we face the worst financial crisis, worldwide, in three centuries of the history of European civilization. *And it's coming on now.* As of sometime very soon, probably half of the people in the upper 20% of family-income brackets, in the United States, will be, in effect, on the streets, bankrupt, with no prospect of employment. Correspondingly, the people of the lower-income brackets, will become increasingly destitute, as a worse depression, far worse than that of 1929-31, hits in the weeks now oncoming, onrushing. This financial crisis can not be prevented. It can be attacked, it can be cured. But it is coming, it is unstoppable. And all the news talk about "it's a soft landing," is nonsense.

You're going to have the hardest landing European civilization has seen in three centuries; it's coming on fast, right now.

None of these issues were allowed to be discussed in the election campaign, by the Presidential candidates. They were addressed in passing once or twice, and the candidates ducked the issue. So, the real issues which face the American people, *and the world*, were not mentioned by people running for the highest office of the United States, presumably the most powerful nation in the world. That's corruption. Not answering the question that should be on everybody's mind.

The United States, also, is in a terrible situation strategically. Now, some of you may recall that in October of 1988, October 12th, Columbus Day, I gave an address in Berlin, in Germany. The subject of that address, which was later rebroadcast, on a national television program, in October of that year, was my forecast that, in the immediate future, we would see an economic disintegration of what had been called the Soviet system, starting in Eastern Europe. And that we would foresee for the immediate future, the reunification of Germany, with the reestablishment, at some early future time, of Berlin as the capital of the reunited Germany.

At that time, I indicated the policies which should have been followed. Now, those policies were not followed. The only good thing that happened, is, Vernon Walters, who was the Ambassador of the United States to Germany at the time, managed to persuade George Bush not to go along fully, with Mad Margaret Thatcher, the Prime Minister of England. So, things were not as bad as they could have become, because of Vernon Walters' warning to President Bush. But, otherwise, Bush did everything wrong.

Now, what happened as a result, was that the United Kingdom, then represented by Thatcher, and the United States, represented by Bush, set into motion an attempt to set up an Anglo-American world empire. That is, as a result of these developments of 1989 through 1992, every nation in the world which had been a part of NATO, or otherwise an ally of the United States, was degraded into second-class world citizenship. As we saw in the case of Desert Storm, as we saw in the recent Balkan developments, and we see now, that important allies, like Japan, Germany, France, and so forth, were degraded to mere satrapies, mere errand boys, who would do as the Americans told them.

The same thing was done in South and Central America. A horrible genocide was unleashed in Africa, under the backing of the British and other legacies of the Bush Administration. Similar things were done to nations in Asia. Al Gore was part of that problem, at a later point.

So, the United States has been living as an oppressive empire in the eyes of the world, on the backs of not only the nations of Central and South America, and Africa, and Asia, but also on our closest former allies in Europe. There's a deep resentment, and even growing hatred, against Washington, around the world, because of this policy.

We face the point, that in the very near future, the Ameri-



“The United Kingdom, then represented by Thatcher, and the United States, represented by Bush, set into motion an attempt to set up an Anglo-American world empire. That is, as a result of these developments of 1989 through 1992, every nation in the world which had been a part of NATO, or otherwise an ally of the United States, was degraded into second-class world citizenship.”

can dollar will probably collapse by as much as 40%, in a fairly rapid order, as this crisis takes over. We now have a current account deficit, running probably at about \$600 billion a year. We’re keeping the U.S. markets afloat, by stealing over \$3 trillion a year, sucked into the United States to support Wall Street. When the U.S. dollar collapses, the effect of the current account deficit, and the effects of the withdrawal of those financial supports from abroad, will collapse the U.S. The U.S. will then be in a situation, where we desperately need partners and friends abroad, to work with us to put the United States, as well as other nations, back together in this same way.

We are in a situation which is described by the great English poet, Shelley, in his poem *Ozymandias*. The United States, the world’s greatest superpower, at the apparent peak of its power, is about to collapse into the desert sand, its parts strewn upon the desert, and a sign, “Behold all you, my wonder, the wonder of my power.” That’s where we’re at.

To fail to recognize this is the situation, is a form of corruption.

At the same time, in the United States generally, the lower 80% of family-income brackets have been suffering increasingly over the past nearly quarter-century, as you see in the clear figures. The conditions of life, of senior citizens, of the so-called minority groups, and others, the conditions of labor, the conditions of farmers, the conditions of lower-income communities, everything is getting worse, and rapidly. Life itself is becoming precarious, and *nobody behind the Presi-*

dential candidacies, cared. No one addressed that problem, and proposed measures to solve it. They proposed to give a few handouts, maybe, to the slaves at the back door of the white-painted mansion, *nothing else.* That is corruption.

Now, we have some lessons we can learn from the past, which are relevant to the future. I shall deal with two types. First of all, certain lessons from past experience.

Three Lessons from History: Revive the FDR Precedent

The United States was ruined, as a result of the election of Teddy Roosevelt. Teddy Roosevelt and Wilson were Southern-born boys, with Southern pro-racist legacies. As a matter of fact, Wilson himself was a supporter of the Ku Klux Klan. And while he was President in the White House, he launched the second revival of the Ku Klux Klan, which was bigger than the first one. The Ku Klux Klan of the 1920s and the early 1930s, was the Woodrow Wilson Klan, which he launched officially and publicly from the White House. So, they weren’t too good.

Coolidge was no better. Andrew Mellon, who was the thing that is being imitated by poor Alan Greenspan, was evil and powerful.

Under these Presidents and their policies, over the period 1901 until 1931, the United States was ruined, step by step, ending up in the Great Depression of 1921-1931. Along came a candidate, Franklin Roosevelt, a cousin of, but absolutely different from his cousin Teddy, who turned the thing around.



President Franklin D. Roosevelt and Prime Minister Winston Churchill at Yalta, Feb. 4, 1945. Roosevelt vowed to eliminate all colonies after the war; but after the President's death, President Truman, under pressure from Churchill, reversed Roosevelt's policy.

Roosevelt addressed the common man. Roosevelt addressed the needs of the "Forgotten Man." Roosevelt revived the policies on which the United States was founded, which you can read in the first three paragraphs of the Declaration of Independence, and in the Preamble of the Constitution: the concept of the general welfare. That is, the only legitimate basis for government is the efficient commitment of government, to promote the general welfare of each and all of the people and their posterity. That's what Roosevelt insisted upon. That the United States government must use its legitimate authority, as the promoter and protector of the general welfare, as well as of the national defense, in order to attack the problems represented by the Depression, and to reverse the rot, which had been created by Teddy Roosevelt, Woodrow Wilson, Calvin Coolidge, and Andrew Mellon.

We face a similar problem today. We came out of World War II. Roosevelt died, unfortunately. So, the things that he planned to do, were not fully done. But some good things were done, especially in the relations between the United States and Europe, from about 1945 through 1965. As a result of that cooperation with Europe and the United States, the United States prospered from its relations with Europe, and Europe prospered from the cooperation of the United States. We did well. Our conditions of life in the United States improved. The general welfare improved, The standard of living improved, despite all the bad things that did happen. But in net effect, we progressed.

Then, in 1966, we began to go downhill. Not fast at first,

but we went downhill. We've been going downhill ever since, under the influence of the Southern Strategy, which has taken over the control of both the Republican and Democratic parties at the top.

So, today, we've come to the same kind of situation, in which the United States, which had been successful, was ruined, by the adoption of bad policies, under bad leaders. Just as we had Teddy Roosevelt, Woodrow Wilson, and Coolidge earlier, we've had Nixon, Carter, George Bush, since. These Presidents have ruined us now, as the Presidencies earlier before Roosevelt ruined us then. So the obvious answer, is to learn from the lessons of history, and recognize that it was a great mistake ever to depart from those principles which Franklin Roosevelt used to lift the United States out of a Great Depression, to defend it in war, and to lift it to the prosperity we came to enjoy, increasingly, over the 20 years immediately following the war.

What is needed is a return to those policies, and to *overt*urn, repudiate, scrap, junk, eliminate, those policies of Dixiecrats and Carpetbaggers, the policies of slaveholder and shareholder values.

In the postwar period, we had problems in reconstruction. Roosevelt was for eliminating all colonies, specifically the Portuguese, Dutch, English, and French colonies, and to establish these areas which had been colonized, as independent nations, with cooperation from the United States of the type we gave to Europe in the postwar period. For the development of these newly independent nations, into truly prospering re-

publics. We didn't do that, because Churchill opposed it. When Roosevelt died, Truman, under Churchill's pressure, immediately used various military force, to restore colonial power on nations which had freed themselves temporarily, from colonialism during the war.

We have that policy today. We treat South America, Africa, and parts of Asia as colonies. They are being neo-colonized in a way typified by the genocide which the United States and British are conducting with U.S. military and other means *in Africa, and the genocide in Africa is one of the most horrible spectacles in this planet today.*

The problem we faced during the war, was a result of the same kind of situation. Montagu Norman, who was for a period of time the head of the Bank of England, who was a controller of the Averell Harriman interests in the United States, was the man behind Hitler. It was Montagu Norman who brought Hitler to power in Germany, with the support of Averell Harriman, of the Harriman clan. That's the clan of George Bush and some other people. That was done. . . . The way in which it was done, is important to recall today.

At the end of 1932, people in Germany had already adopted a policy for dealing with the Great Depression. This policy was formulated by an organization called the Friedrich List Society, or, in German, Friedrich-List-Gesellschaft. This group had made a policy called the Lautenbach Plan, for doing the same thing, in effect, that Roosevelt did for the recovery in the United States. That is, to use the public credit, to create mass employment, to create an economic revival, in infrastructure and other means.

Hitler was on the downslide at the end of 1932, because of various reasons. But, in this period, the Germans brought to power a man, Kurt von Schleicher, who was for a time the Chancellor of Germany. And if he had remained in power, until Roosevelt, who had just been elected in the United States, became President in March of 1933, there would have been no World War II. Because if von Schleicher had remained in power, Germany would have been a partner of the United States, in a worldwide recovery. The Nazi Party would have vanished, and no war. No great penalty.

But that didn't happen. Montagu Norman, with the backing of Averell Harriman and his friends in New York, including the father of George Bush, the later President, the grandfather of Gov. George Bush. Now I don't know if Gov. George Bush knows what a grandfather is—but, in any case, nonetheless, he is the grandson of the person who worked with Averell Harriman, to bring Adolf Hitler to power in Germany under the leadership of Montagu Norman.

So, you don't have much confidence, naturally, in a Bush candidacy, a Bush Presidency, do you?

But in any case, the lesson to be learned is, that you must act always, when you see something coming, like the Nazis in Germany, or like the takeover of the United States in the form expressed by this election scandal, this election crisis,

by the Bush-Gore duo, Tweedle-dum and Tweedle-dee (and George Bush obviously is Tweedle-dum); when you see that, you say, "Stop it now, before it's too late. Learn the lesson of Hitler." If we had stopped Hitler when we could have, by supporting von Schleicher, and preventing the Harriman clan from pushing Hitler into power in Germany in January of 1933, we would have never had World War II, and the horrors of the Nazi show. *Stop it now before it's too late.* And stop it with the kind of policies which—FDR may not have been perfect, but he typifies still today, the state of mind, the attitude, that a President must have, to lead this nation out of this kind of crisis. And we can do it again.

A Strategic Model: How Russia Defeated Napoleon

Let me give you one example from history. A page from history, from strategic history, which typifies what is required of us today.

In the beginning of the 19th Century, a Napoleon Bonaparte, who was in a sense—he was the first modern fascist, Napoleon Bonaparte. Of course, he had better military qualifications than Benito Mussolini, but otherwise he was very much of the same mind, of the same policy. Napoleon became very quickly, as Emperor, a tyrant, subjecting all Europe to an empire modelled upon that of the Caesars, even introducing old Roman law as the Code Napoléon to France. This tyranny of Napoleon, looting France of its own bodies, looting the neighboring countries, became a tyrant as bad as Hitler was in our time.

And the time came, in 1812, when Napoleon decided to teach Russia a lesson, and to break its will, as he had most of the other nations of Europe.

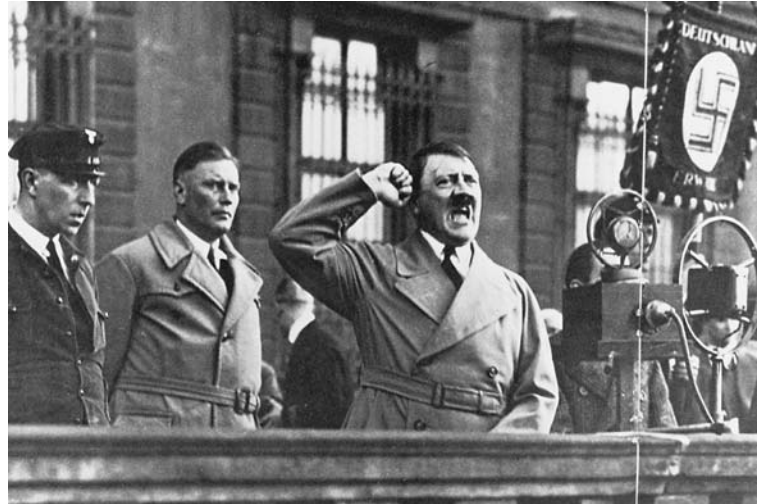
At that point, some Germans, including those very close to Friedrich Schiller, volunteered, with the blessing of Gerhard Scharnhorst, the leader of the German military, to volunteer for Russian military service, to assist the Tsar, and Russia, in defeating Napoleon.

Now, for that purpose, the German advisers, including a fellow called von Wolzogen, who was an in-law of Friedrich Schiller, devised a policy, which was later revived after the beginning of World War II, by the Soviets in defending the Soviet Union against the Nazi invasion, the same policy. And that was to take a daring strategic effort to draw—don't fight Napoleon at the borders of Russia; draw him, step by step, back into the depths of Russia. Lure him to Moscow. Let him go into Moscow, a city which had already been mined, to destroy the city and burn it down around Napoleon's ears. Do this in the wintertime. Catch Napoleon without resources. Force him to retreat. And then take the Russian army, which you had refused to spend on taking him on earlier, follow his rear and crush him!

This tactic succeeded. And it led to a great battle at Leipzig, called the Battle of the Nations, at which the power



Adolf Hitler was put into power with the support of Averell Harriman, Prescott Bush (shown left, in 1952), and the Bank of England's Montagu Norman. We face an awesomely similar threat today, from the same oligarchical circles.



of Napoleon was broken almost permanently. And the follow-on battles eliminated Napoleon's power in Europe forever. That was the first war against fascism. It was fought against Napoleon, and successfully.

But what I want to point out to you about this strategy, is that to conduct that kind of strategy — and the Tsar of Russia was very frightened by what was proposed to him, by von Wolzogen and others — it took nerve, to have the courage to retreat. It took nerve, to give up territory to Napoleon's army. It took nerve, to mine the city of Moscow and burn it down around Napoleon's ears. It took nerve not to fight a battle too soon, or not to fight a decisive battle too soon. It required a clear head, clear ideas, correct ideas, and *a steady nerve*.

'Partners of America': A 25-Year Perspective

Now we're coming into the worst financial crisis in all modern European experience. It's coming on fast now. There are clear solutions. It is not a desperate or impossible situation, itself. The only impossible thing about this situation is the fact that we have the two worst dummies in the world contending for the position of President of the United States. And the desperate thing is, we must somehow get the United States into cooperation, not only with the nations of western Europe, but also Russia, with China, Japan, Korea, other nations of the ASEAN Plus Three group, and nations who are south of our borders, to end the adverse relationships among us, to bring us together for a common cause. To take the old rotten, stinking IMF, and the bankrupt banking systems, and to pull together by agreement, to put these things in order, to create

a new international monetary order, of cooperation among all these partner-nations, and to set forth, to stabilize the situation, and to launch the kind of growth which Franklin Roosevelt had *intended* to be U.S. policy, had he not died prematurely at the end of the war. We must have this kind of partnership.

What is needed is a policy which I might call Partners of America, in which this nation corrects its great error, the error typified by the very existence of the Southern Strategy's control over our two political parties. Let us take the fact of the crisis, the fact of the crash, the fact of the financial disaster, to recognize that this disaster proves, that we have been swindled by party leaderships, by organizations, and by a press which has lied to us, and that this financial crash *proves that everything they've been saying is wrong*: that shareholder value is wrong. That slaveholder value is wrong. That Dixiecrats and Carpetbaggers are wrong, old-style or new-style. To reassert, as Roosevelt reasserted the American principle, in the conditions of depression then, in the financial crisis now, respond to the crisis by mobilizing, to pull this nation together, to give it a President and a Congress which functions. Maybe we could intimidate some of these Congressmen into becoming good — sometimes it's the best way to educate them.

And to enter into *partnership*, rather than adversity, with our friends in Europe, and Japan, Africa, Asia, South America, Central America. To cooperate, to build up trade, to stop this stealing. And to establish as a principle, like a beacon that everybody in the world can know, that we nations agree, as the foundation of our new global partnership, we

agree that the only efficient authority, the only moral authority, of government, of sovereign government, is its efficient commitment to promote the general welfare of *all* of its people, and their posterity. And to engage with one another, as nations, in promoting the common welfare of us all.

On that basis, if we take a long view, of the great financial mess around us, we're going to have to put things into bankruptcy reorganization. We're going to have to wipe out this and that; we're going to have to manage to make sure people don't go hungry. We're going to have to keep firms going, communities functioning, all of those kinds of things you do in a crisis like this. And it's going to take us 25 years, of long-term, steady investment in infrastructure, in new industries, in improved technologies, and in trade, to build up the kind of world which we want to build. A world we bequeath to those children who will come to adulthood 25 years from now. And we as grandparents, or great-grandparents, can take satisfaction, that what we're doing today, is for that purpose. And we can look forward into the future, and see the happy faces of those who will bless us for what we've done.

We will live, we will survive. It'll be tough times, but we'll make it. And take that attitude.

The Constitutional Questions

Now, what I want to read to you just briefly is this prepared statement, on the constitutional question. And I've written it in this form, to be precise, so that this can be properly placed before relevant institutions, particularly in the United States. It's as follows:

Two constitutional questions are posed to us at this juncture. Considering the present circumstances, in which this election-crisis has erupted, does the U.S. have both the right, and the obligation, to pause now for calm, sane, and sober reflection, during these weeks the Electoral College is being prepared: to consider the implications of that present danger both to the very existence of our constitutional republic and the welfare of the world at large? Have we the national will, as well as the constitutional right, to consider thus the causes of that vast corruption which permeated the process leading into the Presidential election-crisis of Nov. 7th?

My reading of the intent of the framers of the U.S. Constitution, my reading of the circumstances of the choice of Thomas Jefferson over Aaron Burr, the selection of President John Quincy Adams, and the Tilden-Hayes crisis, indicates that we have not only precisely that right, and also that solemn obligation, to the founders of our republic, to our Constitution, and to our posterity, and to the world within which we have exerted great power, to use the means which our Constitution has prepared for like contingencies, to ensure the continued existence of our republic according to that solemn, constitutional intent to promote the general welfare, that commitment to the common good, upon which the very existence of our republic was premised.

Thank you.

Questions & Answers

LaRouche's seminar was attended by some 115 people, including diplomatic representatives, trade unionists, religious leaders, and the media. Questions were asked by many of those present, as well as by people calling in from cities around the world. The following is a selection of the discussion.

The American Electoral Crisis

Adviser to the Ukrainian Parliament: Mr. LaRouche, in a recently broadcast television show called *Tishden*, "The Week," one of the best-known Ukrainian political observers said that the American democracy, which has been proven valid repeatedly in history, and which is an eternal example for the rest of the world, now finds itself in a dead-end street, because of the ongoing electoral crisis. Do you agree with this? Could you please comment?

LaRouche: Yes, I'll just refer to what I said briefly before, as the best way of getting at it.

Leading people in Europe, who frequently travel to high-level places in Washington or New York, know this very well, and it frightens them because they know it. They know, that the fascist mob, based on the Southern Strategy, this alliance I referred to of Dixiecrats and Carpetbaggers, has taken over the United States, and is extremely dangerous. They also know that the people who called this monster into being, just like Montagu Norman called Hitler into being in Germany, that those people are no longer in control of this mob which they created. It's like the famous story of the Rabbi of Prague, whose wife, when the Rabbi went on a trip, his wife tried to do magic tricks, and created a Golem. And this Golem was going to help her do the housework, and he destroyed the house. And the Rabbi came back and turned the whole thing off.

And what we have in Wall Street, is a bunch of dumb people, who, like the wife of the Rabbi of Prague, created a Golem. This Golem is called the Southern Strategy, the alliance of suburbanites and fascists and whatnot, and racists, and this crowd is out of control. And because Wall Street has not got a competent hand on the world economy, and because this mob has taken over, our system of government is corrupted, top to bottom, by the presence of this monster. And Europeans are *terrified*, of the idea that the United States, as a superpower, should be taken over by this Golem, this bunch of hooligans, typified by a guy who is, at very best, a Ku Klux Klan freak, fellow-traveller, Trent Lott, the Republican head of the Senate. Who is a part of this package of Ku Klux Klanners, who met with Nixon back in 1966, and so forth, in Mississippi, who followed the Southern Strategy. When you realize that you're talking about right-wingers, and you've got genuine fascists of this type, in the United States, in both the Republican and Democratic party, and that the Bush



LaRouche Presidential campaign workers at the Texas Democratic Party State Convention, June 9, 2000, organizing to reverse Al Gore's theft of LaRouche's votes in the Arkansas primary.

candidacy, and the Gore candidacy, are both based on the control of the party system by these types, then you realize what the problem of democracy is in the United States.

And thus, I would ask our friends abroad, to have some compassionate insight to the mess we have to clean up here. And that when they find that the United States does bad things, maybe they should take that into account, and not hold us all to account for it, because we're suffering from it, too. Maybe we should just get together, and combine forces, to get rid of that monster.

Voting Rights Violations *Before* Election Day

Debra Freeman: We also have a question, Lyn, from the staff of the United States Congressional Black Caucus. They actually have two questions. One is directly on the election, the other is on the question of the global financial system.

On the election, the question is: "There are allegations of serious violations of the Voting Rights Act committed prior to last Tuesday's election. Is there any way that this can be addressed now? It does not seem that the Electoral College procedure provides for this. Is it conceivable that the President form a high-level bipartisan commission, to investigate the very question of the legitimacy of what occurred *prior to* last Tuesday?"

LaRouche: It may be necessary to do, in the form of just that. Let me take this first, and then get the second question.

It may be necessary to do just that. Remember, that was done in the Tilden-Hayes case, back in the 1870s, in which the President supported the formation of a commission to investigate the questions of vote fraud and vote irregularities

in that national Presidential election. Something of that sort is needed.

Now, we should not think of the Electoral College as a rubber stamp for the candidates; it is not. In half the states, it is supposedly semi-controlled by the candidates, in commitment, but in the other half of the states, it is *not*. So, if the Electoral College is aware, or made aware, of the fact that the hoax is not a question of cheating by somebody in some election—the cheating on both sides is enormous.

For example, in the case of my campaign in the state of Arkansas, for the Presidential nomination, 23% of the vote was *openly* stolen from me, *openly!* After counted and cast, by Al Gore. And similar things happened elsewhere. When you see that kind of operation in the primary process, and in the general election, you don't say you're going to take a case to court and prove the election went one way or the other. If you wanted to conduct an inquiry into this election, I don't think it would take less than *years* to get to the bottom of the level of the corruption run by the two contending corrupt people, and their machines. The corruption in this election was beyond belief. I don't think there's one or two, or five or ten, little cases of investigation of this county or that county, that's going to get to the bottom of the mess.

However, if the Electoral College is persuaded that it is the victim of a hoax, not on the basis of who chose the members of the Electoral College, but if it is convinced, in its *conscience*, that the American people and the Electoral College system are the victim of an electoral *hoax*, involving the partisans of both candidates, and the hoax is so dirty and so messy nobody can clean it up in fair time, by January 20th, then it is the duty

of the Electoral College to make its own independent decision about who the next President should be! That would mean, in my view, that the Electoral College can select a candidate as President, who is *neither* Al Gore or George Bush. And if that is not the case in the Electoral College, it is true in the Congress. If the mess goes into the Congress without a clear Electoral College decision, then the mess goes into the Congress, and the Congress has much broader explicit ability to select a President.

So, we have not yet determined, by vote or anything else, who the next President will be. Counting the votes will not tell you who the next President is going to be! You have to take into account the corruption, the mass of the corruption.

What if you know the whole election is so corrupt, you can't *do* anything with it in time to select a President? Then you have to do something else. Because you must preserve the Constitution and representative government. If you *don't* do that —. Imagine if you elect either of these bums. What happens? Nobody in the world will have any respect for a United States who's elected as a President, somebody who qualifies, in the opinion of the leading European press, of being a petty comic-opera dictator of a banana republic! And that's the way that a Bush or Gore Administration will be viewed by the world as a whole.

Do you want the United States prisoner to that kind of a reputation for a sitting President? For four years, until you can impeach him? So, therefore, is it now the responsibility, as our Constitution provides, that we set reflective stages of the process, which is a process of review, by responsible agencies, of any error that was made in the proceeding step. Who must, with due process, and due haste, as well, proceed to find a solution. I say — insist — back up, organize. The decision must not be made in the courts by all these squabbles about this vote, or that vote. You'll never get to the bottom of it that quickly. Instead, insist that the Electoral College do a good job. And if it can't handle the job, pass it to the Congress, as the law prescribes. And work on the Congress, and the Electoral College, to insure that they take into account everything they should.

Now, obviously, all the evidence, like the fraud against me, the open vote-stealing by Al Gore — openly, shamelessly — and all these other things show, that the moral turpitude which pervades both candidacies —, you want to impeach a President on charges of moral turpitude? Why not get rid of him before you put him in there, if you've got the evidence? And that's the first question. I think that's the way to go.

Toward a New, Just Financial System

Freeman: Their second question, Lyn: "Mr. LaRouche, you've repeatedly called on President Clinton to take steps to initiate the formation of a new, more just financial system. My question to you is in two parts: If President Clinton should fail to take such action, during the remainder of his term, can

Congress initiate such a process? And on the other side, in the event that President Clinton does move in the direction, could a Republican Congress block him, or is it in his power to do it without them?"

LaRouche: What I'm doing today, and why this is an international press conference, in effect, is because, at this point, largely because of the onrushing financial crisis, and because the world is horrified by the spectacle of what happened in the election on Nov. 7, and before, that none of the above candidates have any credibility as President of the United States. To put them in charge of the United States, is to drag the United States down into the pit, simply by doing so. You have Presidents who command no respect in the nation. Remember, people voted for them — not *for* them; they voted *against* the other guy. They voted for the lesser evil, and they got evil. They can now reconsider that.

The reason I'm doing this, is, in this process, I've acquired a considerable amount of intellectual influence and credit, in high-level circles, as well as others, throughout the world. Many people will tend to agree with many of the things I say, but none of them so far, have put forward what I've outlined to you today: the indications of general solution, which is feasible, and practical, and based upon precedent, by which we ought to address this general problem of international crisis, and related things.

It is my hope that by my doing this — and I see nobody else who is presently situated to do what I'm doing right now — that my doing this will cause people to begin to move. I think that most of the serious politicians in the Congress and elsewhere in the United States, will not really privately disagree with much of what I've had to say. They know it's true. Everybody in top circles in the United States, knows what I've said about the Southern Strategy, is absolutely true, that is, in both parties. That the Presidents and Wall Street and everything else, are now political prisoners of the Southern Strategy, a fascist, Nazi-like movement. And they would like to get rid of it.

So, I'm doing what I can to inspire that action, and I'm taking the spear on this. You know, what I've said tonight, has put my life in the cross-hairs. But I'm 78 years old; I'm probably ten years younger in terms of biological condition and so forth, but it's kind of risky. But, since that's the kind of business I'm in, I take those kinds of risks; that goes with the job, as they say.

So, I think that what we have to do is realize, that you can not get a real satisfactory solution to this crisis, unless you engage the United States with Europe, and if you can do that, to engage the United States in cooperation with groups like the ASEAN-Plus-3, Russia, and people in Africa, people in Central and South America: In that case, we can do the job.

To do the job without enlisting the office of the President of the United States, is extremely difficult. As far as Bill Clinton is concerned, between now and January 20th, if you could get a movement among some Congressmen, which



German Chancellor Gerhard Schröder (left) and Russian President Vladimir Putin. President Clinton should back their 20-year oil-for-technology agreements, as a step toward returning the world economic system to sanity.

were capable of pushing such an initiative, I think Bill Clinton would join it. And you wouldn't have a problem.

Bill Clinton, you remember, in September of 1998, made a speech in New York City, in which he indicated his readiness to consider reforms of the international financial system. I think that *personally*, he's not averse to such things, if he thinks he's got the backing. He's a very political guy, as some of you may have observed. And with the signs of adequate backing, and if he didn't think they were going to shoot him on the following morning, I think he might do it.

And therefore, I would say, don't ignore the Congress. But don't count on the Congress as an institution to do the job. You can count on people in the Congress to set a fire under the President, a supporting fire, as they say, under the President—like supporting fire under a mule you want to get off his butt. That might work. And that's very good idea. And I think the possibilities are considerable, especially as this crisis gets worse. It's not going to get any better. People who are still clamoring, "Well, my man should get elected, I don't want Bush elected, I don't want Gore elected"; that kind of thing is going to die out. And people are going to get the idea, fighting for either candidate's cause, is not a worthy, profitable cause. We've got to take other courses of action. And I think putting pressure on institutions, in the Congress and elsewhere, to set a fire under the President, under President Clinton, to do what he can do in this direction—and if we could get echoes of this from people in Asia, South and Central America, but particularly Asia, Russia, and western Europe, I think we could pull it off.

Now, the President is going to be meeting at about this time, with the President of Russia. There's an agreement that

has been reached, initiated through Germany and Russia, between the Chancellor of Germany, Gerhard Schröder, and Putin, Vladimir Putin, the President of Russia. This agreement provides for a 20-year cooperation of oil-for-technology exchanges between Russia and western Europe. This agreement has been extended under the auspices of the President of the European Commission, Prodi, to include other European nations. This can follow very quickly the type of agreement that was made by some signators in the 1920s, called the Rapallo Pact, in which certain Europeans had entered into an agreement with the minister of Russia, Chicherin, to this kind of cooperation: technology for Russian exports.

This is a very sound project from the standpoint of Russia's interests at this time, and from the standpoint of western Europe in particular. It is important to the United States that such agreement is being reached, because the United States' trade relations with Europe are crucial for the United States itself. A healthy Europe is essential to the United States.

Under those conditions, Japan, Korea, China, the ASEAN-Plus-3 group, in general, would be in a position to cooperate. So we might, by this route, and by pressure and thinking in those directions, we might bring into being, quite feasibly, the circumstances by which we can pull this off. And I think we should watch very closely what the discussion between the two Presidents, Putin and Clinton, is, in this immediate time frame. A good discussion between them, on this kind of issue—economic cooperation—could be a very important added factor, in light of the existing discussions among Russia, China, Japan, Korea, and so forth in that area, and India, and so forth.

So, I think the possibilities are great. The idea of a 25-year global long-term credit agreement, among a group of nations, of swaps for technology, and raw materials and so forth, around the world, this kind of agreement is a very viable agreement; it's the one thing that can work to get the world out of the present financial crisis.

The U.S. Role in Africa

African diplomat: Good afternoon. Dr. LaRouche, thank you very much, indeed, for the lecture. It's quite obvious that the American election has somewhat altered the scenario, not only immediately, but in the near future. I'm very much interested to know, how you see the world political and economic system, and the role that the United States can play, in the next two years, following these elections, with particular reference to Africa, in terms of debt and AIDS, and democratization, and also with particular reference to the Middle East. Thank you.

LaRouche: I think—as you're experienced, you know

something about these things—that sometimes you take a principle, and you try to find the practical road of least resistance to get the thing in operation. Now, in this case, in the case of Africa in particular, from my own experience in doing studies, and plans, and proposals for development of Africa, and looking back to it, I see that what President Franklin Roosevelt threatened Churchill with, on African development, in his meeting with Churchill at Casablanca, is a place at which to start. Why? First of all, this is the policy of a President of the United States, who is one of its authentic heroes, President Franklin Roosevelt. Secondly, the time has come when the anti-Roosevelt slanders—Roosevelt-haters are about to get a big slap in the face from reality, and therefore, a U.S. population, particularly the lower 80%, who are suffering as much as they are, will encourage a return to the policies of Franklin Roosevelt, saying, “He got us out of the Depression. These guys put us back in one. We’re going back to his policies.” And therefore, in that light, the American people, in that condition, will tend to have confidence in the kind of policies for which we can cite a precedent from the policies of the United States, the Roosevelt Presidency.

And therefore, what I would do, is, I would simply say, what the United States should think of, in cooperation with its partners, in various parts of the world—Africa’s major problem, as we discussed this, the major problem is the lack of basic economic infrastructure. That is, we need, for example, as I said many years ago: From Dakar to Djibouti and Port Sudan, we need a corridor, an East-West corridor of modern transportation, water management; that such a route would be crucial along the Sahel region area, for bringing back that whole section of Africa, into the conditions for very significant rates of the development of agriculture and other things. We need similar things from North-South, and so forth. I think that these questions of power, of large-scale power systems, large-scale transportation systems, large-scale water-management systems, and so forth, that these things—

And remember also, that we had another problem, which relates to this right now; it’s an added problem, the problem of epidemic disease: As a result of the conditions, which the past years’ U.S. and other policy, IMF policy, has imposed on Africa, we have turned Africa into the breeding place, for the spread of new types, as well as old types, of pandemics and epidemics. The entire planet, as the recent CIA and National Security Council reports indicate, the United States itself is now threatened by a major strategic threat from the spread of pandemic and epidemic disease. The greatest concentration of this disease, is, naturally, in the poorest area, especially in the tropical disease belt of Africa, in the wake of wars and devastation of other kinds, and poverty. And therefore, we have to realize, that not only are we going in to help Africa, by helping with support with grants and other ways, to support Africa, so that Africa is able to undertake these large-scale infrastructure projects, which it desperately needs, as a precondition for any successful economic development, as Roo-

sevelt indicated in the Casablanca address. But we must also recognize, that the frontier, the world frontier for fighting against the spread of a deadly—strategically deadly—spread of epidemic and pandemic disease, *is in Africa*.

If we understand our own best self-interest, *right here in the United States and Europe, we are going to get on those fighting lines, mobilize the forces to fight the disease where it comes from*. That’s, I think, the way to approach it.

How To Revive the Mideast Peace Process

Freeman: Lyn, the next question is from *Esam Elborei Albayan* newspaper, in the United Arab Emirates.

Q: Hello, Mr. LaRouche. The current crisis, obviously, will be reflected on the credibility of the next President, whoever he is. There’s an idea circulating that Bill Clinton probably will continue his intermediation in the Middle East, even under a new administration. A new President will be susceptible to blackmail from pressure groups in the United States, because he will start with a situation, that is, that reflects a lack of credibility. How do you think the situation in the Middle East will evolve under such a vacuum of the influence of the United States?

LaRouche: Well, let’s say that President Clinton made a great mistake in handling the Camp David discussions with Ehud Barak and Chairman Arafat: that he did the one thing, he make the one mistake, which spoiled everything else. There had been progress in the discussions, along the lines of the Oslo Accord. There was a sentiment among many of us, that the murder of Rabin should not be rewarded, by giving in to the policies for which Rabin’s murderers had fought. We could not let Rabin’s murderers dictate the policy of the world, and the United States in particular.

Now, it’s true that Prime Minister Barak had gotten himself into a difficult situation, in which he himself was under death threat from the same people that had killed Rabin, many of whom are based in the United States, and are found among those associated with the influence of Edgar Bronfman, the man who backed [East German dictator Erich] Honecker in the last years of Honecker’s career—a failed effort.

But, the point is, despite the fact that Barak may have excuses, in the fact that he was acting as he did under *death threat* from the forces associated with Sharon, but also from the forces associated with the hard core of the Dixiecrats in the United States. The basic problem with the so-called Temple Mount phenomenon, the attempt to take back the holy places in Jerusalem, and give them over to these fanatics: This does not come from Jews! There may be Jewish factions—nominally Jewish factions—who tend to be rallied into this, but the threat comes from certain American fundamentalist Protestants, who are organized around this idea of an Armageddon. They want to have the Battle of Armageddon now, so they don’t have to pay their rent next month, or something. These kinds of fanatics, these dangerous fanatics are typical of the racist element in the United States, the Southern Strategy

types, the Dixiecrat types. We know them: the Falwells, the Robertsons, these loose-goose fanatics all over the place, are dangerous.

Thus, the problem here, is, the United States can not act as an “honest broker” in the Middle East. The United States, and the President of the United States, must never become an honest broker. The President must be President of the United States, and represent the fundamental interests of the United States in any negotiation in which he deals.

Now it happens that the fundamental interest of the United States, in the Middle East, is peace. And the fundamental interest of the United States in peace in the Middle East, is development. Because, look, for example, in the Palestine area now: You have less water available in the aquifers than there are people existing. How the devil can you divide the land? It’s the water that’s the problem. There’s not enough water! People are moving in from Brooklyn, and elsewhere, into new settlements. The Palestinians wish to return to their homeland. Where’s the water? *Where’s the water?* The Middle East has lots of land. But look at it. Fly in a plane over it, as you know it well. Desert, desert, desert! Where’s the water?

We have the ability to make the water. We have the technologies to produce masses of water, to turn the desert into—to make it bloom. If we create that kind of optimism, then we can have peace, or a basis for peace.

The interest of the United States, is to say: We’ve had—from the time of the Grand Mufti, who was a British agent, with Nazi clothes—we’ve had a state of warfare which did not previously exist among Jews and Arabs in the Middle

East. It didn’t exist. This state of warfare, has gone on, for how many years? It’s gone on since World War II, as an active state of warfare. It has never really stopped. We’ve had interruptions, but it’s gotten worse now than it ever was before, because of these fanatics, who are loose, the fanatics who killed Rabin, and who have threatened to kill Barak, if he didn’t do what Sharon wanted.

What we need is peace. We need peace, as we needed peace in Europe during the period of the Thirty Years War.

The interests of the United States, is to force peace, in a situation dominated by what is recognizably *religious warfare*. In the case of religious warfare, the one mistake you never make, is, you never make the possession of holy places, a matter of political negotiation. The holy places must be left *intact. Untouched*. Untouched by political power. The only thing the politicians must do, is, they must work to insure access to the holy places. They must never *touch* them. They must never claim to *own them*, or *manage them*. As long as you insist that the holy places must be part of the negotiation in a Middle East agreement, *you are fomenting war*.

And that’s exactly what happened.

When President Clinton made the mistake of trying to act as an honest broker, instead of President of the United States, and took an otherwise workable agreement, as an interim agreement, negotiated that, then *added to that, the insanity, of bringing a political negotiation over the holy places into the discussion, the whole thing blew up*. And we now have a full-blown, potential religious war developing in the Middle East.

The solution to that, is not, how do you force a peace on



President Clinton meets with Prime Minister Barak and President Arafat at Camp David, July 25, 2000. “In the case of religious warfare, the one mistake you never make, is you never make the possession of holy places, a matter of political negotiation. The holy places must be left intact. Untouched. Untouched by political power.”



“The threat comes from certain American Fundamentalist Protestants, who are organized around this idea of an Armageddon. They want to have the Battle of Armageddon now, so they don’t have to pay their rent next month, or something.” Here: a demonstration by the Promise Keepers in Washington, D.C.

the Middle East? The solution in this, is for the United States to act as a sovereign nation. And what Clinton is — he represents a sovereign nation; what’s out there in the wings trying to get in, does not necessarily represent that. But, what Clinton should do, if he wants to bring peace, as a first step—you can’t guarantee you’re going to get peace by any action, but you have to take the position, which the United States *itself* should take, which is the first step toward bringing peace. And that is, President Clinton should say, he made a big mistake, by opening his big, fat mouth about the holy places, and for blaming Arafat for breaking up the negotiations, because Arafat did what he had to do. *Arafat could not live ten minutes*, if he had agreed to that condition, demanded by Barak, and supported by Clinton. Religious war would have been inevitable, as the immediate outcome of it. Worse than what we have now. By Arafat rejecting that demand, he may have postponed the full-scale outbreak of religious war.

We, of the United States, must take the position, that the precedent by which we overcame religious war, which was tearing us apart for a century and a half in Europe, including the Thirty Years War, that we must use the lesson of the way we stopped religious war in Europe, and say that is in the interest of the Arabs and the Israelis, as it was of the Europeans in 1648. We must recognize, that from the standpoint of modern international law, that the Treaty of Westphalia of 1648, is the standard of international law, which is in the vital interests of the United States. And the United States President, despite Henry Kissinger’s objections, *must* say that the Treaty of Westphalia is the terms. We want peace. We want each to walk away from the negotiations, equally as sure of the

sovereignty of their people, and the right to prosperity. No recriminations. No retributions. No compensation. We just do the right thing, to give each people a way to live to the future, so that their children will not be living still, with the hatreds of the past. And that was the rule of the Treaty of Westphalia.

The United States should use its good offices, and can obtain the support of Europeans and others, in that thing, to offer to the parties in the Middle East, an offer they can not refuse, an offer based on *our commitment* to the same principles of the Treaty of Westphalia, which brought to an end, the horror of nearly a century and a half of religious warfare in modern Europe.

That’s the only approach that I think can be taken as a policy. Of course, there’s much more to discuss. We can discuss many things, but I think that’s the core of the answer.

The Role of the Electoral College

Q: My question, Mr. LaRouche, is, if indeed the Electoral College has been appointed by people we don’t know, and we consider it a hoax, why would you advocate holding on to the Electoral College?

LaRouche: Because the Constitution provides for it. If you try to reinvent the Constitution impromptu, on the basis of a specific issue at a specific time, you’re going to unleash a pack of cats and dogs, which you can’t get back out of the picture.

Now, I know that some people are desperately saying, “We don’t want George Bush for President; therefore, we’ve got to support this idea of ‘the majority must rule.’ ” We don’t know who the majority is! The corruption of this election campaign was so filthy, nobody knows who won anything. The popular vote doesn’t count, the electoral vote doesn’t count, etc. So what you have to do, is, try to get the Electoral College—which is created for this purpose, under the Constitution—get it induced to make an honest decision, based on the conscience of the members, or the majority of the members.

If the Electoral College can not make that decision, then the Congress has to make it.

Now, if you try to get out of that track, and go to some crooked court, and try to get a crooked judge to give you a crooked decision in your favor, what are you going to get? You’re going to say, “Where is the law? Where is the Constitution?” When you go, and try to get Justice Scalia to recognize the Constitution, you already have an almost-impossible chore on your hands. This guy is against human beings, he’s

for shareholder value. His decisions don't make any sense, but he makes them, and they cause a lot of trouble. Rehnquist doesn't understand what Scalia's decisions are, so what are you going to do talking to him for? He's too dumb.

So, the point is, we do not want to start gambling, opening a gambling hall, with the U.S. Constitution. What we must do is make the Constitution work. *Make it work*. Because, if you go the other route, then you turn around tomorrow, and when you try to get a constitutional defense, and uphold constitutional law, you haven't got a chance in the world. And once you begin to get that kind of fight, and once someone says the whole thing was illegal to begin with — . What if, for example, you get Gore nominated, designated by the Electoral College, and Gore goes up to be sworn in; and Chief Justice Rehnquist is standing there, and refuses to swear him in, because the whole election was a fraud? And can prove that the selection of Gore was done by a method which violates the Constitution? What are you going to do?

So the problem in this case, is, don't go for what you think the cheap-shot debaters' tricks are. And that's the tendency of the American people, when they say, "vote for the lesser evil," and they get the evil, every time, either way the vote goes, as they got in this election: They got evil. And Gore is a racist, even if he pretends not to be, but I know better. Why did he vote for repudiating the Voting Rights Act of 1965? But he did it. He got the court to go along with it—a Bush court, Sentelle—to go along with doing that, on his initiative. The man's a racist.

So what's the difference between him and George Bush? Gore's intelligent enough to know that he is a racist. Bush is too dumb to know it. What's the difference?

So, I say: What we have to do is, we've got to stop being beggars at the back door of the White House, like slaves. We've got to go in the front door, and say, "We are in charge of the joint; we are the citizens." And you're going to find that, as the financial crisis hits, we're going to find a lot more who'll go with us. The problem, is that this country needs leadership; people who say, "I'm tired of the lesser evil."

Remember the whole thing about [Socialist Party Presidential candidate Eugene] Debs? Now, I've got a lot of things to say against Debs. But Debs, when he ran for President in the 1890s, said, "It is better to vote for what you want, and lose, than to vote for what you don't want, and win." And we, the American people, have got to get off our butts, and stop being the lower 80%; stop being the fieldhands, begging for favors from the back door of the slavemaster!

We've got to assert our rights. Look who voted for Gore: African-Americans, labor people, and so forth—not one of them likes anything that Gore represents. They just thought Bush was the greater evil. And if these same people had not made the mistake, of selling themselves to — . Of course, the Justice Department blackmail helped a good deal, otherwise they wouldn't have gone for Gore in the first place. But, if we'd gotten together, and defended our interests, instead of trying to find the lesser evil, the power that we represent—

just those two constituencies, labor and African-Americans, represent a core of political power among the lower 80% of the population, which has the power to mobilize the nation, and determine its policies. And we've got to give up this idea of field hands, slaves, going begging at the back door of the slavemaster's plantation, and trying to find out which door opens to the lesser evil. Instead, we've got to find someone who represents *us*. And then we'll win.

And when the people get the idea that we're out to win, and we get the majority together to do it, at least a reasonable sample of that majority, we're going to start winning. Every crisis is the golden opportunity to seize, to make that fundamental change, when people no longer believe in corrupt institutions, and they're ready to consider looking for something else instead.

This is our great opportunity!

And those people who are on the state level, whether as elected political officials, or as influentials on the state level, who represent the grassroots leaders of the nation: These are the people to whom I would appeal and I have confidence in. We can do it, if you guys will stop playing lesser-evil games, and start fighting for what *we* want, instead of the lesser evil. Then we won't get evil! We'll get something else, instead. We may lose, but at least, we'll set a precedent, a precedent of courage and honor, through which someone who will come after us, will redeem the nation.

The Coming Collapse of the Dollar

Egyptian journalist: Will the coming collapse of the dollar be beneficial to other currencies like the euro, or will it lead to the collapse of all currencies? What will the effect of the dollar crash be, on the economies of the Third World? And what's your advice to Third World countries, as they face this crisis?

LaRouche: First of all, the collapse of the dollar will be a catastrophe for everyone. It should have been prevented, but it's coming, and it's now here. My estimate is, that no one can know how far the collapse will go, because there is a certain element of pure fantasy in this whole business, anyway. But, to talk about a 40% collapse of the U.S. dollar over a fairly short period of time, some time in the very near future—could be next week, could be this week, that sort of thing could start, at any moment; you're already getting signs of it right now. The turbulences on the financial markets right now portend the preconditions for a very rapid, sudden collapse of the dollar.

When it goes down, it will go down big; it will flop; it will crash. And a 40% relative devaluation of the dollar is a very likely prospect to think about. No one can predict how far it will go, but you've got to think in those terms, to make a policy for dealing with it.

The collapse of the dollar will immediately — . See, people think that everything is trade relations, and trade has very little to do with anything these days. Everything is financial speculation.

What will happen with the collapse of the dollar will be a number of things. First of all, not only is every leading bank in Europe, in particular, and Japan, the United States, bankrupt. But the central banking systems, including the Federal Reserve System of the United States, the central reserve systems of Europe, Japan, and other nations, are bankrupt.

You face a situation, in which the only way to prevent chaos, is for the U.S. government—in the case of the Federal Reserve System—to take the Federal Reserve System, which is a government-chartered private organization of merchant bankers, and take it into receivership, into bankruptcy receivership. In other words, the United States government has to direct—and the President, the Executive Branch, and the Congress together have to collaborate in taking over the Federal Reserve System; putting it through bankruptcy reorganization, for the purpose of defending the U.S. economy, its functioning, lines of credit to communities and other things like that; and to protect the U.S. dollar itself. Which means that things like the derivatives—which they say is \$100 trillion, but which is maybe closer, in total globally, with the off-the-counter stuff, to \$400 trillion in soft paper around the world: Most of that should be wiped off the books immediately!

You see, as a famous man said of the 1929 crash: What collapsed was only paper. The essence of this crisis is, that what is collapsing is paper! You could burn the paper. You could write it off. You can declare it worthless. But that is not the economy. The economy is people. The economy is infrastructure. The economy is production. The economy is essential services. The economy is the functions of government. Our concern, is to save the economy, which is not money—we have to have a stable currency—but to save the institutions which are *real* economy: people, families, schools, farms, factories, modes of transportation, health services, essential services. We must keep those functioning. That's the real economy.

What happens if a corporation continues to produce what it produced yesterday, but its stock value has collapsed to 10% of what it was the day before yesterday? Is that a catastrophe? It's a financial catastrophe for those who are stockholders; but it's not a catastrophe for the economy. The economy is the *real things* on which life depends, and the maintenance of life depends. The economy is not money. The economy is not paper. It is not shareholder values. It is the things which are needed to sustain life and sustain the economy, and the civil order, and the development of the population.

Therefore, under the rule of the general welfare, which very few people today understand as a principle of natural and international law, the function of the government in the bankruptcy of the Federal Reserve System—which is now, presently bankrupt, I can assure you; it's more bankrupt than you can imagine—under those conditions (and Alan Greenspan, essentially, might be called the Cowardly Lion of Wall Street), under those conditions, you freeze everything that is not essential. You keep families functioning; you keep the

local stores functioning; you keep the local police chief, the local fire chief, and all these people, functioning. You keep people employed, as much as possible. And you set out to create expanded employment in useful things.

And that's what we're going to have to do.

So, the question then comes: The collapse of financial values is meaningless, in this period. A vast collapse. Look, we have over \$400 trillion of debt out there, against about \$42 trillion of total GDP of the world, as a whole! *You can't collect!* What you can't collect, you've got to write off. And you write off the things that are least important, and that means derivatives; that means short-term financial speculation; that means a lot of so-called shareholder value, get written off, because we must save the people, the economy and the nation.

If we agree on that, and if the nations in Europe, the United States, the ASEAN-Plus-3 nations and so forth, agree on that, then we shall survive, and we shall prosper! Because by getting *rid* of the cancer, the rest of us can grow. The question here is not a financial or economic question as such; it's a *political* question. It's a moral question. If the government decides that we're going to save the people, rather than the shareholders, we'll save the people. If they decide to save the shareholders rather than the people, which is what Gore and Bush are both *sworn* to do—to save the shareholders, not the people—then the people are going to suffer. The economy will collapse. Chaos will exist.

So, that's the big question.

So, if as nations, as in the case of Egypt, if we can get a regional agreement within the Arab world, for example, on development, if that agreement touches into Africa, if we can bring that agreement into congruence with agreements with the ASEAN-Plus-3 with India, with Europe, with Russia, Japan, the United States as such, then we shall all do very well. Simply because we decided to cooperate, on the basis of protecting the people and the economies, and the integrity of the nations and development, rather than protecting the shareholders.

But, whatever happens, whether they try to defend the shareholders or not, the shareholders are doomed. There's nothing you can do for the shareholders. They'll just have to eat their losses, and live like the rest of us, and normal people.

Who Is Destroying Democracy?

Patricio Ricketts, Peruvian journalist: All right, Mr. LaRouche. Months ago, the Peruvian elections were seriously disturbed, as you recall, and finally objected to by the Organization of American States, as well as the American Embassy, supported by Canada and the European Community, the so-called "U.S. Protectorate," to quote Raymond Aron. To be sure, the show of Washington finance, non-governmental organizations, did their job. One of them, Transparencia, got a million dollars to model the election, with the excuse of observing it. The Carter Center and the Democrats made a similar effort. Finally, the American government and its or-



Asks Peruvian journalist Patricio Ricketts: “How is it, that the country which reached the Moon, cannot count votes? Have we reached the cybernetic era in order to rely on manual counting of votes?”

chestra came to the conclusion: The Peruvian elections were below the minimal world standards.

Now that we can observe with amusement the American elections, we Peruvians ask ourselves, if the United States will be able to reach at least our poor mark, below those famous standards, provided someone is able to find them anywhere in the world.

In this country, 80% of the citizens entitled to vote, that means absolutely everybody above 18, did vote. What was the American electoral participation, and therefore, is now the Presidential democratic representation? In this country, votes were immediately counted by the citizens elected at random to manage the electoral sites. Their results were registered in acts in front of party representatives; and then went into an Internet page, all the 90,000 documents, so that every citizen could check the official counting of the electoral documents. The State Department, the CIA, the Organization of American States in Washington, and anyone, in any possible place on Earth, could verify the results, and check the votes, act by act, for each of the 1,227 candidates for the Presidency and Congress.

So far, no one has been able—no one, *no one*—has been able to demonstrate that the official counting was incorrect. And nevertheless, the U.S. government objected to the results, decided they were substandard.

Now we ask, when are we going to see credible results of the American election? And what about the famous stan-

dards? How is it, that the country which reached the Moon, cannot count votes? Have we reached the cybernetic era in order to rely on manual counting of votes?

Let me quote, Mr. LaRouche, a sentence of Pachacutec, the wisest of the Incas. “If a fellow,” he said, “cannot count the knots of the *quipus* (their accounting system), and pretends to reach the stars, he deserves a laugh.” I would like to hear your comments, Mr. LaRouche. Thank you.

LaRouche: First of all, you have to start with two facts, two sets of facts.

One is, that in 1989-1990, the alliance of George Bush, then President, with Margaret Thatcher of the United Kingdom, then Prime Minister, created what they imagined to be a world empire, an English-speaking world empire, Anglo-American world empire. As I said earlier in my remarks, today, this reduced the status of France, Germany, Italy and so forth, to satrapies. So that what you have now, is a parody of not only East Germany—and you might consider Bush and Gore as the Honecker and Mielke of the United States, two characters in East Germany who were being supported heavily by Edgar Bronfman when the East German government fell apart.

What we’re dealing with is an empire, the United States, the Anglo-American empire, as defined by George Bush and Margaret Thatcher and others, at the end phase of its existence. You’re at the point at which the empire is collapsing in on itself, because the oppression by the central force upon the periphery, is causing the periphery either to crumble, and thus disintegrate as assets of the empire, or to turn upon the empire itself.

Now, in the case of Peru, these two things are to be considered: First of all, the idea that this was democratic or anything else—there was no democracy whatsoever in anything the United States did in that process. None. The whole claim there was democracy is a fraud.

But then you look a little bit closer: What is the “democracy”? Carter is an exponent, and an agent, of the Southern Strategy, the Dixiecrat-Carpetbagger alliance. The Carter Presidency was the inauguration of the takeover of the Democratic Party by the basically racist, Carpetbagger-Dixiecrat alliance. Carter doesn’t know what democracy is. Why do they call it a Carter Committee for democracy? Because he’s still studying, trying to find out what it’s about, and has not yet discovered. He thought it was an early-on version of George W. Bush.

Transparencia is a personal asset of the Royal Consort of the United Kingdom, Prince Philip. Prince Philip is the head of Transparency International. Now you realize that anyone that is a monarch, an absolute monarch in a sense, one hereditary monarch, is not exactly a paragon of democratic institutions. There may be some decent monarchs in history, but that institution is not necessarily one qualified to judge from experience, to explain what democracy is.

So, you look earlier at the case of Italy, 1992 on. Transparency International was represented by the yacht *Britannia*, of

the Queen of England, which was parked off the coast of Italy, which gave marching orders to a bunch of Italian politicians who were agents of the British monarchy, who then collapsed the existing system of democratic government of Italy, in an operation called "Clean Hands." They washed their hands in the blood of their victims. And they slaughtered and destroyed the political system of Italy, which has not been able to regain control over its own sovereign affairs since.

Is that democracy? So, if you say, these guys call themselves democracy, but they're pirates.

You take a step back further. What is Project Democracy? Project Democracy was founded, as a project, in 1975-76, by crazy Zbigniew Brzezinski, the man who was the controller of the Carter Presidency. He was typical of the forces which took the Democratic Party over, for the Southern Strategy! Huntington, the agent of Brzezinski, wrote a paper on the "Crisis of Democracy." This paper on the crisis of democracy, which was intended to create a system under which the two Southern Strategy organizations, that is, the Republican Party and the Democratic Party, would together control the political party system of the United States, through what was called Project Democracy, the National Endowment for Democracy, which runs both parties from the top.

So, what you have is essentially a fascist organization, so defined as fascist by its Mussolini-like commitment to shareholder and slaveholder traditions, imposed upon the system of government of the United States, in the party system. Agents of that party system, typified by that desperado Carter himself, go down to Peru, and say, "You do not please us in Project Democracy. You're not democrats, the way Project Democracy defines it. Well, you don't have any black slaves down there! You don't have any slaveholder tradition, to speak of, that you honor. You don't have a shareholder decision — you don't have a bunch of fascists running the country! Therefore, you're not democratic!"

When you eliminate this word-play, and say: What is the content of Project Democracy, what is the democratic system of the United States, what is this cesspool of corruption called the recent election, Presidential election? Put this all together, and what we're dealing with, which I'm sure you understand, is a question not of fact, or law, but of power. Power as a substitute for law. We watched in Ibero-America. We've watched George Bush in Panama. We watched the United States State Department backing the drug-pushing dictatorship inside Colombia. We saw what happened to the destruction of all sovereignty of Ecuador. We see what's being done, now, in adjoining countries. We see the destruction of one nation and economy after another, throughout all of Ibero-America.

This is democracy?

The question is, it's a misunderstanding about the definition of words.

Now, the question is, is how do you defeat this? Well, you don't defeat it by appealing to courts of law, because the judge is a crook. You don't complain about the lack of democracy

by going to a fascist judge. You have to change the judge. You have to change the correlation of forces.

A nation like Peru understands, as a relatively small and vulnerable nation, that it depends upon some system of law among states, which is based on rational grounds, on the grounds of the general welfare, the grounds of the common good. Therefore, a country like Peru *needs* a rational system of international relations, based on clear and honest rules of law, for behavior among nations.

The United States has become a lawless dictatorship, in the tradition of the Roman Empire at its end-phase. So, you've got to eliminate the empire. We're now at the point that the empire is about to collapse, and the smart victims of the empire, at that point, always get together and say, "Let's restore the kind of system which was promised by Franklin Roosevelt, and his 'Good Neighbor' policy, which was promised by John Kennedy, before he was killed, and his policy for the Americas, and start right there." All we need is an honest President of the United States, who is not under the control, and not terrified by the bullets aimed at the nape of his neck, by the fascists, the way Bill Clinton is. If Bill Clinton did not have the gun-sights of the people behind this fascist gang, aimed at the back of his neck, he would behave as a different President than he's behaved as so far.

So, take the gun out of the hands of those people who've got the gun-sights aimed on the nape of his neck, and his child's neck, and he might behave differently.

So, the point is, those of us who have power, or don't have power, must have among ourselves, an understanding of these problems. We must have an understanding of our need to cooperate around the ideas of the kind of world, based on what John Quincy Adams called a community of principle, among perfectly sovereign nation-states. A group of nations which has agreed to defend the sovereignty of each by all. No tampering with the sovereignty of a nation. And to agree to a principle of the general welfare, otherwise called the common good, by which we each seek to govern our own internal affairs, and by which we seek to promote the common good among us.

That's all that we need, and we have to make that revolution now.

Because obviously, as you see in the case of Peru, as you saw in the case of Ecuador, as we see in the case of Colombia, which we see in the case of Panama, and so forth, we see that there is no hope, for any of the nations, of Central and South America, in even the relatively short term. There's no trick, there's no way in which any hope can be brought, *unless the power can be brought to bear, to bring back a cause for hope.*

And we who understand that, like you in your position, I in mine, we must do what we can together, to bring that *coalition of power together*, to bring this world back into some semblance of order, to establish, finally, a community of principle among self-respecting and mutually-respecting, sovereign nation-states.

That's the only solution to this mess.

The Constitutional Path Out of Electoral Crisis

by Edward Spannaus

A fair reading of the intent of the Framers of the United States Constitution, taken together with the early history of the Electoral College, shows without a doubt, that the Framers of the Constitution carefully designed the procedures for the selection of the President so that the nation would have the capacity and the flexibility to deal with just the type of crisis we now face.

That is the direction in which we must look, to answer the two constitutional questions posed by Lyndon LaRouche at the conclusion of his Nov. 14 address (see page 57).

Let us first look at the Constitutional provisions for the selection of a President, then how those provisions were applied in similar circumstances in the first century of the existence of our Republic, and finally, some scenarios as to how events could unfold this coming December and January.

What the Constitution Says

The procedure for the election of the U.S. President is governed by Article II, Sec. 1 of the U.S. Constitution, and the Twelfth Amendment to the Federal Constitution. Under Article II, each state “shall appoint” presidential Electors, in a manner to be determined by the legislatures of the various states. There is no requirement that they be chosen or bound by a popular vote: the *only* limitation imposed, is that an Elector cannot be a federal office-holder.

Under the provisions of Article II, as modified by the 12th Amendment ratified in 1804, the Electors meet in their respective states, and mark in their ballots their choices for President and Vice President (again, not subject to any constitutional limitation regarding the popular vote, etc.), and the lists are then transmitted to the President of the Senate, where they are unsealed and read on Jan. 6.

If no candidate has a majority of the Electoral votes cast, then the House of Representatives chooses a President among the top three candidates, with each state having one vote.

If a President has not been chosen by inauguration day, then the newly-elected Vice-President shall act as President until a President is chosen. Should neither a President or a Vice-President have been chosen, then, under the terms of the 12th Amendment, “Congress may by law provide for” this case, either “declaring who shall then act as President, or the manner in which one who is to act shall be selected. . . .” until

a President or Vice-President shall have been selected.

Before reviewing the crucial historical examples, let us listen to what one of the preeminent experts on the matter, our First Treasury Secretary Alexander Hamilton, has to say about the purpose and operations of these provisions.

Reasons for Indirect Election of the President

Writing in No. 68 of *The Federalist*, Hamilton argued that the procedure set forth in the proposed Constitution would ensure the selection of the most qualified candidate for President. By entrusting the selection of the President, not to any pre-established body such as a state legislature, but to persons chosen specifically for this purpose, this would ensure that the Electors are “acting under circumstances favorable to deliberation,” and that they are the “most likely to possess the information and discernment requisite to so complicated an investigation.”

Hamilton argued that the process specified “affords a moral certainty that the office of President will seldom fall to the lot of any man who is not in an eminent degree endowed with the requisite qualifications.” Hamilton professed to believe that there would be “a constant probability of seeing the station filled by characters pre-eminent for ability and virtue.”

Obviously, under the Constitution, the Electors were not intended to be a mere rubber-stamp for someone else’s decision.

The Key Precedents

There were three instances in which the election was thrown into the House, for the failure of any candidate to obtain a majority in the electoral college: these were the elections of 1800, 1824, and 1888. The latter need not concern us here; that of 1800 merits the closest examination. Further, the disputed election of 1876 provides an additional mechanism, that of a Congressionally-created Electoral Commission, which is of potential relevance today.

1800: By 1800, the Federalists were deeply divided among themselves, with contending wings led by Hamilton, and by President John Adams. Hamilton regarded Adams as unfit for the Presidency; Adams had labelled Hamilton a leader of “the British faction” in the United States.

Nevertheless, Hamilton was unable to prevent Adams

from being placed on the Federalist ticket, along with Hamilton's choice, Charles Cotesworth Pinckney of South Carolina, a Revolutionary War general, who had later led the fight for ratification of the Constitution in his state.

For the most part, Electors were still selected by the state legislatures; only a handful of states had an election for a general ticket of Electors, and others had district elections. When the votes of the Electors were cast in the states on Dec. 4, the anti-Federalist, Democrat-Republican candidates, Thomas Jefferson and Aaron Burr, each received 73 electoral votes; at that time there was no distinction made between Presidential and Vice-Presidential candidates. The Federalist candidates had 65 (Adams) and 64 (Pinckney). By Dec. 16, the news of the results in the various states, reached Washington. No candidate having won a majority, and it was clear that the matter would be taken up by the House, where the votes of nine states (a majority at the time) were needed to elect a President.

Hamilton was the key player in these events, and the Federalists in Congress were in the position to determine the outcome. His views on the matter are worth examining, because it indicates how he viewed the solemn duties of those who would select the next President.

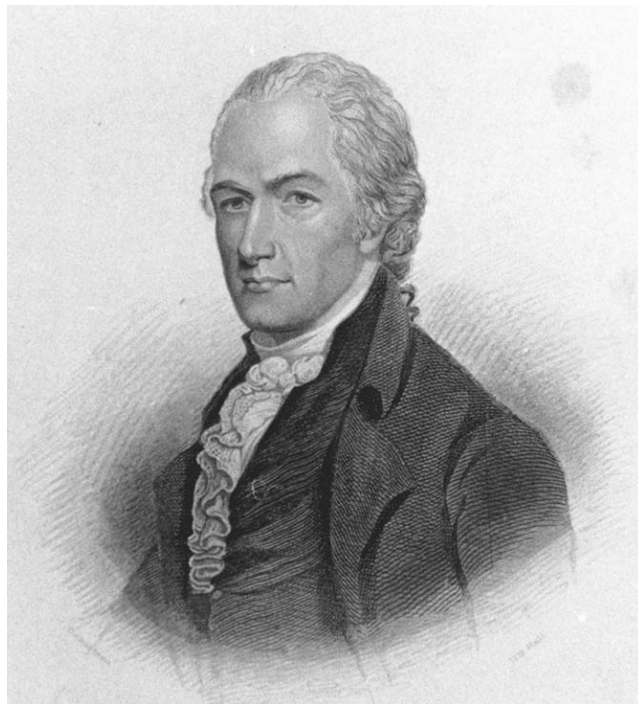
When it became clear that it would have to be either Jefferson or Burr, Hamilton overrode his animosity and distrust of Jefferson, viewing Burr as the greater evil—as corrupt, ambitious, unprincipled, and “truly the Catiline of America.” Hamilton was concerned that a number of Federalists in Congress would prefer Burr to Jefferson, and he wrote in a letter to Oliver Wolcott, that nothing “has given me as much pain, as the idea that Mr. Burr might be elevated to the Presidency by means of the Federalists.”

Hamilton was also worried that Federalists might support Burr, in order to embarrass Jefferson and the anti-Federalist party. “Alas!” he wrote in the same letter, “when will men consult their reason rather than their passions? Whatever they may imagine, the desire of mortifying the adverse party must be the chief spring of the disposition to prefer Mr. Burr.”

To Gouverneur Morris, Hamilton wrote that Jefferson must be preferred to Burr: “I trust the Federalists will not be so mad as to vote for [Burr]. I speak with an intimate and accurate knowledge of character. His elevation can only promote the purposes of the desperate and profligate. If there be a man in the world I ought to hate, it is Jefferson. With Burr I have always been personally well. But the public good must be paramount to every private consideration.”

When the House convened in January, there were 34 ballots taken over a period of six days, in which Jefferson repeatedly got the support of eight states, and Burr, four. Finally, Rep. James Bayard, Delaware's sole Congressman and a staunch Federalist, supported Jefferson. In the final vote, Jefferson won the votes of 10 states.

(It was as a result of the 1800 impasse, that the 12th Amendment was adopted, requiring the Electors to mark their



Alexander Hamilton: “The public good must be paramount to every private consideration.”

choices for President and Vice-President.)

1824: By 1824, only six of the 24 states still selected their Electors in the state legislatures; the others had either general or district elections. In those states with a popular vote, Jackson had 42% of the vote, and John Quincy Adams had 32%. And when the electoral votes were tallied, Jackson had 99, John Quincy Adams 84, William Harris Crawford of Georgia 41, and Henry Clay 37.

Since no candidate had a majority of the 261 electoral votes cast, the selection of the President was given over to the House, where John Quincy Adams obtained the votes of 13 states, Jackson of 7 states, and Crawford of 4 states. Fortunately for the nation, Quincy Adams became President, and the American System of political economy flourished during his administration.

1876: In the hotly-disputed Tilden-Hayes race, four states—Florida, Louisiana, South Carolina, and Oregon—each submitted two sets of Electoral returns to Congress. A few days before the returns were to be submitted to Congress, the Congress passed a law, signed by President Grant, creating a National Electoral Commission. This was a 15-member commission, with 5 members from the House, 5 from the Senate, and 5 Supreme Court justices. The dispute over the four disputed states was submitted to the Commission by Congress. The Commission found massive corruption on all sides, including stuffed ballot boxes, forgery, bribery, and intimidation.

On March 2, 1877, two days before the scheduled inaugu-

ration of a new President, the Commission announced that Hayes had won the Presidency; splitting along straight party lines, it awarded the electoral votes of the four disputed states to Hayes by an 8-7 vote in each case.

The significance of the 1876 precedent, was not that it was a model of reasoned deliberation, but that it indicates the flexibility and open-endedness of the Electoral College procedure under the Constitution. This is a mechanism by which any aspect of the elections can be taken under consideration and investigated.

What May Happen This Time . . .

The Electors meet and cast their votes for President and Vice President in their respective state capitols on Dec. 18. Only in about half of the states, are they bound by state law to cast their Electoral votes in accordance with the popular vote in their states—and the constitutionality of such binding provisions is open to question. Clearly, under the intent of the Constitution—not only the provisions regarding the selection of the President, but more important, its fundamental principle of the General Welfare—the Electors are primarily obligated to vote according to reason and conscience, and not to support any candidate unqualified to fill the office of the President or to govern according to Constitutional principles.

The new Congress is sworn in on Jan. 3. On Jan. 6, the House and Senate meet in joint session to open and tally the electoral votes transmitted by each state. If no candidate for President has a majority of the votes cast, the House then selects a President from among the top three. There is no requirement that any of these must have been on the ballot, or a candidate in the November general elections—only that these are the top three as the electors have voted for them. So the top three could be anyone who received votes from the Electors in the states—not just Bush or Gore.

Another important, but seldom-noticed provision in the statute, is that members of Congress (one Senator and one Representative) can object on the grounds that a vote or votes has not been “regularly given” by Electors. This clearly could include fraud or irregularities, or another factor which has contaminated the vote. Importantly, there is no definition or limitation in the statute, so it is open-ended. In the first instance, such objections are to be taken up immediately by the separate Houses, before any further business is conducted.

This is a very open-ended procedure, which is entirely left to the discretion of the Congress. The courts are not likely to get involved, any more than they did during the impeachment. The only authority binding the Congress, is the authority of the United States Constitution.

If no President has been selected by Jan. 20, then the new Vice-President would become the acting President. If there is no Vice-President selected, then Congress may itself declare who shall become the acting President—with no Constitutional restriction as to who this may be, except the general qualification for President specified in Article II.

In short, it is clear that the Electoral College mechanism, as set forth in the Constitution, and supplemented by legislation and precedent, provides many ways out of the current impasse, in which the country is otherwise presented with a situation in which a corrupt election campaign, has left the nation with two candidates, neither of whom is qualified to be President under these crisis conditions.

Complaints Before OAS: Gore Openly Stole LaRouche's Vote

by Mary Jane Freeman

While the Organization of American States' (OAS) Inter-American Commission on Human Rights (IACHR), and the Organization for Security and Cooperation in Europe's (OSCE) Office for Democratic Institutions and Human Rights (ODIHR), have pronounced against the elections of Peru and other nations, they have failed to intervene in the fraudulent U.S. election process. Complaints and documentation were filed with both, showing the depth and extent of vote fraud occurring during the U.S. primary elections.

The “one man, one vote,” premise of our democratic republic has been shredded to pieces in the year 2000 election, and it didn't start in Florida on Nov. 7. In February, LaRouche won the Michigan Democratic Party primary election. Gore henchman and Michigan Democratic Party (MDP) state chair, Mark Brewer, tossed out the election results, and opted for holding “private” party caucuses. Brewer excluded LaRouche and his delegates from the caucuses, and thereby stole LaRouche's vote (see *EIR*, March 24, p. 24). Then, in May, 53,280 Arkansas voters (23%) cast their vote for LaRouche, but again, the Gore-thugs threw out his vote, refusing to seat his six duly-won delegates to the national convention. Though Arkansas is a state whose elections are covered by the 1965 Voting Rights Act, the Democratic National Committee (DNC) argued—successfully—to the U.S. Supreme Court, that the Act *not* be enforced, and that they be allowed to “disregard votes cast for LaRouche.”

During the early primaries, there were only three recognized Democratic contenders for the party nomination for President: Al Gore, Bill Bradley, and Lyndon LaRouche. Each was certified to receive Federal matching funds, and qualified as eligible, under the Constitution, to run for President. But there ended the equality. LaRouche was systematically blacked out of the national news, while Gore and Bradley enjoyed almost daily coverage. LaRouche was ex-

cluded from all debates. Gore and Bradley were given automatic ballot status in most states, whereas LaRouche was granted ballot status only in California, and otherwise had to deploy volunteers and resources to petition. Michigan was one such state where, due to an intervention by Brewer, causing the Secretary of State to exclude LaRouche's name, campaign volunteers had to petition. Similarly, in Wisconsin and New Mexico, where vote fraud allegations concerning the Nov. 7 election have surfaced, LaRouche was excluded from the ballot, and had to petition. In Florida, a deal was made by Republican and Democratic party leaders to exclude LaRouche from the ballot altogether.

The complaints filed with the OAS and OSCE showed that in 27 out of the 42 states or territories where LaRouche was competing for votes, violations of U.S. laws, Democratic Party rules, and/or international election standards occurred. Excerpts from those complaints, minus footnotes and exhibit references, follow.

Complaint to and Request for Investigation by the OAS's Commission on Human Rights

I. Summary Introduction

This complaint to and request for investigation to the OAS's Inter-American Commission on Human Rights (IACHR) and its Unit for the Protection of Democracy is presented on behalf of U.S. Democratic Presidential candidate Lyndon H. LaRouche, Jr., his supporters, including those who have submitted affidavits herein, and Mr. LaRouche's campaign committee, LaRouche's Committee for a New Bretton Woods (LBW). As is documented below, each complainant has been denied their electoral and human rights due to gross violations of law and procedures governing the year 2000 Presidential election. . . .

In summary, the events and facts . . . show that there is a . . . systematic effort to interfere with free and fair elections in the United States' Presidential primary elections, specifically, to prevent the American electorate from having access to the ideas of Presidential candidate Lyndon H. LaRouche, Jr. who is seeking the Democratic Party's nomination for President, and a concerted effort to prevent votes for Mr. LaRouche from being cast and counted. The violations of fundamental fair election standards and procedures are being perpetrated by a small clique at the top of the national Democratic Party leadership, in concert with local and state election officials, the news media, and elements of the U.S. judiciary.

In brief, the events and facts show: a) Democratic Party officials ordered that votes cast for LaRouche be "disregarded"; b) Party officials, using state power granted to them, have prevented LaRouche's name from appearing on the ballot in some states; c) citizens have been denied their right to vote and to seek political office, including elected officials of the Democratic Party; d) LaRouche's campaign has been denied equal treatment before the law; e) his supporters and

campaign workers have been victims of threats and intimidation; f) LaRouche and his ideas were not afforded equal access to the media; g) news media agencies failed to provide impartial information about candidate LaRouche; h) LaRouche and his supporters have been subjected to *ad hominem* defamatory attacks both by the media and Democratic Party officials; and i) voters were denied the benefit of full information by the exclusion of LaRouche from public debates.

What has been done against LaRouche and citizens who support his candidacy, is nothing but a pretext to exercise the power of position to silence an opposition candidate. The consequence of the acts . . . has been to nullify votes and deny the right of candidacy both to LaRouche and individual citizens who wish to run for office in support of him. International scrutiny is required, as these violations of free and fair elections have occurred through the complicity of those national institutions that are supposed to ensure free and fair elections, including the administrative and judicial branches of government. If these actions are allowed to stand, it will make a mockery of the OAS's assertion that all member states, including the United States, are to uphold the same standards. . . .

E. Obstructions of LaRouche's Candidacy by State Public and Party Officials

In Michigan, the Secretary of State refused to place LaRouche on the ballot on the grounds that LaRouche was not "advocated by the national news media." Having been denied ballot status, LaRouche supporters obtained more than 23,000 petition signatures of registered voters to secure a place for him on the state's primary ballot. LaRouche received more than 12,000 votes in the Feb. 22, 2000 primary.

The Michigan Democratic Party (MI DP) decided to ignore the state-sponsored primary, and opted instead to hold a privately run caucus on March 11, 2000. Party officials then denied LaRouche a place on the ballot for this private caucus. Nevertheless, the MI DP delegate selection plan provides for a write-in campaign.

Just two days before the primary, LaRouche representatives in Michigan were informed that the state party chairman, Mark Brewer, had ordered party officials not to count any votes whatsoever cast for LaRouche.

At the caucuses, LaRouche and his supporters were:

1. subjected to *ad hominem*, defamatory attacks by MI DP Party officials, and DNC Chairman Joe Andrew.
2. Voters who sought to vote for LaRouche were physically intimidated, and observers representing LaRouche's campaign were also physically barred from the proceedings.
3. Pre-distribution of absentee ballots where none were requested and in contravention of Michigan Party rules, amounted to the equivalent of "ballot-box stuffing."
4. Votes cast for LaRouche were not counted.

Eight international experts were present to observe the conduct of the March 11th Michigan caucuses. The delegation included Dr. Godfrey Binaisa, former President of Uganda;

Mr. J.L Chestnut, Attorney for Martin Luther King; Mrs. Amelia Boynton Robinson, recipient of the Martin Luther King Freedom Medal; Professor Ernst Florian Winter, who formerly served as an election observer for the United Nations in Bosnia; Mrs. Ortrun Cramer, authorized observer for the Austrian-based International Progress Organization (IPO); and Mr. Hunter Huang, President, National Association for China's Reunification.

What they observed caused their initial concern to turn to deep disturbance about the democratic process in the United States. In specific: a) some of these observers were physically barred from observing a caucus site; b) men identifying themselves as "goons" physically threatened voters who supported LaRouche, as well as the international observers; c) voters were required to make a public vote by raising their hands for the candidate whom they wanted to vote for (to which Dr. Winter commented that this reminded him of "plebiscites practiced by the dictatorships of unhappy memory"); and d) in only one caucus observed, could LaRouche supporters speak up for LaRouche with the consent of the caucus manager, who explained the possibility of writing in LaRouche's name on the ballot.

Forty-three Michigan Democrats filed a challenge, pursuant to Party rules, to the implementation of the MI DP delegate selection plan. It was ignored and the MI DP failed to respond, thereby failing to provide equal treatment.

Supplement filed May 30, 2000: Arkansas Primary Election

This communication is a Supplement to our formal Complaint and Request for Investigation. . . . [Y]our acknowledgment letter stated our petition is "under study" by the OAS's IACHR, it is of the utmost urgency that you consider the newest evidence of acts being perpetrated to defraud over 53,000 American citizens of the state of Arkansas, and Presidential Candidate Lyndon H. LaRouche, Jr. It is incumbent upon OAS IACHR officials to act on this Complaint **before** the June 24, 2000 Arkansas Democratic Party conventions at which the national convention delegates from Arkansas will be selected.

The facts detailed below, make it quite clear that should the OAS turn a blind eye to the ripping up of legally cast votes here in the U.S.A., it then would cast doubt on the OAS's professed concerns to protect democracy in this hemisphere.

I. New Facts

On May 23, 2000 the state of Arkansas held its primary elections. In the Democratic Presidential preference primary, mandated by Arkansas law (Code §7-7-201, and 7-8-201), candidate Lyndon H. LaRouche, Jr. is reported to have so far received 53,280 votes with 2,789 precincts reported out of 2,834 precincts all together. Mr. LaRouche's only opponent, Vice President Al Gore, reportedly has received 194,171 votes. Thus, Mr. LaRouche's current statewide percent of the vote is 21.53.

There are four Congressional Districts. Mr. LaRouche's vote, so far, in those CDs is:

- CD 1: 20.3%
- CD 2: 18.67%
- CD 3: 24.7%
- CD 4: 22.1%

The rules of the Arkansas Democratic Party with regard to allocation of national convention delegates to be awarded to Presidential candidates provide that allocation is based upon receipt of the percent of the vote cast by the electorate for the respective candidates. A candidate must receive at least 15% of the vote cast to be considered viable to receive delegates. As is clear from the above totals, Mr. LaRouche has received qualifying vote percentages in each of Arkansas' four CDs to be awarded state and national convention delegates, and sufficient percent of the vote, statewide, to qualify for statewide delegate allocation as well.

However, as indicated by comments reported in the Arkansas *Democrat Gazette* by Arkansas Democratic Party officials Chairman Vaughn McQuary and Executive Director Glen Hooks, as well as the Democratic National Committee's national spokesman in Washington, Richard Hess, those 53,280 voters' votes will be disregarded. Neither the Arkansas Democratic Party, nor the DNC will allocate delegates to Mr. LaRouche, despite the will of the citizens, and contrary to Arkansas law, and the Party rules.

Such egregious and blatant disenfranchisement, is in violation of all recognized international standards for free and

DO YOU KNOW

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

The
Political Economy
of the
American Revolution
edited by
Nancy Spannaus
and Christopher White

READ

The Political Economy of the American Revolution

edited by
Nancy Spannaus and
Christopher White

Order from:
Ben Franklin Booksellers
P.O. Box 1707
Leesburg, Va 20177
Toll-Free: 1-800-453-4108

\$15.00 plus
\$4 shipping and handling

We accept MasterCard, VISA, American Express and Discover.

fair elections. Further, this nullification of votes is explicitly in violation of the spirit and letter of the law as proscribed in the American Declaration of the Rights of Man and the American Convention on Human Rights.

II. Laws and Party Rules Being Violated

As has already been documented for you in our May 16 Complaint, laws of the United States as well as the Democratic Party are being violated, arbitrarily, at the will of a small clique of Party officials who claim the Democratic Party is a “private club” so that they can silence any opposition candidate. The media blackout employed has only amplified such totalitarian measures. The newly violated laws pertaining to the acts described in this Supplement are detailed below.

A. Arkansas Election Code

Arkansas Election Code states: “§7-8-201. Preferential elections required — Apportionment of delegates. Each political party in the state desiring to select delegates to attend a quadrennial national nominating convention or the party to select a nominee for [President] shall hold a preferential primary election in the state, and the delegates to the national party convention **shall be apportioned** to the Presidential candidates whose names were on the ballot at the preferential primary . . . **in the proportion that the votes cast for each candidate** . . . bear to the total votes cast at the election, rounded to the closest whole number” (emphasis added).

It is important to note that Arkansas primary elections are paid for by the state, and thus are public elections, i.e., not for private parties. (Code §7-7-201.)

B. Arkansas Democratic Party Delegate Selection Rules

The Delegate Plan clearly states, “The Presidential Preference Primary Election *shall* be governed by the election laws of the State of Arkansas. . . .” (Rule II C 3) Further, “The Arkansas presidential primary election is a binding’ primary. Accordingly, delegate and alternate positions *shall* be allocated so as to fairly reflect the expressed presidential preference of the primary voters in each district” (emphasis added). (Rule II C 7 a)

Based upon the mathematical formula provided in the Delegate Selection Plan as applied to Presidential Candidate LaRouche’s vote, he is entitled to 1 national convention delegate from each of the four CDs, 1 national convention delegate who is a Party Elected Official, and 1 national convention delegate who is selected as an At-Large delegate. This means that Mr. LaRouche is entitled to a minimum of 6 national convention delegates from the state of Arkansas so as to fairly reflect the will of the voters.

It is the announced position of Arkansas Democratic Party Chairman McQuary, his Executive Director Mr. Hooks, and the DNC under the direction of national chairman Joe Andrew, that the Party will refuse to allocate delegates pledged to Mr. LaRouche, and will refuse to allow the participation of Mr. LaRouche’s elected delegates at the up-coming June 24 CD and State conventions in the state of Arkansas.

III. Conclusion

Based upon the new facts detailed, herein, and those presented to you in our May 16th Complaint, it is imperative that you act to reverse these arbitrary and capricious violations of electoral rights of tens-of-thousands of American voters, and those of Presidential candidate Lyndon H. LaRouche, Jr. The very foundation of each sovereign republic on this earth to have and promote representative democracy is at stake in this case. If such violations go unchecked in the United States of America, then institutions such as the OAS will be condoning the practices of the once notorious Nazi plebiscites, or the racist “Jim Crow” “whites only” policies imposed on African Americans in the early part of the 20th Century. . . .

Vote Fraud: An Endemic Problem In U.S. Elections

by Edward Spannaus

To listen to the television commentators, one would think that this is the first time that election irregularities have called a Presidential election into question, or, that “hanging chad” is one of the earliest discoveries of the new millennium.

Every major election in the United States — and probably many lesser ones — is riddled with fraud and irregularities. What is different this time, is that there is no Establishment consensus for one or the other candidate, and therefore, there is no “fix” in from the top for one or the other. And with both leading candidates lacking any ideas or significant issues by which they could differentiate themselves from each other, the issue of fraud and irregularities has loomed far more important than in most other elections.

We will examine here particularly, the most notable previous case in recent history: that of the disputed 1976 election, which put the incompetent and unqualified Jimmy Carter into the White House (see box). But first, we will touch on some of the other pervasive problems.

First of all, vote fraud is a *bipartisan* affair. The Democratic Party has no monopoly on this dirty business — although Democratic Party fraud is often more obvious, because it is concentrated in urban areas. Perhaps the best-known example is that of the 1960 Presidential elections, in which fraudulent votes cast in Chicago from graveyards and other precincts, are generally credited with handing the election to John F. Kennedy. Less well-known, is that one of the reasons that Richard Nixon and the Republicans did not challenge the Chicago fraud, is because it was understood that the fraud carried out in downstate, Republican areas, more or



Gerald Ford (left) with Henry Kissinger: Kissinger's intervention put an end to Ford's desire to pursue the 1976 election challenge. Right: Jimmy Carter: The Southern Strategy came to the Democratic Party by fraud.

less cancelled out the fraud perpetrated in Democratic Chicago.

This has also been obvious in the case of the fraud committed against Lyndon LaRouche, which in most cases resulted from a bipartisan agreement, between Democratic and Republican party officials, not to count the votes cast for LaRouche. Officials from both parties were caught red-handed, doing exactly this, in the New Hampshire Presidential primary in 1980, as one example.

Second, there is nothing new or unique about the highly publicized problems of the Nov. 7 elections in Florida. Fraud is as old as the republic itself; this was one of the reasons that popular election of Federal officials was disfavored.

Mechanical voting machines were invented in the 1890s, and adopted during subsequent decades with the argument that they would constitute a protection against fraud carried out with paper ballots. Even so, it used to be well-known that machines could be mechanically rigged to drop votes or transfer votes; or, in the most common scenario, extra votes were simply run up on machines.

Beginning in the 1960s, computerized voting tabulation, combined with the use of standard punch cards, was introduced. It was argued that this system had many advantages over the bulky and costly mechanical machines, and that election results could be obtained much more rapidly, particularly when punch cards were tabulated centrally. From the outset, election officials and others raised concerns about the potential fraud inherent in the use of a computer program and source code which was invisible to local and precinct officials; some observers also noted that this amounted to a return to what are essentially just another form of paper ballots (i.e., punch

cards).

From the beginning, the problem of “hanging chad”—which has provided much merriment to smart-aleck news commentators since this year’s Nov. 7 election—was associated with the use of punch cards. (“Chad” is the term for the tiny rectangles of paper that are supposed to be punched out with a stylus by the voter; frequently, the “chad” fails to totally separate from the punch card itself.) In one case, a 1976 legislative race in Los Angeles was reversed twice, first by a machine count, and then by a manual count in which punch cards were held up to the light and holes counted—just as in Florida today—with “hanging chad” and “bulging chad” shifting votes in one direction or the other.

In the 1980 Presidential primary in California, a computer “programming error” was blamed for giving votes supposedly intended for Jimmy Carter and Edward Kennedy, to Lyndon LaRouche and Jerry Brown.

The 1976 Vote Fraud Fight

The most recent major challenge to a Presidential election took place in 1976, in post-election actions brought in four states—New York, Ohio, Pennsylvania, and Wisconsin—with a total of 104 electoral votes. (Jimmy Carter ultimately was named President with 297 electoral votes, to 240 for Gerald Ford.)

The actions were spearheaded by the U.S. Labor Party (USLP, on whose ticket LaRouche ran in that year), by local and state Republican Party officials, and by other third parties, such as the American Party in Ohio, and the Conservative Party in New York. The actions drew widespread national and international press coverage (see box); the front page of

the Nov. 28, 1980 *Washington Post*, for example, ran the headline: "U.S. Labor Party, GOP Join Forces in 4 Vote Challenges." A Nov. 25 *Washington Star* headline read: "Election Challenge Spreads; GOP Support Grows," and the *Chicago Daily News* reported on Nov. 25: "Group Sues for Ballot Recounts in 4 States."

The *Washington Post* reported that, "if the results were invalidated and Ford declared the winner in any two of the states, President Ford would have enough electoral college votes to win."

Federal court actions were filed in all four states, and those that proceeded the furthest were the actions in Ohio and New York.

The Ohio suit was filed in late November, after an investigation by the Ohio Secretary of State had already confirmed USLP charges that "the dead walked" on Election Day. A partial sample of several precincts in Cleveland and Toledo found numerous "voters" listed from abandoned buildings and parking lots—including "Carter Roosevelt" and "Carter Roosevelt, Jr." registered to a Toledo parking lot.

On Dec. 8, Ohio Secretary of State Ted W. Brown launched a statewide investigation of voter fraud, and said that he would not certify Ohio's Presidential electors, pending the outcome of the Federal court action.

On that same day, a Federal judge in Brooklyn, New York denied motions brought by state and city election officials, to dismiss the court action brought by the USLP, and by Republican and Conservative Party officials. This followed a hearing, in which a statistical survey was presented, showing that more than 300,000 fraudulent votes had been cast in the New York Presidential election; this was combined with documentary and photographic evidence showing numerous vacant lots and abandoned buildings from which "phantom" voters had cast their ballots on Election Day.

In denying the state's motion to dismiss the case, Federal judge Jacob Mishler noted that, if the New York State election were thrown out, this could "leave the nation without a legitimate leader for an unpredictable length of time." Nevertheless, the judge ruled, his court had the power to consider the case and even to order a new election if warranted. "Protecting the integrity of elections—particularly Presidential contests—is essential to a free and democratic society," Judge Mishler said. "It is difficult to imagine a more damaging blow to public confidence in the electoral process than the election of a President whose margin of victory was provided by fraudulent registration or voting, ballot-stuffing, or other illegal means."

But Judge Mishler went on to indicate that he would require evidence rising almost to the level of proving *criminal* conduct, before he would order a new election.

After two days of evidentiary hearings, Mishler did in fact dismiss the case, declaring that the plaintiffs had not proven that election officials deliberately *intended* to commit fraud and to dilute the rights of legitimate voters. This was an al-

The Southern Strategy

The southern strategy which was adopted for purposes of the Republican Party during the 1968 Nixon election campaign, was continued into the Democratic Party, in the southern strategy which put Jimmy Carter into the White House.

The Democratic Party was really the only party in the South until the 1960s, with the tension between the national Democratic coalition which Franklin Roosevelt had built, and the Southern "Dixiecrat" wing of the Democratic Party, which opposed civil and economic rights for black Americans.

The Republicans broke the "solid South" with a strategy of coopting and encouraging racist opposition to the Civil Rights legislation of Lyndon Johnson's Administration, which had been won by the movement led by Dr. Martin Luther King, Jr. In 1968, the same year that Dr. King was assassinated, Nixon adopted his "Southern Strategy" to win the Republican nomination, and from then on—except for 1976—the Republicans have carried the South in Presidential elections.

But Carter's 1976 candidacy represented an agreement by the Wall Street Establishment, particularly that New York Council on Foreign Relations faction which was behind the Democratic Party at that time, to cut a deal with the Southern Jurisdiction of the Scottish Rite, even to the point of taking a Carter as their Presidential candidate.

As a strategy for regaining southern votes for the Democratic Party, this appeal to fundamentalism and racism failed, as more and more "Dixiecrats" and "Yellow Dog Democrats" in the southern and southwestern states turned Republicans, on the model of the "southern-fried fascists" Newt Gingrich of Georgia and Phil Gramm of Texas.

As a price for this, the Southern Jurisdiction of the Scottish Rite has exacted terrible penalties, inclusive of the present Supreme Court and justice system, in which, of course, Strom Thurmond of South Carolina has played a very key role.

most-impossible standard to meet, and was a standard not required at the time for proving violations of Federally guaranteed rights.

At a press conference, Judge Mishler acknowledged that he had conferred by telephone with the Federal judge hearing the parallel Ohio case, and Mishler said that they had decided against overturning the Presidential election. The Ohio case

was also then dismissed within a matter of days.

There is some important background, which can be revealed now, for the first time, as to what had happened. In the immediate aftermath of the election, President Ford and some of his closest advisers, having been presented with the evidence of fraud gathered by LaRouche's associates and others, seemed prepared to fight against any effort to hand the White House over to Carter, whom the President considered a potential disaster for the country. The circle around Ford was fully prepared to back the court challenges to the election, and they even considered pushing the fight through to the Electoral College, by providing that body with massive evidence of fraud, and asking that the matter be taken up by the Congress, which should consider whether the selection of Electors in disputed states was tainted with fraud.

The Ford family gathered in Michigan for Thanksgiving dinner. Among those attending was Henry Kissinger. According to a participant in that fateful gathering, there was a walk, and a private conversation, between the President and Kissinger. When the evening was over, so was Gerald Ford's desire to pursue the election challenge. As a source close to the situation recounted, the President had been told "that he might not survive," if the matter went any further.

Some of the court cases went forward, but, without the full backing of the President, the courts were much more

prone to dismiss them. And when the Electoral College met in December, there was no challenge from the Ford camp; Jimmy Carter went on to become, arguably, the worst President in the post-war United States.

Documentation

International Press Commentaries from 1976

London Daily Telegraph, "Republicans Still Fighting Carter," Nov. 26, 1976.

"A number of influential Republicans are encouraging last ditch legal actions to overthrow the result of the recent Presidential election in crucial states and keep Mr. Jimmy Carter out of the White House. . . .

"According to the *Washington Star*, a common figure in almost all the challenges is Representative Guy Vander Jagt of Michigan, a close friend of Mr. Ford and chairman of the Republican Congressional Campaign Committee."

Italy's Vita Sera (evening edition of *Il Fiorino*), Nov. 25, 1976.

"Among the Republicans, action appears to be centered . . . around a 'recount' of electoral votes in Ohio. . . . [Rep. Guy] Vander Jagt, Republican representative and chairman of the party's congressional campaign committee, has launched an appeal to all parties 'against the electoral fraud' of the Democrats: Ohio's 25 electoral votes could be overturned in favor of Ford (before Dec. 13, the official day of the Electoral College 'nomination') and could provoke most probably a chain reaction in other states where court cases were sponsored by the Republican Party and other minor parties like the U.S. Labor Party of LaRouche."

London Times, "Mr. Carter To Face Last Hurdle," Nov. 24, 1976.

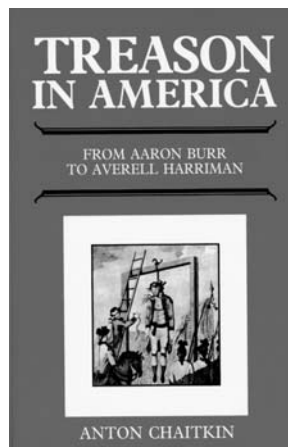
" . . . Earlier Presidents were inaugurated in March, and the two greatest crises in the history of the republic occurred during that protracted delay: the South seceded before Lincoln assumed office in 1861, and the banking system collapsed in 1933, waiting for Roosevelt.

"On each occasion, the President-elect refused to lift a finger to affect events, on sound constitutional principle. . . . But there is no doubt that the country and the world would be better off if Mr. Carter were to assume office immediately. . . .

"Various fanatics are clamoring for recounts in New York, Ohio, and Wisconsin and although there is little chance that Mr. Ford will be declared the winner in any of them, the nearness of the thing is a further illustration of the inherent dangers of the system."

Treason in America

From Aaron Burr To Averell Harriman



By Anton Chaitkin

A lynch mob of the 'New Confederacy' is rampaging through the U.S. Congress.

Its roots are in the Old Confederacy—the enemies of Abraham Lincoln and the American Republic. Learn the true history of this nation to prepare yourself for the battles ahead.

\$20 softcover

Order NOW from:

Ben Franklin Booksellers

P.O. Box 1707, Leesburg VA 20177

Phone: (800) 453-4108 (toll free) Fax: (703) 777-8287

Shipping and handling \$4.00 for first book; \$1.00 each additional book. Call or write for our free mail-order catalogue.

Mental Health Professionals Offer Alternative to the Drugging of Children

by Dr. Ernest Schapiro

This author attended a conference of the International Center for the Study of Psychiatry and Psychology (ICSPP) in New York City on Sept. 22-24, and was encouraged to find there a group of mental health experts who see an alternative to the barbaric, reductionist approach which has come to dominate the field. The founder of the group, Dr. Peter Breggin, has been attacking the over-medication of psychiatric patients for almost 30 years. He is a psychiatrist whose advanced training included the teachings of Harry Stack Sullivan, the American psychiatrist who did pioneering work in the treatment of acute schizophrenia, starting around 1917.

Dr. Breggin began his fight against the psychiatric establishment, by attacking the practice of lobotomy, which was making a reappearance in the early 1970s, after having been apparently superseded by the recently developed anti-psychotic drugs. The revival of lobotomy was being encouraged by the Justice Department and the National Institute of Mental Health (NIMH). The latter's interest was connected with the idea that political protesters might be classified as having brain disorders which could be eliminated by lobotomy, for which it received Justice Department funding to conduct studies.

Despite a complete lack of support from medical institutions or organizations, Dr. Breggin was successful in discrediting the use of lobotomy, and the practice has been virtually abandoned.

The NIMH, then as now, was deeply imbued with the idea that behavior has a genetic basis which can be addressed by physical or biochemical methods. Dr. Breggin rejects this approach, and argues that all mental illness can be better treated without medication. While I disagree with this extreme formulation, and believe that there can be a place for medication of adults, *in combination with* competent psychotherapy, I nevertheless find Dr. Breggin's research extremely valuable.

Since his work against the use of lobotomy, he has fought relentlessly against electroconvulsive treatment (ECT), which he describes as a form of closed head injury, and the use of psychotropic drugs in children and in adults. He has written numerous books and articles documenting the destructive impact of these treatments. What he began to publi-

cize in the 1980s is now generally acknowledged: that many adults who take thiorazine and related anti-psychotic drugs for an extended period of time, are apt to develop permanent disfiguring and disabling side-effects, such as uncontrollable abnormal movements. Thus, in a recent legal case described in the ICSPP newsletter, a Philadelphia jury awarded \$6.7 million to a patient who became afflicted with tardive dyskinesia caused by Risperdal, over a 14-month period on the drug for a diagnosis of manic depressive bipolar disorder. She suffered from a form of tardive dyskinesia called tardive dystonia, which caused her to suffer from disfiguring facial grimaces and painful neck spasms. In addition, she suffered from abnormal movements of her tongue, jaw, and mouth, impaired swallowing, occasionally irregular breathing, and abnormalities in her hands and in walking. In this case, Dr. Breggin provided the basic analysis of negligence and malpractice, and consulted with the attorney throughout much of the trial.

The Ritalin Case

Dr. Breggin is also medical consultant in a suit against three defendants—the drug company Novartis, maker of Ritalin; the organization Children and Adults with Attention-Deficit/Hyperactivity Disorder (which goes by the acronym, CHADD), and the American Psychiatric Association—charging them with having committed fraud in conspiring to over-promote the diagnosis ADHD and its treatment with the stimulant drug Ritalin.

In his address to the conference, Dr. Breggin presented a wealth of factual information on the destructive impact of Ritalin on children, and the scientifically unrigorous fashion in which the condition is diagnosed. He also presented an alternative approach to dealing with these children. The drug is being given to millions of American children, predominantly boys. Much of the motivation for administering the drug comes from within the school system, where children called “disruptive” are fingered as suffering from ADHD. The parents are asked to agree to the child being given drugs that control their behavior. In some cases, the parents are relieved of guilt feelings about the child's conduct, because the proposal to give Ritalin is accompanied by claims that the disrupt-

tive behavior represents the effects of a brain disorder, rather than a problem in the child's environment. CHADD is constituted mainly of such parents. However, many other parents are strongly opposed to having their child medicated, and then find themselves being pressured to agree to it, on pain of having the child removed from their custody! This latter situation came to the attention of New Jersey state legislator Marion Crecco, as she explained to the conference, and is the subject of remedial legislation which she has introduced in the New Jersey state legislature (see accompanying article). Let us hope that this legislation and the pending lawsuits against the use of Ritalin help put an end to this violation of basic human rights.

Dr. Breggin discussed the way the effects of Ritalin, which teachers, parents, and researchers see as benefits of the drug, are actually harmful side-effects. Children who are on Ritalin not only become *less* disruptive, but they also become *more* obsessive. They will persist in monotonous, repetitive behavior, whether self-selected or in the form of an assigned task. They lose the spontaneity of childhood. This kind of change has also been noted in experimental animals given Ritalin. Children receiving Ritalin can become depressed. It should be noted that Ritalin is one of a class of drugs, the stimulants, which also includes cocaine and amphetamines. These drugs are addictive and induce changes in mood. All of them are classified by the Drug Enforcement Administration (DEA) as Schedule II narcotics.

In the latest newsletter cited, Dr. Breggin analyzes in detail a recent study of the effects of Ritalin on behavior, sponsored by the NIMH at taxpayers' expense. The researchers concluded that Ritalin is beneficial, based upon observations reported by parents and teachers. Breggin shows that the study was heavily biased in favor of Ritalin, since both parents and teachers were aware of which children were on Ritalin (there was no use of the placebo). Despite this and numerous other biases, which included a prior distribution of pro-Ritalin literature to the parents and teachers, there was no indication that Ritalin improved academic performance.

In his speech, Dr. Breggin ridiculed the way the very definition of ADHD is constructed in the *Diagnostic and Statistical Manual*. This big book gives numerically coded diagnoses for hundreds of conditions. It has become indispensable for the practice of psychiatry, because the numerical code is used by the insurance companies. The diagnosis ADHD basically describes a disruptive child, whose disruptive behavior is categorized with reference to a predominantly school setting. What gives the fraud away, is that the definition cites the absence of such behavior away from school, on weekends and vacations, or when the child is deeply engrossed in a game or other task, or when the child is engaged with an adult. Yet millions of children are being subjugated by this drugging. They may end up being given additional drugs, often because of the harmful effects of Ritalin. Some of these children suffer impairment of their growth, because

Ritalin interferes with the brain's production of growth hormone.

A few years ago, the DEA came out in opposition to the proposal to make Ritalin a Schedule III drug, which would reduce the restrictions on its prescription and use. The DEA said that Ritalin is to be considered a gateway drug, that is, it makes the child more likely to become a user of illicit drugs. The DEA pointed out that Ritalin is a widely abused street drug, whose effects are the same as those of cocaine and amphetamine. Breggin pointed out that history is being repeated with Ritalin: In the 1940s, physicians first prescribed amphetamine abuse, such as dexedrine, on the basis that they were safe treatments for depression, sleepiness, and nasal congestion. This helped lead to a worldwide epidemic of amphetamines, including their use in the Japanese military in World War II. Eventually, at great cost, the epidemic was brought under control. However, the memory of this disaster has caused the strong opposition to Ritalin that prevails worldwide, with the exception of the United States, Great Britain, Australia, and Canada.

Other Methods of Treatment

One of the conference speakers, Dr. David Cohen, Ph.D., reported on his researches on the use of Ritalin in countries outside that English-speaking group of nations. He spent considerable time in France, where he interviewed teachers and mental health professionals. He learned that they considered the use of an addictive stimulant inappropriate, since emotional disorders in children reflect problems in their environment that need to be cleared up.

Dr. Breggin repeatedly came back to his own successful experience in dealing with ADHD children. He finds that these children are reacting to problems in their family, school, or community. In his office, he meets with the parents and engages them about what is troubling them. In many cases, he is able to alter the family dynamic, by getting at the emotional problems of the parents. Once this is corrected, the children do much better. Also, he describes his own ability to engage these children and calm them down—sometimes by having them play with his pet bird or his dog—after having been initially warned by the parents how impossible the child was.

At the conference, there were other speakers who presented their alternative approaches to treating these children, including adolescents.

Besides the treatment of children, a lot of attention was given to the psychotherapy of adults and the violations of human rights that accompany the involuntary administration of psychiatric treatment. Some speakers emphasized that women are particularly a target. Female children who are sexually abused are often not believed. Elderly women are particularly likely to receive shock treatment. Several speakers conducted a workshop on their approach to treating schizophrenia without drugs.

From the standpoint of violence which is induced by the

use of psychotropic drugs, Dr. Breggin cited an example which was extremely well-documented, in which giving one of the newer drugs gave rise to violent urges. When this patient was taken off the drug, the violent urges disappeared, but returned when the drug was restored. He also cited the most famous cases of multiple school-shootings in recent years, committed by children who were on psychotropic drugs.

The author participated in a recent panel discussion in which a physician defended the use of Ritalin, asserting that she administered the drug at the same time that she conducted psychotherapy. I responded that this practice was exceptional; in nearly all cases, the drug is given without any psychotherapy, and this practice of using medication alone, is encouraged by the health maintenance organizations that provide payments to the therapist, since the HMOs do not want to have to pay for any psychotherapy. Thus, the problem of whether the drugs are inducing violence, could be much better assessed if anyone getting such drugs were also being given the necessary psychotherapy. In the example cited by Dr. Breggin, the patient who reported the violent thoughts was being seen regularly by a therapist. If someone is in a relationship with a therapist, that person will be much more inclined to discuss their violent or suicidal thoughts. The fact that people are given these drugs without close supervision in the form of psychotherapy, says a lot about what is wrong.

Early this year, there appeared a report in the *Journal of the American Medical Association*, which cited the increasing use of Ritalin and other psychotropic drugs with children under six, often children under one year of age. It is the HMOs which encourage this, by paying for such inappropriate forms of drugging. The instructions that accompany Ritalin from the drug manufacturers say that the drug is not intended for children under six.

Six States Introduce Anti-Drug Legislation

by Suzanne Klebe and Michele Steinberg

On March 2, 2000, New Jersey Assemblywoman Marion Crecco (R-District 34) introduced hard-hitting legislation to stop the flood of Ritalin and other psychiatric drugs being pushed on America's students. On Sept. 24, Assemblywoman Crecco, who serves as the Deputy Speaker of the New Jersey Assembly, addressed the conference called by Dr. Peter Breggin's International Center for the Study of Psychiatry and Psychology, in a speech titled "New Legislation, Children, and Medication Abuses." Since then, she has participated in radio debates, and a political offensive to

stop the needless—and dangerous—drugging of America's children.

The New Jersey bill is part of a growing national reaction against the rampant abuse of psychiatric drugs in the United States. As *EIR* reported on March 24, 2000 (Michele Steinberg, "The New Violence: America's Kids Are Victims of Menticide"), between 6 and 11 million children under 18 years old—some as young on 12 *months*—are being given dangerous, addictive, psychiatric drugs for supposed behavioral problems. Now, legislation has been introduced in New York, New Jersey, Idaho, Arizona, California, and Massachusetts to restrict the *forcing* of Ritalin and other dangerous drugs on families.

As Mrs. Crecco's bill addresses, Ritalin is being forced upon families, even where parents have tried to object. While the New Jersey legislation has not yet passed the state house, more and more support is building around the country for this type of legislation. By next year, such legislation is expected to be hotly debated in the U.S. Congress as well.

Here is the text of the New Jersey resolution:

Assembly, No. 2170, State of New Jersey, 209th Legislature

As introduced:

An Act concerning certain medications for school pupils and supplementing chapter 40 of Title 18A of the New Jersey Statutes.

Be It Enacted by the Senate and General Assembly of the State of New Jersey:

1. The Legislature finds and declares that there is deep concern over the increased use of medication to control behavior in school children, that there are documented incidences of highly negative consequences in which prescription drugs have been insisted upon by educators who have overridden parents' wishes; and that these medications have been utilized for what are essentially problems of discipline that may be related to lack of academic success, family difficulties, and other factors.

2. School personnel should not recommend, encourage, or discuss medication for school pupils with either the pupil or the pupil's parents. School personnel should respect the parent's right to refuse psychiatric medicine for their children and should not suggest nor insist that medication be required for a child's participation in any aspect of school.

3. This act shall take effect immediately.

The Statement

This bill prohibits school personnel from recommending, encouraging, or discussing medication for school pupils, with either the pupil or the pupil's parents.

In addition, the bill provides that school personnel should respect parents' rights to refuse psychiatric medication for their children and shall not suggest, nor insist that medication is required for a child's participation in any aspect of school.

Editorial

The Economy: The Rope in the House of the Hanged

Lyndon H. LaRouche, Jr. issued the following statement on Nov. 14, 2000.

The *New York Post*'s resident economics correspondent, grouchy John Crudele, has been among the rare cases of an intelligent U.S. mass media reporter on the subject of the economy; but, never forget that Rupert Murdoch is his boss. If you wish to know exactly what I mean, take, as an example, the following quote from a Crudele column in Monday's edition.

"If you want a stock market crash, America, keep doing what you're doing in Florida. . . . Wall Street has enough problems without the constitutional crisis being caused by the recent Presidential election. But dragging out the conclusion of the election for another week or more—or even for a couple more days—is going to start costing investors lots of money. My prediction: The stock market bubble, which got past an impeachment, won't survive this fiasco."

In effect, Crudele's argument was: Certify Governor Bush's election right now, or the market is surely going to crash very soon. In reality, if Bush were certified, the market would crash, and if Gore were certified, the market would also crash. Which would be the bigger crash? In reality, it doesn't make any difference. The market is doomed to crash anyway. Unless there is a way to dump both of those leading candidates, the worst aftermath of that already inevitable crash must also be expected, soon.

The problem is, that both of those candidates, Bush and Gore, are by-products of Richard Nixon's launching of his 1966-1968 "Southern Strategy" alliance with types such as the Ku Klux Klan, back during 1966-1968: Bush, through his daddy, George "Read my hips" Bush, who was Nixon's Republican National Chairman when the "Watergate scandal"

exploded; and Gore, through the "Southern Strategy" version run, since the mid-1970s, on the Democratic Party's side. That is bad for the nation, but it may prove even worse for the U.S. economy. The question facing the nation right now, is, how might the Electoral College, or perhaps the Congress, discover a proper, constitutional way to send both of those jokers quickly into the rewards of a private family life?

Those who have studied the way in which President Franklin D. Roosevelt, led the nation up and out of the Depression caused by the policies of Coolidge and Andrew Mellon, should recognize that only by a return to the kind of recovery policies adopted by FDR, could this nation of ours cope successfully with the now already inevitable and global financial collapse. The Nixon "Southern Strategy," apart from being a virtual pact with the Ku Klux Klan, expressed a long-standing, brutal hatred of the memory of FDR among the descendants of the same Wall Street financial houses and law firms which hated FDR bitterly while he was alive. As for the Alan Greenspan on whom both leading candidates have promised to rely, even Andrew Mellon, were he alive today, would rightly see Greenspan as "strictly from Oz," as "the cowardly lion of Wall Street." Everything candidates Bush and Gore have said and done in politics for more than a decade, shows that both are peddling very bad medicine when it comes to the U.S. economy. Having to swallow that medicine would kill a lot of Americans, fast.

In reality, although Crudele might despise Gore, for Crudele's own reasons, and probably knows that a President Bush would also be a national economic catastrophe, Crudele works for the *New York Post*, and probably knows the lyrics of that old Central European folk-song: "One never mentions the rope in the house of the hanged."

2001 calendars

Perfect gifts
for every
occasion

From Ben Franklin Booksellers

Each calendar is a full-sized wall calendar,
priced at \$17.95.



MADONNA
2001

6. MADONNA: Paintings of the Madonna by various artists of the Italian Renaissance.



ARCHITETTURA
2001

1. ARCHITETTURA: Reproductions of hand-colored plates of 18th-century architectural details by architect Desgodetz. Paris, circa 1682.



Japanese Woodblocks
The Four Seasons
Museum of Fine Arts, Boston
2001

2. JAPANESE WOODBLOCKS:
"The Four Seasons," by Kawese Hasui (1883-1957).



WORLD MAPS
2001

5. WORLD MAPS: Reproductions of 16th-century maps engraved and colored by the famous Dutch cartographer Abraham Ortelius.



ICONE
2001

3. ICONE: Reproductions of Russian religious icons from various periods, some dating as far back as the 12th century.



ITALIA
2001

4. ITALIA: Reproductions of hand-colored engravings from a picturesque tour of Italy, circa 1800, by Philippe Benoit.

Ben Franklin Booksellers, Inc. P.O. Box 1707 Leesburg, VA 20177
Order line: 1-800-453-4108 (U.S. only) Fax: (703) 777-8287 Phone: (703) 777-3661
e-mail: benfranklinbooks@mediasoft.net

Name _____

Address _____

City _____ State _____ Zip _____

We accept MasterCard Visa Discover and American Express.
Card Expir
Number _____ Date _____

Please make checks payable to **Ben Franklin Booksellers**

Shipping and Handling: 1 to 3 calendars \$5.00. Shipped in special, protective carton, and shipped First Class.

calendar copies total

Architettura		
Woodblocks		
Icone		
Italia		
World Maps		
Madonna		

shipping and handling

Total enclosed